BIG ENOUGH TO COMPETE – SMALL ENOUGH TOCARE.

ANNUAL REPORT 2017

FORTEC
ELEKTRONIK AG

Annual Report 2017

Business Year July 01, 2016 – June 30, 2017

Content

Group Management Report: 1. Group's Principals

Business plan

During these past years, FORTEC successively developed to an international established trading company and is nowadays systems' supplier for manufacturers of industrial high-tech-products; thus part of the international added-value commercial chain. Being represented at various production sites namely in the Far East as well as for European clientele, FORTEC possesses an interesting market segment – thus continuously growing by its engineering services i.e. appropriate soft- and hardware developments – thus being the expert 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; also focusing to interesting niche markets like railway and transportation. For more than 30 years, FORTEC has been more than successful in sales and results with its proved business model. Exceeding activities in the design of complete sub-systems based on proper technologies make us even more independent and competitive within the global business field. The group covers two very attractive segments of high-quality electronics. In fact, FORTEC is market leader in 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 converters produced in standard in the Far East and/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 additionally offers complex solutions for an attractive rare domain. Its 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 product solutions.

The reason of FORTEC's success is a large number of customer business relations lasting for 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. The successful company of Emtron (Nauheim) – also 100% subsidiary of FORTEC – is specialized in exclusive products of power supplies; it is represented directly and indirectly in the markets in Germany, Austria, Switzerland and The Netherlands. Business in England and the U.S.A. is to be expanded by the foreign subsidiaries of Data Display. In Germany, our various regional offices provide local customer service. In addition, we have a sales office in Austria; and in Switzerland we are represented by ALTRAC, also a 100% FORTEC subsidiary. In the Benelux, we are represented (by 36.6%) by a Dutch trading company as well as in England by Data Display's foreign subsidiary (Display Technology Ltd.) and in the U.S.A. (Apollo Display Technologies Corp.) and by Autronic's subsidiary (Alltronic s.r.o.) in the Czech Republic. Target clientele are mainly manufacturers in the field of industry automation, medicine technology and providers in the field of railway and security instruments in the German speaking countries but also in the European and American market. With this portfolio, FORTEC thus covers the fields of health, information, security and mobility as well as build-up and extension of industrial manufacture.

Research and Development

Our big competence is to provide customer-related technology and development in combination with effective marketing and sales at site. Years of business relations to thousands of customers are the basis of our success. Our present customer-orientated know-how in the field of development by our 100% subsidiaries Rotec and Autronic is widened by appropriate activities of approx. 1.5 million p.a. of Distec GmbH, a subsidiary of Data Display. Besides the classic product development, this also applies to further processing of production technologies – especially the vacuum technology as latest generation of optical bonding technologies as well as the trend to haptic functions as concerns touch-screens.

Due to our current improved and enlarged 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.

Group Management Report: 2. Business Report

The following report is to be read and understood in connection with the group's fiscal report dated 30.06.2016. The Deutsche Prüfstelle für Rechnungslegung (DPR) – German Financial Reporting Enforcement Panel (FREP) – examined the group's report of 30.06.2015 according to IFRS; February 17, 2017 and detected method failure in accordance with IFRS 3.4 of related purchase method in the report of FORTEC Elektronik AG, Landsberg am Lech with reference to the first consolidation of Data Display GmbH as per June 30th, 2015. After corrections of both BY 2014/15 and BY 2015/16, total profit of both business years now increased to 6.371.367 EUR or 2.15 EUR per share compared to previous 5.432.329 EUR or 1.84 EUR per share. Further previous years' figures were adjusted accordingly. During *course of business* in 2016/17, we experienced a fortunate development in second half year after a slight weakening. The *overall economic conditions* are stable and the continuous expansive financial situation in combination with the positive spirit at the market strengthens the faith in German companies. The turnover in BY 2016/17 was 78.5 million EUR (PY 78.2 million EUR); whereas Data Display's part amounted to 33.1 million EUR (PY 30.1 million EUR).

Because of the stable *economic situation*, last year's profit could be increased by organic growth to TEUR 343. The expectation of a side-movement was confirmed. The segment data visualisation amounting to 49.5 million EUR (PY 49 million EUR) and power-supplies of 29 million EUR (PY 29 million EUR) add up to the group's total result. The other company income mainly decreased from 1.7 to 1.2 million EUR due to minor results from rate exchange differences. Compared to last year, the group's total profit faces a higher added value by a percental actual lower cost of material of 53.7 million EUR (PY 55 million EUR). This results in a change in goods and material costs from 70.2% in 2015/16 to 68.7% in 2016/17. In BY 2015/16, the profit margin therefore raised from 29.8% last year to 31.3%. The cost of personnel increased by 346 million EUR from 12.1 million EUR to 12.5 million EUR; thus raising the quota of personnel from 15.5% to 15.9%. Depreciations of assets decreased by 1.5 million EUR to 0.5 million EUR (PY 2 million EUR). Other company expenses of 7.2 million EUR (PY 7.0 million EUR) – slightly increased compared to the total result amounting to 9.2% (PY 8.9%).

Important *financial indicator* is the EBIT-margin from operative business without income from investment. The group's EBIT consists of 4.2 million EUR in the field data visualisation (PY 2.4 million EUR) and 1.3 million EUR in power supplies (PY 1.4 million EUR). Thus the company's total result of both segments increased from 3.9 million EUR to 5.5 million EUR; the EBIT margin improved from 4.9% to 7.1%.Compared to BY 2015/16, the annual net income in BY 2016/17 raised from 2.9 million EUR to now 4.3 million EUR; thus topping the expectations given last year. The operating profit margin after tax increased from 3.7% (2015/16) to now 5.4% (2016/17). The result per share increased from 0.97 EUR last year to now 1.44 EUR. A dividend payment of 0.60 EUR per share (same as last year) 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 of 69.4 % (PY 64.7%). The total assets at balance sum are 40.4 million EUR (PY 40.1 million EUR); the *long-term assets* amount to 8.0 million EUR (PY 8.2 million EUR). This includes the goodwill of 5.2 million EUR (PY 5.2 million EUR) resulting from the acquisition of subsidiaries; also including the goodwill of the acquisition of Data Display in 2015/16 of 2.6 million EUR. Intangible assets, property and financial assets as well as long-term receivables decrease to now 2.5 million EUR (PY 2.6 million EUR). *Short-terms assets* are 17.5 million EUR (PY 18.3 million EUR); value of stock amounts to 43.4 % - representing the biggest item in balance (PY 45.6%); followed by receivables from deliveries and productivity of 7.1 million EUR (PY 7.4 million EUR) mainly paid at balancing date as well as cash available of 5.6 million EUR (PY 4.3 million EUR) mainly due to the subsidiary of Data Display GmbH.

After more than 30 years without any bank liabilities, now for the first time the company took a long-term bank loan of 5 million EUR, in order to be able to acquire the 2nd part of Data Display GmbH per 01.01.2016. However the capital structure in general is dominated by a high capital quota of 69.4% (PY 64.7%). The company possesses sufficient own capital of 28.0 million EUR (PY 25.9 million EUR) and, from today's point of view would be able to perform further acquisitions. Cash-flow in operative business of 5.0 million EUR in BY 2016/17 considerably topped figures of PY of 3.3 million EUR. The cash-flow as regards investments of -456 million EUR (PY -8.2 million EUR) basically recovered after the acquisition of Data Display GmbH. Negative cash-flow as regards financing activities of -3.3 million EUR (PY 3.6 million EUR) mainly results from amortisation of bank loan taken in the mount of 1.5 million EUR and a payment of dividend amounting to 1.8 million EUR (increase from 50 Cent per share last year to now 60 Cent per share). In total the negative cash-flow in investment and financial activities could be compensated by the positive cash-flow in operative business. The payments increased to1.3 million EUR (PY -1.3 million EUR) due to net growth.

As far as the group concerns, *non-financial indicators* are important facts of success which are employees, long-term contact to suppliers and clientele. For years, we have many employees supported by us in their responsibility and endeavours for efficiency. Our stable business over centuries is based on a long-term and close co-operation with selected suppliers. It assures benefit to many of our customers over all these years which again adds to our business success. The company holds on to the *ecological significance* in its operative business.

Group Management Report: 3. Annex Report

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

Group Management Report: 4. Forecast Report

Since beginning of this year, the economy within the Euro-zone continued to be positive. The figures for the second half quarter still tend to show a positive development during these next months. However, the unstableness about the economic-political basic conditions is considerable. These risks are the protectionistic tendencies in the U.S.A. – which would mainly influence the German industry because of its strong export activities not to forget the elections in Germany as well as the Bexit negociations. Political queries in Turkey and a series of terroristic attacks also effect the optimism.

