

# **Annual Report 2014/2015**

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**Business Year July 01, 2014 – June 30, 2015**

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# Management Report 2014/2015

## Group's Basic Principals

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

Its target potentials are high-tech companies of long-term and predictable positioning, especially in the growing market segments of industrial automation, informative technologies, security, medicine and automotive.

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

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

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

When connecting the product segments of display technology and embedded computer technology to create an Embedded Solution System, FORTEC possesses for a long time a very attractive rare domain. Marketing starts with delivery of system-proved and tested standard kits, accompanied by customers' service in hard- and software with the sale of standard units and ends in specific customer development and its installation.

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

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

Our big competence is to provide technology know-how in combination with sales at site. Years of business relations to thousands of customers are the basis of our success. In Germany, our various regional offices provide local customer service. In addition, there are sales offices and subsidiaries in Austria, Switzerland and The

Netherlands. Within the group, a 100% support in development and production is given by our subsidiaries Rotec (Rastatt) and Autronic (Sachsenheim). Also ALTRAC in Switzerland is a 100% subsidiary; not to forget the 36.6% participation at a company in The Netherlands. The successful company of Emtron (Nauheim) – also is a 100% FORTEC's subsidiary – specialized in exclusive products of power supplies; it is represented directly and indirectly as well in the markets in Germany, Austria, Switzerland and The Netherlands.

As per 01.10.2014 we acquired 50% of Data Display GmbH – thus also indirectly represented by their subsidiaries in England and the USA.

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

## **Business Report**

During course of business in BY 2014/15, we experienced a slow economic recession same as in previous year. As predicted, business was characterized by an immense pressure on margin. The overall economic conditions show a slow, however unsecure recovery out of the financial crisis and recession of 2008.

Due to the unsatisfactory economic situation, turnover in BY 2014/15 amounting to 45.9 million EUR was slightly above that of previous BY 2013/14 of 45.4 million EUR. In spite of the expectations of last year, this upgrade is due to the increase in turnover in power-supplies of 3.0 million EUR (+11.4%) at a simultaneous reduction in data visualisation of 2.5 million EUR (- 12.8%). These two segments add to the group's total result: data visualisation with 16.8 million EUR and power supplies with 29.1 million EUR.

The other company income from operative business mainly increased by earnings from exchange rate differences of 0.3 million EUR and due to the acquisition of Data Display GmbH of 0.2 million EUR.

This group's total increase faces in percent as well as absolutely an increase in goods and material costs of 35 million EUR (PY 34.2 million EUR). This results in a change in goods and material costs from 75.8% in 2013/14 to 76.2% in 2014/15. In BY 2014/15 the profit margin slightly reduced from 24.2% last year to 23.8% caused by the continuous pressure on sales prices.

The costs of personnel of 5.6 million EUR remained constant. Compared to the total result, the costs in personnel reduced from 12.4% to 12.2%.

Depreciations of 0.3 million EUR stayed same (PY 0.3 million EUR). Other company expenses of 4.0 million EUR heavily increased compared to last year of 3.4 million EUR; mainly caused by the losses in foreign currency exchange and the extraordinary expenses for the acquisition of Data Display GmbH amounting to 8.7% (PY 7.6%) compared to total result.

Important financial indicator is the EBIT-margin from operative business without income from investment. The group's EBIT consists of -0.1 million EUR in the field data visualisation (PY 0.5 million EUR) and 2.3 million EUR in power supplies (PY 1.7 million EUR). The company's result of 2.2 million EUR and a margin of 4.8% remained same as concerns the earnings of both segments.

The annual net income of 1.9 million EUR in BY 2014/15 raised by circa 0.3 million EUR compared to that of PY 2013/14 in fulfilment of the expectations given last year. The operating profit margin after tax raised by 0.7% from 3.4% (2013/14) to now 4.1%.

The result per share increased from 0.52 EUR last year to now 0.63 EUR. As in years before, a dividend payment of again 0.50 EUR per share can be made due to these earnings in operating business.

The company's financial situation is considered to be extraordinary and compared to companies of similar business model persuades again by an equity capital quota higher than above-average. The primary consolidation of Data Display GmbH as per 30.06.2015 has an influence on all balance items at balance date.

The total assets at a balance sum are 38.2 million EUR (PY 26.0 million EUR), the long-term assets amount to 6.5 million EUR (PY 4.4 million EUR). This includes the goodwill of 3.3 million EUR (PY 2.9 million EUR) resulting from the acquisition of companies during past years.

Intangible assets, property and financial assets as well as long-term receivables increase due to the participation assets of Data Display GmbH from 1.5 million EUR to now 2.9 million EUR (PY 1.4 million EUR).

Short-terms assets are 16.7 million EUR (PY 8.4 million EUR); value of stock amounts to 43.7 % - representing the biggest item in balance (PY 32.4%); followed by receivables from deliveries and productivity of 8.2 million EUR (PY 4.0 million EUR) mainly paid at balancing date as well as cash available of 5.7 million EUR (PY 8.7 million EUR) which is mainly due to the participation to Data Display GmbH.

Except the credit of 1 million EUR paid in July 2015, the company works without any bank liabilities. Having a capital quota of 76 % (PY 85%), the company possesses sufficient own capital of 29.2 million EUR (PY 22.1 million EUR) and therefore is able to carry out the acquisition of the 2<sup>nd</sup> half of Data Display GmbH without any problems.