In spite of a good positioning of certain companies in the market, we expect a further “side development” of the group’s turnover during current business year. To defend the result achieved in BY 2016/17and its profit will be the benchmark for BY 2016/17. From today’s point of view, EBIT cannot be achieved again because, during BY 2016/17, special projects of high complexity and margin had been placed on the market.

This prognosis applies to the field of power supplies as well as data visualisation. However, considering the further positive perspectives, we will employ in BY 2017/18 additional personnel not only to further strengthen our market position but also expand our activities. Based on these long-term projects, first of all, there are costs involved without any service in return; thus currently reducing our EBIT.

In the long run, we foresee considerable potential in the economic field 4.0 – the German industry has a very special start position. With the help of our suppliers and the development sections of our subsidiaries, we intend to offer customer related standards and solutions at reasonable cost for industry 4.0 and IoT (Internet of Things) applications.

Group Management Report: 5. 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 (profit risk). Further risks are that of personnel and technique; we have to continuously face these risks. These risks are not definite, however others may occur which, at present, we do not know nor consider important. Risks, that could endanger the company as a whole, are not reported from today’s point of view. The substantial risk of the company’s doom is 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.

Sustantial assurable *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 *profit-related 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 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 expense 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 credit worthiness. Here, careful examination of their 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. An extraordinary challenge to be met is the recruiting of new personnel – facing a considerable lack of qualified persons – as well as showing attractiveness as employer within a regional field of fulltime employment. 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 costs of personnel 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 projects, 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 company purchased 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. The actual goodwill amounts to 5.2 million EUR (PY 5.2 million EUR). Further risks are based on the acquisition of the Data Display Group together with its development, production and subsidiaries in England and the U.S.A. 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 U.S.A, 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 U.S.A. For FORTEC as a technology company, there are *product opportunities* also by own products and services 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 financial means (money, funds, etc.) and resources which may involve potential risk.

Group Management Report: 6. 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 standards 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.

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 is 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 proper and in time; furthermore, inventory is made correctly and group's assets and depths are listed and evaluated appropriately. It is guaranteed that balance 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 which also apply 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 yearly balance

Group Management Report: 7. Risk Reporting as concerns the Application of Financial Instruments

The company's existing financial instruments are: bank account, assets, 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.

A long-term bank loan was taken at a favourable interest rate. 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.

Group Management Report: 8. Overview of the Risk and Chances Situation

Being a technology company, we foresee 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 develop in a positive way - especially by industry 4.0 as part of internet.

Group Management Report: 9. Further Information according to § 315 Article 2 and 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 by bondholders who are entitled to vote. There are neither limitations as concerns the right to vote nor purchase. Appointment and dismissal of the board is in accordance with legal regulations (§§ 84, 85 AktG). The *compensation plan of the board of managers* breaks down to a fix and a variable part which depends on achieved EBIT resp. year's profit before tax. On 16.02.2017, the general shareholders board decided, that the required statements in the financial report can be omitted as per § 285 No. 9a phrase 5-9 HGB.

In case of a change in control due to a take-over, essential suppliers' contracts may be cancelled. This risk exists if a contractual supplier may fear the interruption by a competitor. Alterations of articles of the association require a majority of board votes of 75%. Further information according to § 315 paragraph. 5 HGB is given in the group's annex.

Group Management Report: 10. Statement of Company´s Management according to § 315 paragraph 4 in conjunction § 289 a HGB

Responsible and long-term orientated added-value of business management is the leading task of FORTEC Elektronik AG. Based on this declaration, CEO reports about business management in accordance with § 289 paragraph 1 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 Codex" at its current edition. On February 26, 2002, the German government published the "Deutsche Corporate Governance Codex". Its edition published on February 07th, 2017 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 and directors of FORTEC herewith declare to have done this declaration in accordance with § 161 AktG after serious examination; this document may be referred to by stock/share-holders of the company at its website.

Landsberg/Germany, September 23rd, 2017

FORTEC Elektronik AG

Sandra Maile Board Member (Speaker)	Bernhard Staller Board Member	Jörg Traum Board Member

Consolidated Balance Sheet: 1. Total Assets

ASSETS in Euro	Notes	Consolidated balance sheet 01.07.2015	Consolidated balance sheet 30.06.2016	Consolidated balance sheet 30.06.2017
A. Non-current assets				
I. Goodwill	6	5.868.264	5.239.899	5.224.921
II. Intangible assets	7	1.216.963	194.327	254.094
III. Tangible assets	7	2.144.635	2.266.232	2.063.248
IV. Financial assets	8	95.780	95.780	95.780
V. Accts.receivables	9	463.867	63.652	74.601
VI. Deferred taxes	18	282.386	327.302	329.320
		10.071.896	8.187.192	8.041.964
B. Current assets				
I. Inventories	10	16.733.449	18.289.323	17.545.046
II. Accts receivables	11	8.168.858	7.433.006	7.122.347
III. Tax receivables	11	725.266	1.281.857	1.484.298
IV. Other assets	11	353.859	549.944	549.580
V. Cash on hand, bank balances	12	5.728.148	4.336.016	5.655.491
		31.709.581	31.890.146	32.356.762
TOTAL ASSETS		41.781.477	40.077.338	40.398.726

Consolidated Balance Sheet: 2. Total Equity and Liabilities

EQUITY AND LIABILITIES In Euro		Notes	Consolidated balance sheet 01.07.2015	Consolidated balance sheet 30.06.2016	Consolidated balance sheet 30.06.2017
A.	Shareholders' equity	14			
I.	Subscribed capital	13	2.954.943	2.954.943	2.954.943
II.	Capital reserve	14	8.689.364	8.689.364	8.689.364
III.	Exch.rate differences	14/30	1.866.614	1.394.143	976.883
IV.	Other comprehensive. Income	14	8.518.189	10.034.074	11.138.580
V.	Net income		2.993.357	2.877.472	4.259.877
VI.	Shareholders' percentage		25.022.466	25.949.996	28.019.646
	Company Capital		25.022.466	25.949.996	28.019.646
B.	Long-term liabilities				
I.	Long-term bank liabilities	15/17	0	4.583.332	4.166.664
III.	Deferred taxes	18	826.976	373.744	307.032
			1.196.704	5.347.891	4.677.263
C.	Short-term liabilities				
I.	Bank liabilities	15/17	1.000.000	1.540.777	416.668
II.	Trade payables	17	3.629.388	3.099.442	3.556.986
III.	Accruals other taxes	17	1.216.674	2.123.806	1.592.653
IV.	Other provisions	16	140.376	243.826	215.332
V.	Other liabilities/accruals	17	9.575.869	1.771.599	1.920.178
			15.562.307	8.779.451	7.701.816
T O T A L	Equity and Liabilities		41.781.477	40.077.338	40.398.726

Consolidated Statement of Comprehensive Income

in Euro		Notes	Income-statement 01.07.2015 - 30.06.2016	Income-statement 01.07.2016 - 30.06.2017
1.	Sales revenues	20	78.176.168	78.519.096
2.	Increase in finished goods/work in process	21	132.622	-261.479
3.	Other operating income	22	1.669.159	1.249.253
4.	Cost of material	23	54.974.756	53.791.323
5.	Personnel expenses	24	12.128.617	12.474.745
6.	Depreciation	25	2.013.842	532.748
7.	Other operating expenses	26	6.999.136	7.210.174
8.	Operating result		3.861.598	5.497.880
9.	Dividends		29.700	148.038
10.	Other interest and similar income	27	43.885	11.280
11.	Other interest and similar expenses	27	44.871	55.686
12.	Results before profit tax		3.890.312	5.601.512
13.	Taxes on income	28	1.012.839	1.341.635
14.	Net income		2.877.472	4.259.877
Other Result				
15.	Change of market value of assets available for sale (no effect on income)	14	0	0
16.	Exchange rate differences (no income effect)	30	-472.470	-402.283
17.	Other result		-472.470	-402.283
18.	Total result		2.405.002	3.857.594
19.	Assignment of profit:			
	Proprietors of mother company		2.877.472	4.259.877
	Shares other shareholders		0	0
20.	Assignment total result:			
	Proprietors of mother company		2.405.002	3.857.594
	Shares other shareholder		0	0
21.	Earning per Share			
	Basic		0,97	1,44
	Diluted		0,97	1,44