Cash-flow in operative business of 0.7 million EUR in BY 2014/15 again was positive (PY 3.3 million EUR) – however considerably weaker than last year.

The cash-flow as regards investments of -2.3 million EUR (PY - 0.4 million EUR) basically results from the acquisition of 50% of Data Display GmbH minus taken liquid funds of 3.7 million EUR as 30.06.2015 (IAS 7.42).

Cash-flow as regards financing activities of -1.5 million EUR (PY -1.5 million EUR) results from payment of dividends of 50 Cent per share unchanged to last year.

In total and due to the negative cash-flow in investment activities, the positive cash-flow of PY of 1.4 million EUR could not be reached – only – 3.1 million EUR.

As far as the group concerns, non-financial indicators are: the employees, long-term contact to suppliers and clientele.

Also, there are employees for many years supported by us in their own-responsibility and endeavours for efficiency.

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

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

### **Annexe Report**

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

### **Forecast Report**

In spite of positive aspects, the economic recovery within the entire Euro-zone is still not insight. Geo-political crises burden the public mood. First of all, there is the conflict in the Ukraine accompanied by the sanctions against Russia – not to forget the economic effects on the German industry. On the other hand, the development in the Middle East has a strong impact to the economic development. And last but not least, there is a considerable insecurity of the export-orientated economy in Central Europe due to the economic recession in China and other emerging markets.

In spite of all risks involved, many research institutes are positive that economy in Euro-zone continues to grow this year as well as during next two years. However, EZB predicts in its expertise this fall 2015, that there are less positive forecasts as to a slower economic recovery than previously expected.

In view of the latent uncertainty, we continuously expect a further positive development of the group's turnover due to the good positioning of subsidiaries e.g. EMTRON and Data Display GmbH.

In the field of power supplies within the group, we expect a side-swing during BY after the considerable increase. However, considering the further positive perspectives, we will employ in BY 2015/16 additional personnel in order to further strengthen our market position. Based on these long-term projects, first of all there are costs involved without any service in return; thus reducing our earnings in this segment during current BY.

Based on Data Display GmbH, we will start new impulses in the segment of data visualisation. During current business year, it will show whether we successfully add on to FORTEC's business together with Data Display GmbH. In order to evaluate matters, it still is uncertain whether a business merger is possible or not.

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

For more than 30 years and based on our business policy proven during many years' cycles, we succeeded to make profit year by year without having one single year of loss. However, there is no guarantee for the future, yet we still are confident that our business model continues to run successfully - and we are positive that continuous long-term growth is possible.

### **Risk Report and Chances.**

The risks mentioned in categories below could influence our entire company (total risk), our financial situation (financial risk) and our profitability (result risk). Further risks are that of personnel and technique; we have to face these risks continuously. These risks are not definite, however others may occur which at present, we do not know nor do consider as important.

Risks that could endanger the company at present are not reported. The total risk of doom can practically not be determined at this time.

Balance risks as regards finances at balance day e.g. receivables from deliveries and productivity have been considered by appropriate depreciation and accruals. An evaluation as concerns figures is given in "group's annexe" (Tz.15). At balance day, the evaluation of these risks was made to our best knowledge, yet could not be sufficient in total.

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

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

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

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

A considerable risk is disposition of stock. In spite of a multi-stage purchasing process, wrong planning could result in considerable losses because there is a continuous trend to local suppliers. The risk to have unsellable merchandise on

stock, is not only the result of false material planning, but also depends on the different quality standards set by customers and producers. Mainly, the important fact is that of the configuration of the merchandise with origin Far East as well as the political EU requirements as to its contents and its usage.

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

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

Another main topic of the risk management is the often bad credit worthiness of some middle-sized companies. Here, careful examination of its solvency is made, yet observing mainly the requirements of the insurance company.

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

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

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

Foreign currency risks are excluded, if possible, in case of larger project by invoicing directly in the relevant currency. However, there could be negative impulses on our company in normal business especially due to a further change of the dollar and yen parity as well as fluctuations of the Swiss Franc towards Euro, Dollar and Yen.

The existing growth strategy of the group does not only involve organic increase but also company acquisitions. Here, the figure above the net asset value is balanced as goodwill and checked each year as to its recoverability. If the expectations of the purchased company are not met and/or – as a consequence of economic

unstablens – the expected cash-flow result cannot be achieved, then depreciations in the group's balance as per IFRS have to be done. An additional need for future depreciation may not be eliminated.

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

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

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

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

## **Risk Management**

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

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

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

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

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

Goal of the risk management is that any possible risk is immediately recognized by personnel and/or the persons-in-charge before any company damage may occur and

to try to find an appropriate and in-time solution by the responsible personnel as well as persons-in-charge.

### **Internal Control and Risk Management in view of balancing process.**

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

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

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

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

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

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

### **Risk reporting as concerns application of financial instruments:**

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

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

Liabilities are to be paid within payment terms.

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

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

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

#### Overview of the risk and chances situation

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

#### **Further Information according to § 315 Article 4 HGB**

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

The signed capital is exclusively common stock drawn to bondholders who are entitled to vote. There are neither limitations as concerns the right to vote nor the purchase.

Appointment and dismissal of the board is in accordance with legal regulations (§§ 84, 85 AktG). The compensation scheme of the management board breaks down to a fix and a variable part which depends on achieved EBIT resp. year's profit before tax. On 15.12.2011, the general shareholders board decided, that the required statements in the financial report can be omitted as per § 314 Abs.1 No. 6 Art. 5-9 HGB. It is not agreed that there are any refunds to be made in case of change of control and/or any takeover offer. If change of control based on a takeover offer takes place, it is agreed that the suppliers' contracts essential for the company may be cancelled by the principals. Especially, when there is a potential risk that a competitor is to take-over – facts to be discussed with CEO.

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

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

Costs for research and development were not noted.

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

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

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

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

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

Landsberg/Germany, September 23, 2015  
FORTEC Elektronik AG

Dieter Fischer  
CEO

Jörg Traum  
Board Member

**CONSOLIDATED BALANCE SHEET FORTEC Elektronik AG**  
**dated 30.06.2015 (previous year 30.06.2014)**

<b>AKTIVA / ASSETS</b>		<b>Consolidated Balance sheet 30.06.2014</b>	<b>Consolidated Balance sheet 30.06.2015</b>	<b>PASSIVA / TOTAL EQUITY &amp; LIABILITIES</b>		<b>Consolidated balance sheet 30.06.2014</b>	<b>Consolidated balance sheet 30.06.2015</b>
<b>A. Langfristige Vermögenswerte</b>	<b>Non-current assets</b>			<b>A. Eigenkapital</b>	<b>Shareholders' equity</b>		
I. Goodwill Immaterielle	Goodwill	2.868.502	3.309.067	I. Gezeichnetes Kapital	Subscribed capital	2.954.943	2.954.943
II. Vermögenswerte	Intangible assets	200.109	244.323	II. Kapitalrücklage	Capital reserve	8.689.364	8.689.364
III. Sachanlagevermögen Finanzielle	Tangible assets	1.214.279	2.144.635	III. Umrechnungsdifferenzen	Exchange differences Other compreh.	1.091.320	1.866.614
IV. Vermögenswerte Langfristige	Financial assets Accounts	94.288	95.780	IV. Sonstige Rücklagen	Income	7.848.012	8.407.505
V. Forderungen	receivable	64.463	463.867	V. Jahresüberschuss	Net income	1.536.159	1.536.159
				VI. Eigenkap.Mutter Unternehm.	Capital mother co.	22.119.798	23.792.436
				VII. Ausgleichposten Gesellsch.	Item other shareholdr	0	1.874.009
				<b>Eigenkapital Gesamt</b>	<b>Total capital</b>	<b>22.119.798</b>	<b>29.171.738</b>
VI. Latente Steuern	Deferred Taxes	0	282.386	<b>B. Langfristige Verbindlichkeiten</b>	<b>Long-term liabilities</b>		
		<b>4.441.640</b>	<b>6.540.059</b>	I. Langfr. Rückstellg./Verbindl.	Other provisions	207.666	369.728
<b>B. Kurzfristige Vermögenswerte</b>	<b>Current assets</b>			II. Latente Steuerverbindlichk.	Deferred Taxes	255.715	535.184
I. Vorräte	Inventories	8.428.358	16.733.440			<b>463.380</b>	<b>904.912</b>
II. Lieferungen und Leistungen	Accounts receivables	4.048.003	8.168.858	<b>C. Kurzfrist. Ver- bindlichk.</b>	<b>Short-term liabilities</b>		
III. Steuerforderungen Sonstige	Tax receivables	309.340	725.266	I. Verbindlichk. gg.Kreditinst.	Bank liabilities		1.000.000
IV. Vermögenswerte Zahlungsmittel und	Other assets	87.278	353.859	II. Verbindl. Lief./ Leistungen	Trade payables	1.639.060	3.629.388
V. Zahlungs- mitteläquivalente	Cash on hand bank balances	8.664.527	5.728.148	III. Steuerverbindlichkeiten	Accruals other taxes	740.302	1.216.674
		<b>21.537.506</b>	<b>31.709.581</b>	IV. Sonstige Rückstellungen	Other provisions	113.450	140.376
				V. Sonstige Verbindlichkeiten	Other Liabilities/accr.	903.156	2.186.553
						<b>3.395.968</b>	<b>8.172.992</b>
<b>Summe Aktiva</b>	<b>Total assets</b>	<b>25.979.146</b>	<b>38.249.640</b>	<b>Summe Passiva</b>	<b>Total Equity and Liabilities</b>	<b>25.979.146</b>	<b>38.249.640</b>