Consolidated Statement of Changes in Equity

	Subscribed capital	Capital reserve	Exch.rate differences	other reserves		Total	Non controlled shares	Total company Capital
				market evaluation reserve	profit reserve/ carried forward			
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance per 30.06.2015	2.954.943	8.689.364	1.866.614		10.281.514	23.792.435	0	23.792.435
Adjustment IAS 8						1.230.032	0	1.230.032
Balance 30.06.2016 (DPR adjusted)	2.954.943	8.689.364	1.866.614	0	11.511.546	25.022.466		25.022.466
Total result 2015/16			-472.470		2.877.472	2.405.002		2.405.002
Dividend payments					-1.477.472	-1.477.472		-1.477.472
	0	0	-472.470	0	1.400.001	927.530		927.530
Balance as per 30.06.2016	2.954.943	8.689.364	1.394.143	0	12.911.547	25.949.996	0	25.949.996
Total result 2016/17			-417.261		4.259.877	3.842.616		3.842.616
Dividend payments					-1.772.966	-1.772.966		-1.722.966
	0	0	-417.261	0	2.486.911	2.069.650	0	2.069.650
Balance as per 30.06.2017	2.954.943	8.689.364	976.883	0	15.398.458	28.019.646	0	28.019.646

Consolidated Cash-flow Statement

	in Euro	2015/2016	2016/2017
I.	OPERATIVE BUSINESS		
	1. Consolidated net income	2.877.472	4.259.877
	2. Depreciation of a) tangible and intangible assets	1.513.842	532.748
	b) goodwill /company value	500.000	0
	3. Correction other cash-ineffective transactions	-235.280	-4571433
	4. Decrease (PY Increase) of inventories	-1.555.873	744.276
	5. Decrease (PY Increase) of accounts receivable and		
	other debt receivable	-16.822	108.583
	6. Increase (PY Decrease) of liabilities		
	re: deliveries and services	-529.945	457.544
	7. Decrease (PY Increase) in short-term liabilities	303.836	-411.069
	8. Increase (PY Decrease) in long-term receivable	400.216	-10.949
	9. Decrease (PY Increase) in long-term liabilities	21.087	-187.248
	Cash flow provided from operating business	3.278.530	5.036.329
II.	INVESTMENT ACTIVITIES		
	1. Investment in tangible assets and intangible assets	-671.949	-475.049
	2. Purchase subsidiary minus liquid funds	-7.572.222	0
	3. Investment financial assets	0	0
	4. Proceeds from fixed assets sales	21.554	19.068
	Cash flow from investment activities	-8.222.617	-455.981
III.	FINANCING ACTIVITIES		
	1. Bank credit incl. short-term obligations	5.124.109	-1.540.777
	2. Profit payment	-1.477.472	-1.772.968
	Cash flow from financing activities	-3.646.637	-3.313.743
IV.	INCREASE (PY Decrease) in cash and cash equivalents	-1.297.449	-3.058.527
	Cash/ cash equivalents 30.06.2016 (PY 30.06.2015)	5.728.148	4.336.016
	Changes re: currency differences/exchange rates	-94.682	52.870
VI.	Cash / cash equivalents per 30.06.2017 (PY 30.06.2016)	4.336.016	5.655.401
	Composition of liquid funds		
	Cash on hand	19.706	23.843
	Banking accounts	4.316.310	5.631.648
	Liquid funds at period-end	4.336.016	5.655.491

Notes to Consolidated Financial Statements: 1. General Information

FORTEC Elektronik AG, Landsberg, Germany (in the following “FORTEC 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 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 2016/17. 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.

During business year, no standards to be applied for the first time were endorsed.

The following IAS standards have not yet been applied during BY:

IFRS 9 Financial instruments (classification and evaluation as well as balancing of financial liabilities and book-outs), (published in November 2016) - to be applied for BY starting 01.01.2018

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

IFRS 15 sales revenues resulting from customer contracts; published in October 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

IFRS 17 Insurance policies, published in May 2017 (expected endorsement: open), to be applied for BY beginning 01.01.2021

Changes IFRS 10 and IAS 28: sale and/or mortgage of assets between an investor and his associated and/ or common companies (delayed to unknown date)

Change IAS 12: Approval of latent depreciation re: unrealised taxes (published January 19, 2016), to be applied for BY beginning 01.01.2017 (expected endorsement IV/2017

Change IAS 7: Substantiality, published January 29, 2016, to be applied for BY beginning 01.01.2017 (endorsement expected IV/2017)

IFRS 15 Clarification sales revenues (published April 2016), to be applied for BY beginning 01.01.2018 (endorsement expected IV/2017)

Change IFRS 2: Classification and evaluation of transactions of share-relevant compensations (published June 2016), to be applied for BY beginning 01.01.2018 (endorsement expected IV/2017)

Change IFRS 4: Adjustment IFRS 9 Financial instruments with IFRS 4 Insurance policies (published Sept. 2016), to be applied for BY beginning 01.01.2018 (endorsement expected IV/2017)

Annual improvement IFRS (2014-2016), published December 2016, to be applied for business years beginning 01.01.2018 (endorsement expected IV/2017)

IFRIC 22 Transactions of foreign exchange currencies and forecast, published in Dec. 2016, to be applied for BY beginning 01.01.2018 (endorsement expected IV/2017)

IFRIC 23 Insecurity re: income tax, published June 2017, to be applied for BY beginning 01.01.2019 (endorsement expected 2017)

Change IAS 40 Transfer of real estate declared as financial investments, published Dec. 2016, to be applied for BY beginning 01.01.2018 (endorsement expected IV/2017)

Notes to Consolidated Financial Statements: 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, 10-20 years for company building, for vehicles 3-6 years, for tools and equipment 2-4 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 necessary caution, *reserves* which the company might have to deal with were not made. It was not required to calculate interests.

Obligations were recorded according to fair value. *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 accordingly. The reports of the foreign companies were calculated according to IAS 21 of functional currency in EUR. The valid currency for the foreign companies always 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 foreign 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 an 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. The Deutsche Prüfstelle für Rechnungslegung (DPR) – German Financial Reporting Enforcement Panel (FREP) – examined the group's report of 30.06.2015 according to IFRS; on February 17, 2017 it detected method failure in accordance with IFRS 3.4 of related purchase method in the report of FORTEC Elektronik AG, Landsberg am Lech as concerns the first consolidation of Data Display GmbH as per June 30th, 2015.

Additional corrections are to be made which have the following influences:

Statement of DPR: In the group's balance report, no obligation was reported from an acquisition as per Sept. 22nd, 2014 and sales option made as per June 30th, 2015 of a non-relevant shareholder of Data Display GmbH. This infringes to IAS 32.23 regarding: obligation of purchase of own capital means a financial obligation, which has to be recorded as cash value of the purchase price option. At date of group's report, a partial payment of 5.4 million EUR on the purchase price owed was agreed upon.

Correction measure: In the group's balance report dated 30.06.2015 and in non-conformity to IAS 32.23, this obligation amount of 5.4 million EUR was recorded as share of other proprietor. Therefore, the correction is a mere passive change in balance of 30.06.2015 without any effects on the result.

DPR's statement: Notwithstanding IFRS 3.10, no intangible asset was recorded as concerns the expected positive margin made from the acquired bookings.
Correction measure: In balance of 30.06.2015 and according to IFRS 3.10, an intangible asset of EUR 972.640 should have been stated for the expected positive margin from acquired bookings, and to be completely depreciated in the following year. In view of the next 2 business years and in fact, there are no material effects as to the group's result.

DPR's statement: The 50% share acquired from Data Display GmbH per Oct. 01st, 2014 was not recorded – against IFRS 3.42 - at its historical value and not according to the current market value at date of first consolidation.

Correction measure: The historical purchase price per 01.10.2014 was considerably lower than the current market value per 30.06.2015. A correction of the mistake stated by DPR means a non-depreciable goodwill of EUR 2.559.198 at "accruals" side of balance; at the same time prolongation of own capital at "liabilities/equities" side. These impacts were recorded in the balance of 01.07.2016 in accordance with IFRS 1.10f.

Group's Annex: 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 (sub-group of the company)

and the foreign company of
Altrac AG, Würenlos, Switzerland

FORTEC Elektronik AG holds the majority 100% of votes of these companies and therefore controls all of them according to IFRS 10.6.