## Consolidated statement of comprehensive income 01.07.2014 - 30.06.2015

		Anhang Notes	Consolidated income-statement 01.07.2013 - 30.06.2014	Consolidated income-statement 01.07.2014 - 30.06.2015	
1.	Umsatzerlöse	Sales revenues	20	45.403.175	45.910.163
2.	Erhöhung Bestand unfertige Erzeugnisse	Increase Finished goods/work in process	21	-282.352	-24.036
3.	Sonstige betriebliche Erträge	Other operating income	22	583.932	1.123.167
4.	Materialaufwand	Cost of material	23	34.198.171	34.970.137
5.	Personalaufwand	Personnel expenses	24	5.608.945	5.603.011
6.	Abschreibungen	Depreciation	25	290.360	280.936
7.	Sonstige betriebliche Aufwendungen	Other operating expenses	26	<u>3.447.510</u>	<u>3.976.059</u>
8.	Betriebsergebnis (EBIT)	Operating result		2.159.768	2.179.151
9.	Beteiligungserträge	Res. participatation		7.333	307.920
10.	Sonstige Zinsen u. ähnliche Erträge	Other interest and similar income	27	26.622	17.978
11.	Zinsen u. ähnliche Aufwendungen	Other interest and similar expenses	27	<u>1.962</u>	<u>9.040</u>
12.	Ergebnis vor Ertragsteuern	Results from ordinary activities		2.191.761	2.496.009
13.	Ertragsteueraufwand	Taxes on income	28	655.602	622.000
14.	Jahresüberschuss	Net income		1.536.159	1.874.009
15.	Währungsumre.differenz (erfolgsneutral)	Difference re:currency (success neutral)	30	79.996	775.294
16.	Sonstiges Ergebnis	Other result		79.996	775.294
17.	Gesamtergebnis	TOTAL result		1.616.155	2.649.303
18.	Zuordnung Gewinn: Eigent.Mutterges. Anteile anderer Gesellschafter	Profit: Shareholders mother co. Other partners		1.536.159 0	1.874.009 0
19.	Zuordnung Ges.Ergeb.: Eigent.Mutterges. Anteile anderer Gesellschafter	Total Result: shareholders mother co. Other partners		1.616.155 0	2.288.503 360.800
20.	Ergebnis je Aktie unverwässert verwässert	Earnings per Share Basic Diluted		 0,52 0,52	 0,63 0,63

## Consolidated Statement of Changes in Equity 2014/2015

				Other compreh. income		TOTAL
	Subscribed capital	Capital-reserves	Exchange Rate differences	Market-evaluation reserves	Profit reserves/ Profit carried forward	
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Balance as per 30.06.2013</b>	<b>2.954.943</b>	<b>8.689.364</b>	<b>1.011.324</b>	<b>0</b>	<b>9.325.483</b>	<b>21.981.114</b>
Group's result 2013/14			79.996		1.536.159	<b>1.616.155</b>
Dividend payments					-1.477.472	<b>-1.477.472</b>
<b>Balance as per 30.06.2014</b>	<b>2.954.943</b>	<b>8.689.364</b>	<b>1.091.320</b>	<b>0</b>	<b>9.384.171</b>	<b>22.119.798</b>
Group's result 2014/15			775.294		1.874.0092	<b>2.649.303</b>
Procentual Purchase Cost Data Display GmbH					500.806	<b>500.806</b>
Dividend payments					-1.477.472	<b>-1.477.472</b>
<b>Balance as per 30.06.2015</b>	<b>2.954.943</b>	<b>8.689.364</b>	<b>1.866.614</b>	<b>0</b>	<b>190.281.514</b>	<b>23.792.436</b>

## Consolidated Cash-flow Statement for 01.07.2014 – 30.06.2015

		2013/2014	2014/2015
<b>I. OPERATIVER BEREICH</b>	<b>OPERATIVE BUSINESS</b>		
1. Jahresüberschuss	1. Consolidated net income	1.536.159	1.874.009
2. Abschreibungen auf Sachanlagen und immaterielle Anlagengegenstände inkl. Goodwill	2. Depreciation of tangible assets and intangible assets incl. goodwill	290.360	280.936
3. Korrektur andere zahlungsunwirksame Transaktionen	3. Other cash-ineffective transactions	-34.725	267.165
4. Zunahme (VJ Abnahme) der Vorräte	4. Increase (PY Decrease) of inventories	1.020.393	-1.456.275
5. Zunahme (VJ Abnahme) der Forderungen aus Lieferungen und Leistungen u. sonstigen Forderungen	5. Increase (PY Decrease) of accounts receivable and other debt receivable	672.352	-1.132.944
6. Zunahme (VJ Abnahme) der Verbindlichkeiten aus Lieferungen und Leistungen	6. Increase (PY Decrease) of liabilities re: deliveries and services	-465.232	893.881
7. Zunahme (VJ Abnahme) der kurzfristigen Verbindlichkeiten	7. Increase (PY Decrease) in short-term liabilities	239.621	135.720
8. Abnahme (VJ Zunahme) der langfristigen Forderungen	8. Decrease (PY Increase) in long-term receivable	29.146	18.271
9. Zunahme (VJ Abnahme) der langfristigen Verbindlichkeiten	9. Increase (PY Decrease) in long-term liabilities	3.397	-145.463
<b>Cash flow aus dem operativen Bereich</b>	<b>Cash flow provided from operating business</b>	<b>3.291.470</b>	<b>735.300</b>
<b>II. INVESTITIONSBEREICH</b>	<b>INVESTMENT ACTIVITIES</b>		
1. Investitionen in Sachanlagevermögen und immaterielle Anlagengegenstände	1. Investment in tangible assets and intangible assets	-435.543	-318.209
2. Erwerb Tochterunternehmen abzgl. liquider Mittel	2. Purchase subsidiary minus liquid funds	0	-1.997.051
3. Investitionen in Finanzanlagen	3. Investment in financial assets	0	-1.491
4. Erlöse aus den Abgängen von Sachanlagevermögen	4. Proceeds from fixed assets sales	6.246	396
<b>Cash flow aus dem Investitionsbereich</b>	<b>Cash flow from investment activities</b>	<b>-429.297</b>	<b>-2.316.355</b>
<b>III. FINANZIERUNGSBEREICH</b>	<b>FINANCING ACTIVITIES</b>		
1. Gewinnausschüttung	1. Distribution of profits	-1.477.472	-1.477.472
<b>Cash flow aus dem Finanzierungsbereich</b>	<b>Cash flow from financing activities</b>	<b>-1.477.472</b>	<b>-1.477.472</b>
<b>V. NETTOABNAHME (VJ Zunahme) Zahlungsmittel und -äquivalente</b>	<b>DECREASE (PY Increase) in cash and cash equivalents</b>		
Zahlungsmittel/-äquivalente per 30.6.2014 (VJ 30.06.2013)	Cash/ cash equivalents 30.06.2014 (PY 30.06.2013)	7.236.838	8.664.527
Wechselkursbedingte Änderungen auf Zahlungsmittel	Changes re: currency differences/exchange rates	42.987	122.148
<b>VI. Zahlungsmittel/äquivalente per 30.06.2015 (VJ 30.06.2014)</b>	<b>Cash / cash equivalents per 30.06.2015 (PY 30.06.2014)</b>	<b>8.664.527</b>	<b>5.728.148</b>
<b>Zusammensetzung des Finanzmittelfonds</b>	<b>Composition of liquid funds</b>		
Kasse	Cash on hand	11.240	14.887
Bankguthaben	Banking accounts	8.653.287	5.713.261
<b>Finanzmittel am Ende der Periode</b>	<b>Liquid funds at period-end</b>	<b>8.664.527</b>	<b>5.728.148</b>

# **FORTEC Elektronik AG**

## **Annex Business Year 2014/15**

### **1) General Information**

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

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

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

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

### **New Accounting Regulations**

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

The following IASB standard did apply for this BY:

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

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

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

Improvement IFRS (2011-2013) published in December 2013

IAS 19 - To be applied mainly for BY starting 01.07.2014  
"Employees' dues"; changes published in November 2013  
To be applied for BY starting 01.07.2014

The following IFRS and IAS standards still be be applied:

IFRS 9 Financial instruments (classification and evaluation as well as balancing of financial liabilities and book-outs) published in July 2014; to be applied for BY starting 01.01.2018

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

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

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

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

Change IAS 1 – published in December 2014; to be applied for BY starting 01.01.2016

Improvement IFRS (2012-2014) – published in September 2014; to be applied for BY starting 01.01.2016

Changes IAS 27 - Equity method re: assets, finances and profit; published in September 2014; to be applied for BY starting 01.01.2016

Changes IAS 16 and IAS 38: clarification of depreciation methods allowed; published in May 2014; to be applied for BY starting 01.01.2016

Changes IAS 16 and IAS 41: Agriculture – fruit plants; published in June 2014  
To be applied for BY starting 01.01.2016; not relevant for the group

Changes IFRS 11: Balancing of partial acquisitions to common activities; published in May 2014; to be applied for BY starting 01.01.2016, Changes published in June 2013; to be applied for BY starting 01.01.2014

**2) Balancing and Evaluation Principles.**

Separately purchased intangible assets (without goodwill) as well as tangible assets are calculated according to purchase cost minimized by the accumulated depreciation (standard IAS 16.30 re purchase costs) and being depreciated according to plan for the period of use.

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

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

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

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

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

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

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

The evaluation of payment means and/or equivalents is done by their net value.

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

Pension reserves were not made.

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

Deferred taxes are made considering temporary differences of the balance report and the financial values. The future average tax (KSt, SolZ and GewSt) amounts to 29 % (PY 29%).

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

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

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

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

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

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

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

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

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

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

### **3) Consolidation**

Besides the parent company, this group report includes the German subsidiaries of Blum Stromversorgungen GmbH, Thannhausen, Emtron electronics GmbH, Nauheim, Rotec technology GmbH, Rastatt and Autronic Steuer- und Regeltechnik GmbH, Sachsenheim as well as the Swiss Altrac AG, Dietikon. FORTEC Elektronik AG together with four active national and one foreign company having the majority of votes.

The reports of each subsidiary are dated at the day of issue of the group's report, being examined and certified by independent financial auditors with unlimited comments.

As per 01.10.2014, the group purchased 50% of shares and voting rights of Data Display, Germering/Germany. Due to the legally accepted option dated 30.06.2015, FORTEC AG acquired control of Data Display GmbH, as the other 50% voting rights of the shareholder rest as per option. Therefore, there is a full-consolidation per 30.06.2015 of Data Display GmbH. Issue of a profit-/loss statement from 28. – 30.06.2015 was neglected due to materiality purposes.

Data Display GmbH will provide an interim report as per 30.06.2015 properly examined by the auditor; the BY of Data Display GmbH starts 01.01. resp. ends 31.12.

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

Thus all subsidiaries were consolidated. As FORTEC Elektronik AG holds the entire capital of all subsidiaries, there are no minority shares.

The most important figures according to IFRS of the relevant companies (before consolidation) are shown in the following chart as per 30.06.2015:

	FORTEC AG	Blum SV GmbH	Emtron GmbH	Rotec GmbH	Autronic GmbH	Altrac AG
	TEuro					
<b>Turnover</b>	19.302	246	14.743	1.420	5.236	6.194
<i>previous year</i>	21.494	277	2.652	1.985	4.541	6.273
<b>Company result (EBIT)</b>	2.287	-5	1.494	-190	137	6
<i>previous year</i>	598	-2	1.225	98	135	6
<b>Financial result</b>	-16	4	32	-6	-9	5
<i>previous year</i>	11	3	26	-5	-11	1
<b>Taxes</b>	184	0	436	-31	36	3
<i>previous year</i>	177	0	388	57	27	6
<b>Year's earning (as per IFRS)</b>	2.087	-6	1.090	-165	93	8
<i>previous year</i>	439	1	862	27	96	11

Considering a turnover of EUR 19.8 million, Data Display GmbH achieved an annual profit (period 01.10.2014 – 30.06.2015) of EUR 1.2 million. Thus, all subsidiaries were consolidated.