The reports of these subsidiaries are included in the group's report beginning at date of each company's control.
The reports of each subsidiary are dated at the day of issue of the group's report, being examined and certified by independent financial auditors with unlimited comments. The most important figures according to IFRS of the relevant companies (before consolidation) are shown in the following chart as per 30.06.2017

in TEuro	FORTEC AG	Blum SV GmbH	Emtron GmbH	ROTEC GmbH	AUTRONIC GmbH	ALTRAC AG	Data Display GmbH (Part of Co.)
Turnover	19.563	69	16.619	2.862	4.133	4.180	33.149
Previous year	*20.864*	*111*	*16.382*	*2.252*	*4.695*	*5.241*	*30.495*
Net income (EBIT)	506	46	1.138	108	26	-153	3.827
Previous year	*869*	*14*	*1.486*	*163*	*147*	*-29*	*2.944*
Financial/participation result	1.911	5	37	-5	141	13	2
Previous year	*2.470*	*4*	*31*	*-10*	*-7*	*9*	*-968*
Taxes	169	14	351	25	8	-17	793
Previous year	*236*	*2*	*472*	*22*	*39*	*-97*	*630*
Year's result (according to IFRS)	2.246	37	823	79	159	-121	3.036
Previous year	*3.103*	*16*	*1.045*	*132*	*100*	*77*	*1.346*

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 (Part of Com) Site: Germany Germering	ALTRAC AG Site: Würenlos (CH)
Company value (IFRS) (€)	69.339	167.146	0	0	2.559.198	2.429.238
Previous year	*69.339*	*167.146*	*0*	*0*	*2.559.198*	*2.444.216*
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 (€)	520.108	8.525.352	537.032	1.063.624	17.671.635	2.877.506
Previous year	*483.079*	*7.702.048*	*458.298*	*904.659*	*16.936.311*	*3.016.313*
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%*	*100%*	*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	30.06.2015	30.08.2000

Partial group of Data Display GmbH includes the following companies:

Company	Site of business	Capital share 30.06.2017in % by
Distec GmbH	Germering/Germany	100 % Data Display
Display Technology Ltd.	Great Britain	100 % Data Display
Apollo Display Technologies Corp.	USA	100 % Data Display
Apollo Ronkonkoma Inc.	USA	100% Apollo Display Technologies Corp.
Data Display Solution GmbH & Co. KG	Hörselberg-Hainich/ Germany	100 % Data Display
Data Display Solution Verwaltung GmbH	Hörselberg-Hainich/ Germany	100 % Data Display

The day of issue of all reports of all group members/subsidiaries equals the date of the group's report (30.06.2017). 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 Advantec 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 Advantec B.V., Oudenbosch (NL) 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 Czech ALLTRONIC elektronické stavebni skupiny a komponenty s.r.o., Dýsina. This company is omitted in the group's report because of minor importance

Group's Annex: 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 items 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

Group's Annex: 5. Capital Consolidation

The capital consolidation was made according to IFRS 3 and the benchmark method. Settlement of "fair values" was done with company 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. As regards Data Display, the difference on goodwill and "quiet" reserves is included in stock merchandise. 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 paragraphs in "Balance Report"

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.

Group's Annex: 6. Goodwill

The listed *goodwill* results from the acquisition of the subsidiaries ALTRAC AG, Blum Stromversorgungen GmbH, Emtron electronic GmbH as well as Data Display GmbH. 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 2016/17. Book value of goodwill of power supplies changes from TEUR 2.680 to TEUR 2.665. *CGU power supplies* include the companies FORTEC, Emtron, Blum und Altrac with an annual net income of TEUR 972. The goodwill difference to previous year amounts to TEUR 15(PY TEUR 128) and is based on the exchange rate increase 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 company capital. The book value of goodwill of "data visualisation" of EUR 2.559.198 results from the purchase of shares of Data Display GmbH during BY 2014/15 and 2015/16 amounting to an annual net income of TEUR 3.288. 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. The yearly impairment test is made at the end of 4th quarter of BY based on means of payment units of power supplies and data visualisation. As concerns Altrac AG – which is part of CGU power supplies – the SEFID Treuhand & Revision, Switzerland examined the company's value based on the discounted cash-flow-procedure. The achieved prognosis was calculated based on company's management expectations for the next 5 years. For the period after the 5th year, a terminal value will be stated in view of the up-date of last project year. These projects/plans are calculated based on accumulated 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%. The intrinsic value of power supplies results from the other companies. The intrinsic value of *data visualisation* is a result of the management's forecast based on the positive annual net income of this segment.

Goodwill is as follows:

in €	Group 2015/2016	Group 2016/2017
Goodwill balance as per 01.07.2016 (before adjustment)	3.309.067	5.239.899
Adjustment IAS 8	2.559.198	
Goodwill balance per 01.07. (after adjustment)	5.868.265	5.239.899
Accruals	0	0
Losses	0	0
Depreciation	500.000	
Exchange rate differences	-128.366	-14.977
Goodwill balance as per 30.06.2017	5.239.899	5.224.921

Group's Annex: 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	2 - 4 years
Office furniture	3 – 5 years
Operation/Business equipment	4 – 10 years

Exclusively linear depreciation method is applied. 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 as well as those of the foreign subsidiaries of Data Display GmbH (Apollo Data Technologies Corp./USA, Display Technology Ltd./GB) based on exchange differences at balance day of each independent foreign company at various exchange rate. The statement of intangible assets per 30.06.2015 was necessary as a result of the DPR audit. Costs of purchase/acquisition increased by EUR 972.640 and thus amounted to a total of TEUR 1.721. This was a result of the profit margin of order bookings per 30.06.2015 in BY 2015/16 in connection with the acquisition of Data Display GmbH.

Group's Annex: 8. Financial Assets

The financial assets as per 30.06.2017 are as follows:

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 Advantec BV, 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 Sanayi ve 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 continuous reduction in value. At balance day, the subsidiary AUTRONIC Steuer- und Regeltechnik GmbH holds 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 30.06.2017 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.

Group’s Annex: 9. Consolidated Statement of Financial Assets

In Euro	Purchase costs Balance on 01.07.2016	Additions 2016/2017	Retirements 2016/2017	Exchange Difference	Balance 30.06.2017	Depreciation Balance 01.07.2016	Additions 2016/2017	Retirements 2016/2017	Exchange Difference
Intangible assets									
- Software	782.091	165.473	9.132	-3.188	935.244	587.763	104.780	8.186	-3.207
Total intangible assets	782.091	165.473	9.132	-3.188	935.244	587.763	104.780	8.186	-3.207
Tangible assets									
- property	299.493	0	0	-2.771	296.722	0	0	0	0
- plant, buildings	886.344	0	57.101	-17.475	811.768	291.834	50.853	0	-1.502
- outdoor facilities	55.470	0	0	0	55.470	21.492	3.699	0	0
- vehicles	466.574	0	32.222	-961	433.392	321.265	47.102	32.222	-761
- small tools	93.075	32.070	2.680	0	122.465	66.053	30.144	1.649	0
- plant, machinery	730.957	83.936	0	-1.197	813.696	242.685	81.108	0	-850
- Office furnishings	892.034	30.600	28.895	-7.888	885.851	692.126	64.914	26.782	-6.654
- Office and plant equipment	718.089	97.393	1.823	-4.937	808.722	323.888	107.861	429	-2.953
- low-value items	133.202	65.577	15.728	-205	182.847	49.661	42.288	15.727	239
Total tangible assets	4.275.236	309.576	138.449	-35.433	4.420.910	2.009.005	427.969	76.808	-12.480
Financial assets	141.955	0	0	0	141.955	46.175	0	0	0
Total assets	5.199.283	475.049	147.581	-38.621	5.488.130	2.642.943	532.748	84.994	-15.686
PY developments:	01.07.2015*	2015/2016	2015/2016*	2015/2016	30.06.2016	01.07.2015	2015/2016 *	2015/2016*	2015/2016
Intangible GG assets	1.720.579	64.674	999.924	-3.238	782.091	503.616	1.089.265	999.920	-5.197
Tangible assets	4.014.835	607.275	256.741	-90.132	4.275.236	1.870.201	424.578	253.246	-32.526
Financial assets	141.955	0	0	0	141.955	46.175	0	0	0
TOTAL Assets	5.877.369	671.949	1.256.665	-93.370	5.199.283	2.419.991	1.513.843	1.253.166	-37.723

Group's Annex: 10. Long term Liabilities

These include the unpaid security deposits for the offices rented in Landsberg and Vienna (TEUR 9) as well as the offices of Data Display in the U.S.A (TEUR 25) and in Hörselberg-Hainich (TEUR43). At balance date, the credit funds of corporate income tax mentioned last year only show a remaining duration of 1 year and therefore, will be stated in (short-term) tax liabilities.

Group's Annex: 11. Stock/Inventories

The stock/inventories as per 30.06.2017 are as follows:

	Group (in €) 30.06.2016	Group (in €) 30.06.2017
Goods/raw material/operating supplies	15.608.090	14.185.035
Finished/Unfinished products	2.465.972	2.690.014
Payments made	215.261	669.997
Total stock value	**18.289.323**	**17.545.046**

The goods and merchandise like raw material, auxiliaries and operating material total up to 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.

Group's Annex: 12. Accounts Receivables from Deliveries, Taxes, Service and other Assets

These accounts receivables as per 30.06.2017 are as follows:

	Group (in €) 30.06.2016	Group (in €) 30.06.2017
Receivables re: deliveries and service	7.433.006	7.122.347
Tax receivables	1.281.857	1.484.298
other accounts receivables	549.944	549.579
TOTAL accounts receivables	**9.264.807**	**9.156.224**

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 €) 2016/2017
Date of value correction per 01.07.	96.720	22.060
Allocations	22.060	76.896
Usage/ cancellations	96.720	22.060
Date of value correction as per 30.06.	**22.060**	**76.896**

All accounts receivables mentioned in chart above are of a remaining maturity of less than one year. Tax liabilities include - besides the claim of overpaid taxes during 2015 and 2016, among other the credit balance resulting from the corporate tax of TEUR 16 (PY TEUR 32), with a remaining term of less than one year. Other group's assets are mainly due to active accruals in the amount of TEUR 253 (PY TEUR 261). 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.

Group's Annex: 13. Cash-on-hand and/or other Equivalent Capital

Cash-on-hand and/or other equivalent capital per 30.06.2017 are as follows:

	Group (in €) 30.06.2016	Group (in €) 30.06.2017
Cash-on-hand /postage machine	19.706	23.843
Bank credit and post giro	4.316.310	5.631.648
Total	**4.336.016**	**5.655.491**

Balances at bank institutes 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.

Group's Annex: 14. 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. non-value shares (Bond No. 577410/ISIN DE 0005774103). The value of each share is EUR 1.00 of the basic capital.

Group's Annex: 15. Company Capital

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. non-value shares (Bond No. 577410/ISIN DE 0005774103). The value of each share is EUR 1.00 of the basic capital.

The groups' capital of the proprietors during reported period is as follows – in consideration of the adjustment according to IAS 8:

in €	Basic-capital	Capital-reserve	Exch.rate differences	Profit reserve / accumulated	T O T A L
Balance per 30.06.2015	2.954.943	8.689.364	1.866.614	10.281.514	23.792.436
Adjustment IAS 8	-	-	-	1.230.032	1.230.032
Balance per 01.07.2015	2.954.943	8.689.364	1.866.614	11.511.546	25.022.466
Total result			-472.470	2.877.472	2.405.002
Dividend payments				-1.477.472	-1.477.472
Exchange rate			-472.470		-472.470
Payouts				-1.772.966	-1.772.966
Year's net income				4.259.877	4.259.877
Balance per 30.06.2016	2.954.943	8.689.364	976.883	15.398.458	28.019.646

Comment to adjustment per 01.07.2015:

The company capital figure stated per 30.06.2015 consists of non-controlled shares in the amount of TEUR 5.379 and is recorded to obligations according to IAS 8.

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 success-neutral. No market value reserve was listed.

For several years, the group clearly states that the expansion is build exclusively on company-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 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.

Group’s Annex: 16. Financial Instruments – First Statement and Evaluation

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

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 fair value minus possible decrease in value. These losses are included in the "consolidated income statement" as financial expenses.

financial assets available-for-sale

Financial assets available-for-sale are considered company capital, not evaluated for trade and at indefinite 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.

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 its financial obligations for the first time. All financial obligations are evaluated at first time 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 30.06.2017	fair value added 30.06.2017	T O T A L 30.06.2017
Financial assets	95.780	0	95.780
Previous year	95.780	*0*	*95.780*
Long-term accounts receivables	74.601	0	74.601
Previous year	*63.652*	*0*	*63.652*
Receivables re deliveries, services	7.122.347	0	7.122.347
Previous year	*7.433.006*	*0*	*7.433.006*
Other assets	297.019	0	297.019
Previous year	*289.546*	*0*	*289.546*
Payments and/or similar	5.655.523	0	5.655.523
Previous year	*4.336.016*	*0*	*4.336.016*
T o t a l	13.245.270	0	13.245.270
Previous year	*12.218.000*	*0*	*12.218.000*

As per paragraph „other assets" of TEUR 550 (PY TEUR 500) in the balance sheet, accrued and deferred items in the amount of TEUR 253 (PY TEUR 260) are not reported as financial instrument.

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

in €	Evaluation category IAS 39	Book value	Fair value 30.06.2017	T o t a l 30.06.2017
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	74.601	74.601	74.601

Previous year	LaR	63.652	63.652	63.652
Receivables re. deliveries & services Previous year	loan & receivables LaR	7.122.347 7.433.006	7.122.347 7.433.006	7.122.347 7.433.006
Other assets Previous year	loan & receivables LaR	297.019 289.546	297.019 289.546	297.019 289.546
Cash-on hand and/or equivilants Previous year	loan & receivables LaR	5.655.491 4.336.016	5.655.491 4.336.016	5.655.491 4.336.016
T o t a l Previous year		13.245.238 12.218.000	13.245.238 12.218.000	13.245.238 12.218.000

All other figures are evaluated at purchase costs.

Equity and Liabilities (in €) are as follows:

in €	Continuously listed purchase costs 30.06.2017	fair value added 30.06.2017	T o t a l 30.06.2017
Receivables re credit institutes/banks Previous year	4.583.332 6.124.109	0 0	4.583.332 6.124.109
Receivables re deliveries, services Previous year	3.556.986 3.099.442	0 0	3.556.986 3.099.442
Other receivables Previous year	1.215.225 928.121	0 0	1.215.225 928.121
T o t a l Previous year	9.355.543 10.151.672	0 0	9.355.543 10.151.672

In paragraph: „other assets“ of TEUR 1.920 (PY TEUR 1.772) mentioned in balance report, a sum of TEUR 705 (PY TEUR 843) “payments for employees” is not stated as financial instrument. All figures are evaluated at purchase costs.

There are no changes when comparing book value to fair value

	Evaluation category	Book value	fair value	T o t a l
in €	IAS 39	30.06.2017	30.06.2017	30.06.2017

Liabilities re. credit institutes/banks Previous year	FLAC*	4.583.332 6.124.109	4.583.332 6.124.109	4.583.332 6.124.109
Liabilities re deliveries/services Previous year	FLAC*	3.556.986 3.099.442	3.556.986 3.099.442	3.556.986 3.099.442
Other liabilities Previous year	FLAC*	1.215.225 928.121	1.215.225 928.121	1.215.225 928.121
T o t a l Previous year		9.355.543 10.151.672	9.355.543 10.151.672	9.355.543 10.151.672

*financial liabilities at amortised costs

Liabilities due are being paid according to payment terms at date of balance issue.

Influence on „income statement" according to IFRS 7.20 is as follows:

In €	Addition 2016/2017	Value correction 2016/2017	Depreciation 2016/2017
Financial Assets Previous year	0 0	0 0	0 0
Long-term receivables Previous year	0 0	0 0	0 0
Receivables re: deliveries and service Previous year		76.896 22.060	
Other assets Previous year	0 0	0 0	0 0
Cash-on-hand and/or equivilents Previous year	0 0	0 0	0 0
T o t a l Previous year	0 0	76.896 22.060	0 0

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

in €		T o t a l 30.06.2017	Drop-out risk 30.06.2017
Financial assets Previous year	100 % 100 %	95.780 95.780	95.780 95.780
Long-term receivables Previous year	30% 30%	74.601 63.652	22.380 19.096

Receivables re deliveries, services 20 % Previous year 20%	7.122.347 7.433.006	1.424.469 1.486.601
Other assets 50 % Previous year 50 %	297.019 289.546	148.510 144.773
Payment means and equivalents 0 % Previous year 0 %	5.655.491 4.336.016	0 0
T o t a l Previous year	13.245.238 12.218.000	1.691.139 1.746.250

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.

A liquidity risk as per IFRS 7.39 for "Liabilities re: deliveries and service" does not exit, as payments/liabilities have already been covered at balance day. Other liabilities have mostly been paid 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.

Group's Annex: 17. Reserves

Reserves within the group as per 30.06.2017 are as follows:

in €	Balance 01.07.2016	Consumption 2016/2017	Dissolution 2016/2017	Addition 2016/2017	Balance 30.06.2017
Other accruals					
- long-term	204.741	0	3.201	2.026	203.567
- short-term	285.300	40.759	81.054	51.846	215.333
Re. warranties	280.891	31.009	14.475	31.022	266.429
	490.041	40.759	84.255	53.872	418.899

Other accruals were listed according to IAS 37 in consideration of all observable liabilities with their scheduled maturity. Deduction of 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 remaining 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.