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

	Blum SV GmbH Thannhausen	Emtron GmbH Nauheim	ROTEC GmbH Rastatt	Autronic Sachsenheim	Data Display GmbH Germering	Altrac AG Dietikon (CH)
<b>Goodwill (IFRS) (€)</b>	69.339	167.146	0	0	0	2.632.016
<i>previous year</i>	69.339	167.146	0	0	0	2.632.016
<b>Nominal value of participation (€)</b>	250.000	250.000	250.000	250.000	300.000	160.000
<i>previous year</i>	250.000	250.000	250.000	250.000	0	160.000
<b>Economic equity capital (€)</b>	467.520	6.657.398	326.445	804.826	18.343.459	3.067.568
<i>previous year</i>	473.170	7.067.988	419.522	712.287	0	2.619.873
<b>Capital-/Shareholders (%)</b>	100,00%	100,00%	100,00%	100,00%	50% *	100,00%
<i>previous year</i>	100,00%	100,00%	100,00%	100,00%	0,00%	100,00%
<b>Organisation</b>						
<b>re: added value tax</b>	yes	yes	yes	yes	no	no
<b>re: trade income tax</b>	no	no	no	no	no	no
<b>re: corporate income tax</b>	no	no	no	no	no	no
<b>Acquisition</b>	17.12.1992	17.12.1998	02.07.2003*	01.01.2004	1.10.14/30.6.2015*	30.08.2000

\* **Note:** At balance day, the group's mother company legally only holds 50% capital of Data Display GmbH; however as per 30.06.2015 the option was made to acquire another 50%. The legal conversion will be done in new business year.

The day of issue of all reports of all group members/subsidiaries equals the date of the group's report (30.06.2015). For the group's balance, Data Display GmbH will issue an interim balance as per 30.06.2015.

ALTRAC AG made its annual report in Swiss Francs. The year's result as per 30.06.2015 is converted in EUR according to IAS 21 and the concept of functional currency.

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

Besides Advantec Electronics B.V. and EOS Europe B.V. are non-associated companies according to IAS 28.2 i.V.m. IAS 28.6, as the indication catalogue of IAS 28.5 not being relevant. As concerns companies with shares of 20 to 50 %, it is foreseen in general that these are non- associated companies, unless it is assumed that there is considerable influence. We assume the latter, because there is no affiliation, nor important decisions made, nor important business between us and these companies, no exchange of management personnel and no important technical information/data to be provided. Therefore, consolidation of both companies is omitted.

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

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

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

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 aforementioned transactions.

#### **5) Capital Consolidation**

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

The difference of Blum Stromversorgungen GmbH accumulates completely towards goodwill because the time values of the acquired values and debts are in conformity with the relevant book values. At Emtron electronic GmbH, the difference accumulates

to “quiet” reserves at capital assets – namely on corporate income tax and goodwill. At ALTRAC AG, there are “quiet” reserves in acquired values and in goodwill.

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

As a result from capital consolidation of Data Display GmbH, there is a negative difference of TEUR 180, which was listed profitably in the statement of comprehensive income (“bargain purchase”).

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

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

### **6) Goodwill**

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

As payment generating units and same as last year, the segments “data visualisation” and “power supplies” were identified as individually generating payment units for business year 2014/15.

As per 30.06.2015, ALTRAC’s book value of goodwill for power supplies changed to EUR 3.072.581 (PY EUR 2.632.016) because of exchange-rate differences.

The goodwill difference to previous year amounts to TEUR 441(PY TEUR 491) and is based on the exchange rate reduction of the Swiss Franc compared to last year and in view of the participation rate of ALTRAC AG. The difference in exchange rate is added to own capital.

In spite of the planed depreciation of goodwill resulting from capital consolidation, a lower value based on impairment test according to IAS 36 i.V.m. IFRS 3 was determined.

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

The achievable figure was calculated based on fair value according to the examined prognosis of the ABT Revisionsgesellschaft, Switzerland in comparison with the 5-years’ expectations made by company management. For the period after the 5<sup>th</sup> year, a terminal value was stated in view of the up-date of last project year. These projects/plans are calculated based on gathered experiences, current business results and best possible management estimations as regards future development of specific

facts in consideration of constant turnover, unchanged gross margin and reduced company expenses.

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

The intrinsic value of the mentioned goodwill may also occur when terminal value reduces by 5% or at a change of discount rate of + 3.0% (PY- 0.5 %). When impairment test during past BY and previous year was done, there were no decreases in value of either business or company value.

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

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

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

The depreciation standards are as follows:

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

Low value industrial goods are depreciated on a linear basis within 5 years.

Depreciations on intangible and tangible assets are considered in the “consolidated income statement” under no. 6 *depreciations*. The methods of depreciation, their period of use as well as remaining amounts will be examined and changed accordingly at each balance day.