An accrual of TEUR 100 was made at Emtron because of the current risk of a query with customs as concerns the form and amount of tariff of certain merchandise. In worst case, total risk could be approx. TEUR 1.000. At present and upon lawyer's consult , there is no need for a higher amount.

Group's Annex: 18. Liabilities

Liabilities as per 30.06.2017 are as follows:

in €	Group 30.06.2016	Group 30.06.2017
Liabilities re credit institutes/banks	6.124.109	4.583.332
Liabilities re deliveries, services	3.099.442	3.556.986
Tax liabilities	2.123.806	1.592.653
Others	1.771.599	1.920.178
Total	13.118.957	11.653.149

Evaluation of liabilities was made at payment amounts. The tax liabilities of the current BY amount to TEUR 1.324 (PY TEUR 1.853) which break down into tax on earnings TEUR 920 (PY TEUR 949), sales tax TEUR 261 (PY TEUR 1.003) and income tax TEUR 142 (PY TEUR 172); TEUR 268 (PY TEUR 271) apply to profit tax payments due from previous year 2016 and correspond to the tax statements given. Among other liabilities are so-called limited accruals amounting to TEUR 1.179 (PY TEUR 1.090), which according to HGB are "reserves" but according to IFRS are liabilities. In general, these are liabilities towards personnel (TEUR 705; PY TEUR 843) as well as year's close-out costs TEUR 251 (PY TEUR 226). Liabilities of more than 5 years amount to TEUR 419 (PY TEUR 833). Liabilities between 1 to 5 years are TEUR 3.333 (PY TEUR 3.850). Liabilities more than 1 year exclusively are liabilities towards banks/credit institutes. All other liabilities have a maturity of less than 1 year.

Group's Annex: 19. 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 and 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 16%) was taken into account.

Tax latency due to evaluation differences are as follows:

	30.06.2016		30.06.2017	
in T€	Aktive deferred taxes	Passive deferred taxes	Active deferred taxes	Passive deferred taxes
Tangible assets (incl. GWG)	170	83	35	65
Financial assets	42	0	42	0
Inventories	91	173	216	142
Receivables	0	22	16	23
Other assets	24	0	20	0

Reserves	0	95	0	75
Liabilities	0	0	0	32
	327	374	329	307

As per 30.06.2017, there are no non-active losses as concerns trade tax.

Group's Annex: 20. Other Financial Liabilities

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

Up to 1 year	TEUR	1.244	(PY TEUR	1.367)
1 to 5 years	TEUR	2.386	(PY TEUR	2.362)
more than 5 years	TEUR	644	(PY TEUR	726)
T O T A L	TEUR	4.274	(PY TEUR	4.455)

Data Display's share of the total liabilities is EUR 3.341 (PY TEUR 3.807) and that of Autronic GmbH TEUR 528 (PY TEUR 133) as well as that of FORTEC AG of TEUR 124 (PY TEUR 145).

Explanatory Information as to "Consolidated Income Statement"

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

Group's Annex: 21. 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 78.519 (PY TEUR 78.176) and breaks down to geographical segments as follows:

Group's sales revenue in T€	Data-visualisation	Power supplies	T o t a l
Germany	28.491	22.935	51.426
Previous year	28.466	22.593	51.059
International	20.976	6.117	27.093
Previous year	20.719	6.398	27.117
T o t a l	49.467	29.052	78.519
Previous year	49.185	28.991	78.176

Internal revenues within the group were eliminated in connection with consolidation.

Group's Annex: 22. Changes in Stock of Unfinished/Finished Goods

These are decreases in stock of unfinished/finished goods of Data Display GmbH of TEUR -198 (PY TEUR -60) and that of ROTEC technology GmbH of TEUR -295 (PY TEUR + 86) as well as the increase in stock of AUTRONIC Steuer- und Regeltechnik GmbH of TEUR 232 (PY TEUR 148).

Group's Annex: 23. Other Company Revenues

Other company revenues are as follows:

in €	Group 2015/2016	Group 2016/2017
Revenues	18.180	3.360
Reduction value corrections	58.960	7.255
Release accruals	56.664	114.063
Benefits in kind	83.273	96.377
Revenues from exchange rate differences	1.041.278	813.231
Other revenues in line with ordinary business	410.803	214.967
Total other business revenues	1.669.159	1.249.253

In general, other regular revenues especially are revenues re: damage claims of TEUR 70 (PY TEUR 141) as well as costs of an innovation program of TEUR 50 (PY TEUR 52). Reduction of other ordinary revenues amount to TEUR 73 from change of sales revenues and the loss of extra payments received in England.

Group's Annex: 24. Material Purchases

The amount for material/goods purchase in BY was TEUR 53.791 (PY TEUR 54.975). Material purchases of TEUR 1.483 (PY TEUR 1.709) within the group were eliminated.

Group's Annex: 25. Personnel

Expenses for personnel (in €) are as follows:

	Group 2015/16	**Group 2016/2017**
Salaries and wages	10.324.292	10.551.956
Social costs and contributions to retirement	1.804.325	1.922.789
TOTAL Costs Personnel	**12.128.617**	**12.474.745**

Group's Annex: 26. Depreciation

Depreciation in business year is as follows:

in €	Group 2015/2016	Group 2016/2017
Intangible assets	116.625	104.780
Intangible assets (adjustment IAS 8)	972.640	
Tangible assets and GWG	424.578	427.968
Goodwill/company value	500.000	
Depreciation	1.013.842	532.748

Statement of intangible assets per 30.06.2015 had to be made as result of DPR's examination. The costs of acquisition/purchase had to be increased by EUR 972.640 and thus amounted in Total to TEUR 1.721. This is the profit margin of order bookings per 30.06.2015 in line with the acquisition of Data Display GmbH. Orders had been fulfilled during BY 2015/16 and revenues gained. Therefore, intangible asset in BY had to be completely depreciated.

Group's Annex: 27. Other Company Costs and Expenses

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

in €	Group 2015/2016	Group 2016/2017
Office rentals	1.434.363	1.478.746
Insurances, contributions	353.348	301.212
Repairs, maintenance	114.338	129.428
Vehicles	179.187	172.853
Advertising/ travel expenses	1.204.791	1.103.685
Expenses re deliveries	523.785	510.698
Misc. Company costs/expenses	2.261.531	2.559.954
Loss re assert retirements	123	63.221
Loss UV and value corrections	65.020	82.312
Other expenses in line with ordinary business	862.647	808.065
Other company costs/expenses	6.999.136	7.210.174

The costs of "goods sold" include warranty reserves/provisions of TEUR 31 (PY TEUR 125). As concerns "other expenses in line with ordinary business activities" there are differences in currency exchange rates amounting to TEUR 808 (PY TEUR 862) which are calculated based on payments made during relevant business year.

Group's Annex: 28. Interest

Interest is recorded from interest returns of TEUR 11 (PY TEUR 44) as well as interest expenses of TEUR 56 (PY TEUR 45).

Group's Annex: 29. Taxes on Income and Revenue

The group's report states corporate income tax, social fee and trade income tax as well as income tax according applicable in Switzerland, Great Britain and the U.S.A. taken into consideration the relevant tax rates valid at balance day. Tax on profit in the group is 26.95 % (PY 26.03%) and comprises incorporate and business/trade tax. The tax figures according to countries are as follows (in TEUR):

In T€	Group 2015/2016	Group 2016/2017
Taxes paid and/or owed		
Germany	1.596	1.236
Foreign countries (CH, GB, USA)	-97	178
	1.499	1.414
Deferred taxes		
Adjustment IAS 8	-292	
re. time differences/consolidation	-195	-72
re. loss revenues	0	0
	-486	-72
Income tax	1.013	1.342

The adjustment IAS 8 comprises the passive deferred taxes resulting from the intangible assets (see Tz.7) as per 30.06.2015. FORTEC group's actual tax expense of TEUR 1.342 (PY TEUR 1.013) is TEUR 283 (PY TEUR 115) is below theoretical tax expense resulting from an average tax rate in view of 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 T€	Group 2015/2016	Group 2016/2017
Tax result before profit *	3.890	5.602
Nominal tax incl. business tax	29,0%	29,0%
Expected income tax expense at equal tax burden.	1.128	1.624
Raise/Reduction of income tax expense by::		
low tax foreign countries	-19	-18
Tax rate change (Switzerland)	-89	0
Use of non-balanced losses	-69	-216
Non deductable company expenses	4	13
Tax-free income (dividends)	-9	-41
Depreciation Goodwill Altrac	145	0
Tax payments previous years	-15	0
Activation losses	0	0
Adds/Losses business tax	5	5
Elimination temporary profit	-39	-29
Others discrepancies	-29	4
National profit tax expenses	1.013	1.342
Effective Income tax rate	26,03%	23,95%

* Comment: result before profit of PY was TEUR 4.863 before adjustment IAS8.

National profit tax rate is 29 % as concerns exclusively German subsidiaries.

Group's Annex: 30. Segmential Report

The company's portfolio covers data visualisation and power supplies which are mainly independent 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	28.052	78.519
Previous year	49.184	29.991	78.175
Depreciation*	301	232	533
Previous year	1.254	759	2.013
Company result	4.247	1.251	5.498
Previous year	2.474	1.388	3.862
Financial / participation results	-34	138	104
Previous year	-18	48	30
Tax on profit*	925	417	1.342
Previous year	499	513	1.012
Year's result	3.261	999	4.260
Previous year	1.956	922	2.878
Assets*	28.8226	11.573	40.399
Previous year	28.462	11.615	40.077
National	23.506	7.702	31.208
Previous year	21.960	9.418	31.378
international	5.320	3.871	9.191
Previous year	6.503	2.197	8.700
Debts*	9.131	3.248	12.379
Previous year	10.033	4.094	14.127
Investments	350	125	475
Previous year	477	195	672

*Allocation after gross profit.

The turnover of power supplies includes revenues from production services amounting to EUR 1.1 million (PY EUR 1.3 million). The assessment (evaluation) principles and/or financial accounting principles for these segments are in conformity with those of the company respectively the group. The financial result consists of financial profit of TEUR 11 (PY TEUR 44) and financial expenses of TEUR 56(PY TEUR 45). The participation result is listed in the "statement of comprehensive income".

Group's Annex: 31. Currency Exchange Rates

A total of TEUR -417 (PY TEUR -472) of differences in exchange rate within the company capital is included in the company's capital and listed as follows:

Balance per 01.07.2015	1.866.614
Addition 2015/2016	-472.470
Balance per 01.07.2016	1.394.144
Addition 2016/2017	-417.261
Balance per 30.06.2017	**976.883**

Mainly figures result from currency exchanges of goodwill and capital of Altrac AG at balance day as well as from of sub-group of Data Display. Income statement shows TEUR 5 (PY TEUR 179) as currency conversion differences (profit minus expenses).

Group's Annex: 32. 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 and are reported in detail 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 5.036 (PY TEUR 3.279) and includes interest receipts of TEUR 11 (PY TEUR 44) and interest payments of TEUR 56 (PY TEUR 45). Cash flow operative business also lists payments of income tax of TEUR 1.282 (PY TEUR 1.089).

Group's Annex: 33. Supervisory Board

Members of the supervisory board in BY are.

Winfried Tillmann (board director), Schwerte, Auditor
Michael Höfer (representative), Steingarden, Portfolio Manager
Volker Gräbner (representative employees), Hamburg

In current fiscal year, the total revenues of the supervisory board members amount to EUR 30.000,oo

The board director is also member of the following committee:

VBH Deutschland GmbH, Korntal-Münchingen
Montanhydraulik GmbH, Holzwickede

The representative is also member of the following committee:

Value Holdings AG, Augsburg

Group's Annex: 34. Business with other Person

Business with other persons is recorded in section services and rental expenses amounting to TEUR 353 (PY TEUR 3). Any other obligations at end of BY did not exist.

Group's Annex: 35. Salaries/allowances to Persons in Management Key Positions

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

	2015/2016 in TEUR	2016/2017 in TEUR
Short-term payments to employees	1.670	1.472
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
	1.670	**1.472**

Total benefits for board members of FORTEC AG amount to TEUR 382 (PY TEUR 319) including allowances of TEUR 170 (PY TEUR 114) 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 16.02.2017: 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)

Group's Annex: 36. Auditor's Fee

For services rendered for group's annual report by Metropol Audit Wirtschaftsprüfungsgesellschaft mbH (auditing company), Mannheim, the following payments for BY 2016/2017 were made:

	2015/2016 in TEUR	2016/2017 in TEUR
Audits of annual financial statement	52	57
General expenses tax consultant	0	0
other expenses	0	0
	52	**57**

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.

Group's Annex: 37. Miscellaneous

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

During BY the group employed an average of 206 persons (PY 207) including 4 temporary helps (PY 6).

In BY 2016/17 the following persons were listed in the board of managers:

Fischer	CEO	Hirschegg/Austria	up to 30.06.2017
Jörg Traum	board director	Trebur /Germany	

Sandra Maile	Board Speaker	Ludwigsburg	begin 01.07.2017
Bernhard Staller	Board Member	Emmering	begin 01.07.2017

There were no changes between balance day of June 30, 2017 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 payment in the total amount of EUR 1.772.965,80 (PY EUR 1.772.966). Distribution right is given to a total of 2.954.943 shares of 0.60 EUR each. The result per share is EUR 1.44 (PR EUR 0.97). In BY 2016/17, no announcements were published as per §15 a WpHG (reportable purchase of bonds). In BY the group published one ad-hoc announcements.

On December 22nd, 2016 the change in the board of directors was announced.

Group's Annex: 38. Release for Publication

The annual business statement was issued September 22nd, 2017 and released by the board of directors.

Landsberg, September 22nd, 2017
FORTEC Elektronik AG

Sandra Maile	Bernhard Staller	Jörg Traum
Board member	Board member	Board member
(Speaker)		

Assurance of 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 22nd, 2017

FORTEC Elektronik AG

Sandra Maile	Bernhard Staller	Jörg Traum
Board member	Board member	Board member
(Speaker)		

Independent Auditor's Report

We have audited the consolidated financial statement of FORTEC Elektronic AG, Landsberg am Lech and its subsidiaries (the group) which comprises the consolidated statement of financial position as at June 30th, 2017 as well as the consolidated income statement and consolidated statement of comprehensive income for the financial year from July 1st, 2016 to June 30th, 2017 as well as the annex.

According to § 322 Abs. (sentence) 3 Satz 1 (second half of sentence) of HGB (German Commercial Code) we state that, in our opinion, based on the audit's findings, the accompanying consolidated financial statement comply in all respects with the requirements of IFRS to be applied in the EU and according to § 315a Abs. 1 HGB of the German commercial law standards and give a true and fair view of the net assets and the financial position of the group as per June 30th, 2017 as well as its results for the financial year from July 1st, 2016 to June 30th, 2017.

According to § 322, Abs. 3 Satz 1 (first half of sentence) HGB we state that our audit has not led to any reservations as to the propriety of the consolidated financial statement.

Basis for Audit Opinion on the Consolidated Financial Statement

We conducted our audit in accordance with § 317 HGB and in consideration with German audit standards by the "Institut der Wirtschaftsprüfer" IDW (Institute of German Auditors) as well as in observation of the International Standards on Auditing (ISA). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statement" section of our report. We are independent of the Group's entities in accordance with the provisions under German commercial law and we have fulfilled our other German responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statement for the fiscal year from July 1st, 2016 to June 30th, 2017.

These matters were addressed in the context of our audit of the consolidated financial statement as a whole and in forming our audit opinion; thereon we do not provide a separate audit opinion on these matters.

Audit of the following matters are considered most significant:

- Recoverability of business and company' values of a certain useful economic life
- Recoverability and adequacy of stock
- Realisation of income revenues

Our presentation of these key audit matters has been structured as follows:

- Matter and issue
- Audit approach and findings
- Reference to further information

Recoverability of Business and Company Assets

An amount of 5.2 million EUR (13% of total assets) (PY 5.2 million EUR) is reported under the line item of "intangible assets" of the consolidated financial statement.

Within the group, these intangible assets are assigned to the two strategic business segments of power supplies of 2.5 million EUR (PY 2.7 million EUR) and data visualisation of 2.7 million EUR (PY 2.7 million EUR).

When undergoing regular impairment tests as concerns "business and company assets" of an unknown useful life, the book values of the strategic business segment power supplies of unknown useful life are compared to their appropriate amount expected. In general, determination of this amount is based on present value minus current sales cash. As there are generally no market values for these segments, the cash value of future cash flow is the basis of these measurements. Here cash value is calculated by discounted cash-flow; interest is based on weighted average capital cost of the relevant segment. Result of these measurements is - to a high degree - dependent on budget projections of the relevant market segment prepared by the management as well as the discount rate used; therefore, the assessment is subject to uncertainty.

Basis of our examination was the systematic procedure of the impairment test and the determination of the weighted average capital cost. We have evaluated and are convinced that the budget projections given by the management are in conformity with the measurements of future cash flow.

With the knowledge that even relatively small changes in the discount rate applied can have material effects on the amount of these values, we also focused our testing on the parameters used to determine the discount rate applied. Furthermore, based on the material importance of business and company values, we conducted a sensitivity analysis for the strategic business segments (book value compared to expected profit) and stated that the relevant business and company values are sufficient to cover the discounted future cash generating units. No arguments can be stated against the value parameters applied and projected by the management.