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

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

As concerns the acquired subsidiary of Data Display GmbH in BY, a separate column was added in the “Statement of Financial Assets” listing acquisitions from first consolidation. The purchased capital of Data Display GmbH was evaluated according to the acquisition method IFRS 3 and registered as accrual according to market value as per consolidation date 30.06.2015.

## **8) Financial Assets**

The financial assets as per 30.06.2015 are as follows:

	<b>Group (in €) 30.06.2014</b>	<b>Group (in €) 30.06.2015</b>
<b>Participations</b>	94.288	95.780
<b>TOTAL Financial Assets</b>	<b>94.288</b>	<b>95.780</b>

The participations are as follows: 36.6 % (PY 36.6 %) for Advantec Electronics B.V., Oudenbosch (NL) amounting to nominal TEUR 46, the unchanged 25 % for EOS Europe B.V., Oudenbosch (NL) amounting to nominal TEUR 46, the 100% for Alltronic spol s.r.o. (via AUTRONIC) amounting to TEUR 49 (PY TEUR48) as well as the 100% of Data Display Teknoloji Elektronik Sanayive Dis Ticaret A.S., Turkey (via Data Display) amounting to EUR 1 (being in “liquidation”).

Based on the actual economic figures of Advantec Electronics B.V., there is no change compared to previous year. The evaluation was made at original acquisition costs which correspond to the current value at balance day.

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

At balance day and same as last year, the subsidiary AUTRONIC Steuer- und Regeltechnik GmbH acquired a 100 % share of Alltronic elektronické stavebni skupiny a komponenty spol. s.r.o., Dýsina, Czech Republic of TEUR 49 (PY 99% = TEUR 48). Current value at balance day is considered approx. purchase price. There was no partial company’s report made as per 30.06.2015 by AUTRONIC GmbH (IAS 27.10). The statement of shares of Alltronic is recorded in the group as financial asset according to IAS 39, as the company is of minor economic importance according to IAS 1.15 and 1.30.

The financial assets are classified “financial assets available-for-sale” as per IAS 39. Changes in value compared to previous year are listed success-neutral in market value reserve as per IAS 39.55b. At balance day, the market evaluation reserve was totally cleared.

## Consolidated Statement of Financial Assets (EUR)

		<u>Historische Anschaffungskosten</u>						<u>Abschreibungen</u>					<u>Buchwerte</u>	
		<u>Purchase costs</u>						<u>Depreciation</u>					<u>Net book value</u>	
		Stand am Balance on	Zugänge	Abgänge	WK-Diff.	Zugänge.	Stand am	Stand am Balance on	Zugänge	Abgänge	WK-Diff.	Stand am	Stand am	Stand am
		01.07.2014	Additions	Retirements	Exchange	aus Erst-Konsolidierter.	Balance on	01.07.2014	Additions	Retirements	Exchange	Balance on	Balance on	Balance on
		2014/2015	2014/2015	Difference		30.06.2015		2014/2015	2014/2015	Difference	30.06.2015	01.07.2014	30.06.2015	
<b>Immaterielle Vermögensgegenstände</b>	<b>Intangible assets</b>													
- Software	- Software	627.544	22.997	4.522	22.145	79.775	747.939	427.435	62.151	4.518	1.593	503.616	200.109	244.323
<b>Summe Immaterielle VGG</b>	<b>Total intangible assets</b>	627.544	22.997	4.522	22.145	79.775	747.939	427.435	62.151	4.518	1.593	503.616	200.109	244.323
<b>Sachanlagen</b>	<b>Tangible assets</b>													
- Grundstücke	- Property	253.375	0	0	0	53.579	306.954	0	0	0	0	0	253.375	306.954
- Gebäude inkl. gel. AZ	- Plant, Buildings	586.229	9.256	0	0	337.918	933.403	207.119	33.145	0	0	240.264	379.110	693.139
- Außenanlagen	- Outdoor facilities	43.001	12.469	0	0	0	55.470	14.096	3.698	0	0	17.794	28.905	37.676
- Fahrzeuge	- Vehicles	503.237	60.677	58.323	29.397	0	534.988	334.085	52.925	36.450	25.581	376.141	169.152	158.847
- Werkzeuge	- Small tools	52.790	6.179	0	0	0	58.969	40.196	5.217	0	0	45.413	12.594	13.556
- technische Anlagen/Maschinen.	- plant, machinery	289.567	126.147	0	0	30.524	446.238	142.793	27.707	0	0	170.500	146.774	275.738
- Büroeinrichtung/EDV	- Office furnishings	744.523	21.350	46.214	62.344	89.679	871.681	649.554	47.923	46.205	67.696	718.968	94.969	152.714
- Betriebs- und Geschäftsausstattung	- Office and plant equipment	313.872	25.566	3.170	16.751	330.679	683.698	224.307	24.651	3.169	7.891	253.680	89.566	430.018
- GWG	- Low-value items	78.634	33.568	14.884	0	26.116	123.434	38.800	23.519	14.879	0	47.440	39.834	75.994
<b>Summe Sachanlagen</b>	<b>Total tangible assets</b>	2.865.227	295.212	122.590	108.491	868.495	4.014.835	1.650.948	218.786	100.703	101.168	1.870.201	1.214.278	2.144.635
<b>Finanzanlagen</b>	<b>Financial assets</b>	140.463	1.491	0	0	1	141.955	46.175	0	0	0	46.175	94.288	95.780
<b>Summe Anlagevermögen</b>	<b>Total assets</b>	3.633.233	319.700	127.113	130.637	948.271	4.904.729	2.124.558	280.936	105.221	119.716	2.419.991	1.508.675	2.484.739

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

These are the unpaid security deposits for the rented offices in Landsberg and Vienna as well as those of Data Display in Eisenach and USA (TEUR 28). Also, these are liabilities from assurances of pension-part-time contracts, tax liabilities from reduced value of corporate income tax of TEUR 60 (PY TEUR 50) with a remaining duration of more than 1 year.