<u>Appropriateness of Integrity and Recoverability of Inventory/Stock</u>

In the group's report of FORTEC, a stock value of 17.5 million EUR (43.4% of group's total) (PY 18.3 million EUR; 45.7% of group's total) is reported. This important amount is subject to a volatile listing of stock and its value.

In consideration of the business model, we assessed the company's applied procedures and controlling of recording and evaluation of stock of the relevant segments.

Specific examination criteria were:

- Examination of existence and completeness of stock incl. evaluation of internal control system as regards adequacy and effectiveness of applied inventory procedures and
  observation of inventory-taking at balance day.
- Examination of relevant determination of purchase and manufacture costs (volume and costs incl.)
- Evaluation of intrinsic value of stock, especially examination of damages, full – or partly
  obsolescence; comparison of purchase/manufacture costs to expected net sales value
- Examination of degree of completion of half-produced resp. finished/completed products.

Besides and upon consultation and discussion with sub-division examiners, consistent examination procedures within the group have been elaborated to insure adequate devaluation in this segment.

We assured ourselves of the appropriateness of the existing systems, processes and controls. The control procedures made by management are sufficient and documented so that there are no objections as concerns inventory-taking and its evaluation.

<u>Appropriateness of Revenue Recognition</u>

In FORTEC's "consolidated statement of comprehensive income", an income revenue of 78.5 million EUR (PY 78.2 million EUR) is reported. This important item is subject to a periodical limit (date of revenue realization) and thus necessary for closer investigation.

Upon knowledge of the business model, we assessed the company's applied procedures and controlling of recording and evaluation of the sales revenues.

Specific examination criteria were:

- Examination of recording of sales revenues (incl. date of revenue realization) incl. assessment of internal control system as concerns effectiveness of sales procedure including invoicing (build-up and function exam, evaluation of recording and transferring of sales revenues / from invoicing up to record in accounting)
- Examination of relevant sampling inspections (case-relevant exams of customer invoice) as regards date of sale realization
- Examination of customer invoices and payment income by sample tests

Besides and upon consultation and discussion with sub-division examiners, consistent examination procedures within the group have been elaborated to insure adequate devaluation in this segment.

We assured ourselves of the appropriateness of the systems, processes and controls. The control procedures made by management are sufficient and documented so that there are no objections as concerns sales revenues.

Further Information

Management is responsible for further information. The further information comprises the Corporate Governance Codex which describes the long-term, responsible and transparent management and control of a company. In Germany, the German Governance Kodex comprises significant standards for management and control of companies listed on stock exchange: see Ziffer (par.) 3.10 of German Corporate Governance Codex – Statement for Company's Management in accordance with § 289a HGB and § 315 Abs. 5 HGB as well as other parts of the consolidated financial statement – not to be audited – of FORTEC AG, Landsberg for BY ending per June 30th, 2017. Our audit opinion does not cover the further information and we do not express any form of conclusion thereon. Our responsibility in connection with our audit of the consolidated financial statement is to critically read the further information and consider whether the further information is inconsistent with the consolidated financial statement or our knowledge obtained during our audit or otherwise appears to be misstated.

If based on our work performed, we state that there is a misstatement of this further information, we are required to report this fact.

In this respect, we have nothing to report.

Responsibilities of Management and 'Those-in-Charge with Governance' for the Consolidated Financial Statement

The management is responsible for the preparation of the consolidated financial statement, which complies with IFRS, as adopted by the EU, and the additional German legal requirements applicable under § 315a Abs. 1 HGB and to give a true and fair view of the net assets, financial position and results of the group in accordance with these requirements. Furthermore, management is responsible for the internal control as it determines is necessary to enable the preparation of the consolidated financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statement, management is responsible for assessing the group's ability to continue as a going concern. Furthermore it is responsible to assess matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or cease its operation or has no realistic alternative but to do so.

The supervisory board is responsible for overseeing the group's financial reporting for the preparation of the consolidated financial report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statement

Our objective is to obtain reasonable assurance about whether the consolidated financial statement as a whole is free from misstatements whether due to fraud or error and issue an auditor's report that includes our auditor's opinion on the consolidated financial statement.
Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with § 317 HGB and German standards for the audit of financial statements by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany – IDW) as well as in observation of the International Standards on Auditing (ISA) detects any misstatement. Misstatements can arise from fraud or error and are considered material if they could reasonably be expected to influence economic decisions of users of these consolidated financial statement.

As part of an audit in accordance with § 317 HGB and German audit standards of financial statements by the Institut der Wirtschaftsprüfer (IDW) as well as in consideration of ISA standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of misstatements of the consolidated financial statement whether due to fraud or error, design and perform audit procedures to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting any misstatements resulting from fraud is higher than for one resulting from error; as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and relevant disclosure/information given/made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and due to the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to these statements in the group's report and if necessary to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statement including the disclosures and whether the consolidated financial statement represent the transactions and events in a manner that the consolidated financial statement in consideration with IFRS as adopted in the EU and in accordance with § 315a Abs. 1 HGB applied German legal requirements gives a true and fair view of the net assets, the financial position and the profitability of the group.
- Obtain sufficient and appropriate audit evidence as regards the financial information of the entities or business activities within the group to express an audit opinion on the consolidated financial statement. We are responsible for direction, supervision and performance of the group's audit. We solely remain responsible for our audit opinion.

We also provide 'Those-in-charge with governance' with a statement that we complied with relevant requirements regarding independence and to communicate all relationships and other matters that may reasonably be thought to bear on our independence and related safeguards.

From the matters communicated with 'Those-in-charge with governance', we determine the matters of most significance in the audit of the consolidated financial statement within the period and therefore, are the key audit matters. We describe these matters in our report on the audit of the consolidated financial statement unless law or regulations preclude public disclosure about the matter.

Notation/ Comment on the Audit of the Group Management Report

Opinion on the Audit of the Group Management Report

We have audited the group management report of FORTEC Elektronik AG, Landsberg am Lech for the fiscal year from July 1st, 2016 to June 30th, 2017.

In our opinion, based on the findings of the audit, the accompanying group management report as a whole provides a suitable view of the group's position. In all respects, the group management report is consistent with the consolidated financial statement, complies with legal requirements and suitably presents the opportunities and risks of future development.

Our audit has not led to any reservations with respect to the propriety of the group management report.

Basis for Audit Opinion on the Group Management Report

We conducted our audit of the group management report in accordance with § 317 Abs. 2 HGB and German legal standards of the Institut der Wirtschaftsprüfer IDW. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and 'Those-in-charge with Governance' for the Group Management Report.

Management is responsible for the preparation of the group management report, which as a whole provides a suitable view of the group's position and is consistent with the consolidated financial statement, complies with legal requirements and suitably presents the opportunities and risks of future development.

Furthermore, management is responsible for such policies and procedures (systems) necessary to enable preparation of a group management report in accordance with § 315a Abs.1 HGB of German legal requirements and to provide sufficient and appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the group's financial reporting for the preparation of the consolidated financial report.

Auditor's Responsibilities for the Audit of the Group Management Report

Our objective is to obtain reasonable assurance about whether the group management report as a whole provides a suitable view of the group's position as well as in all material respects, is consistent with the consolidated financial statement as well as the findings of the audit, complies with legal requirements and suitably presents the opportunities and risks of future development, and to issue an auditor's comment stating our audit opinion on the group management report.

As part of an audit, we examine the group management report in accordance with § 317 Abs. 2 HGB and German legal standards for the audit of management reports by the IDW. In this connection, we draw attention to the following:

- The audit of the group management report is integrated into the audit of the consolidated financial statement.

- We obtain an understanding of the policies and procedures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these policies and procedures (systems).

- We perform audit procedures on the prospective information presented by the management in the group management report. Based on appropriate and sufficient audit evidence, we hereby in particular, evaluate the material assumptions used by management as a basis for the prospective information and assess the reasonableness of these assumptions as well as the appropriate derivation of the prospective information from these assumptions.
  We are not issuing a separate audit opinion on these prospective information or the underlying assumptions. There is significant, unavoidable risk that future events will deviate significantly from the prospective information.

- We are also not issuing a separate audit opinion on individual disclosures in the group management report; yet our audit opinion covers the group management report as a whole.

Responsible Auditor

The auditor responsible for the audit is Walter Okon.

Mannheim, September 29th, 2017

METROPOL Audit GmbH
Wirtschaftsprüfungsgesellschaft
(German Public Audit Company)

Walter Okon
(German Public Auditor)

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