Moreover, there are long-term liabilities from the sale of displays in England amounting to TEUR 361 made by the English subsidiary of Data Display. The average duration of these liabilities are 36 months.

## **10) Stock/Inventories**

The stock/inventories as per 30.06.2015 are as follows:

	<b>Group (in €) 30.06.2014</b>	<b>Group (in €) 30.06.2015</b>
<b>Goods/raw material/operating supplies</b>	7.385.842	13.620.688
<b>Finished/Unfinished products</b>	997.219	2.769.317
<b>Payments made</b>	45.297	343.444
<b>Total stock value</b>	<b>8.428.358</b>	<b>16.733.449</b>

The goods like raw material and others total up together with purchase costs taken into consideration the purchase related extra costs and effective average prices. If necessary, depreciation was made on the lower value – which is the net sales value. All foreseen risks have been taken into consideration by relevant reductions.

The goods produced and/or semi-finished are calculated as per production costs not taking into consideration the direct costs (like salaries and material costs) as well as fix and variable general production costs (production and material costs) – i.e. costs as per IAS 2.16.

Data Display GmbH holds a stock/inventory amount of EUR 6.848.816.

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

These accounts receivables as per 30.06.2015 are as follows:

	<b>Group (in €) 30.06.2014</b>	<b>Group (in €) 30.06.2015</b>
<b>Receivables re: deliveries and service</b>	4.048.003	8.168.858
<b>Tax receivables</b>	309.340	722.101
<b>other accounts receivables</b>	87.278	353.859
<b>TOTAL accounts receivables</b>	<b>4.444.621</b>	<b>9.244.818</b>

As concerns Data Display, the following figures are to be listed:

Receivables re: deliveries and serviced EUR 3.410.332, Tax receivables EUR 81.138 and others EUR 178.948.

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 €) 2013/14	Group (in €) 2014/2015
<b>Date of value correction per 01.07.</b>	27.600	25.700
<b>Allocations</b>	11.700	5.050
<b>Usage/ cancellations</b>	-13.900	0
<b>plus re: 1st consolidation</b>	0	65.970
<b>Date of value correction as per 30.06.</b>	<b>25.700</b>	<b>96.720</b>

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

Besides the claim of overpaid taxes during 2014 and 2015, the tax liabilities are among others the credit balance resulting from the corporate tax of TEUR 20 (PY TEUR 18), with a remaining term of less than one year (also see remarks under no. 9).

Other group's assets are mainly due to active accounting of TEUR 239 (PY TEUR 68), thereof Data Displays has TEUR 170.

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

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

Cash-on-hand and/or other equivalent capital per 30.06.2015 are as follows:

	Group (in €) 30.06.2014	Group (in €) 30.06.2015
<b>Cash-on-hand /postage machine</b>	11.240	14.887
<b>Bank credit and post giro</b>	8.653.287	5.713.261
<b>Total</b>	<b>8.664.527</b>	<b>5.728.148</b>

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

The mentioned value of the liquid capital equals market value.

All payment capital can be disposed of without restriction.

### **13) Capital Deposit/ Stock**

The capital stock of FORTEC Elektronik AG at balance day amounts to EUR 2.954.943.00 (PY same amount). The companies' shares are divided into 2.954.943.00 non-value shares (Bond No. 577410/ISIN DE 0005774103). The value of each share is EUR 1.00 of the basic capital.

### **14) Company Capital.**

The groups' capital during reported period is as follows.

	<b>Basic Capital</b>	<b>Capital-reserve</b>	<b>Differences re: currency exchange</b>	<b>Profit reserve/ accumulated Profit reserve/</b>	<b>TOTAL</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Balance 01.07.2014</b>	2.954.943	8.689.364	1.091.320	9.384.171	<b>22.119.798</b>
<b>Purchase</b>					
re: rel. bargain purchase from currency exchange			775.294	500.806	<b>775.294</b> <b>500.806</b>
<b>Dividend</b>				-1.477.472	<b>-1.477.472</b>
<b>Year's earnings</b>				1.874.009	<b>1.874.009</b>
<b>Balance 30.06.2014</b>	<b>2.954.943</b>	<b>8.689.364</b>	<b>1.866.615</b>	<b>10.281.514</b>	<b>23.792.436</b>

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

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

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

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

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

#### **a) Financial Assets**

##### First statement and Evaluation

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

- financial assets, successfully evaluated at appropriate time value

- credits or obligations
- financial investments with expiry date
- financial assets for possible sale or
- derivatives designed and effective as security instrument.

The group states his financial assets for the first time.

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

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

#### Further evaluation

The group differentiates the financial assets as to their classification:

- *financial assets, successfully evaluated at appropriate time value*

There are no financial assets evaluated at appropriate time value.

- *credits or account receivables*

Credits and account receivables are non-derivative financial instruments at fix and noted payments, not noted in the market. At first statement and as evaluation, such instruments will be evaluated as purchase costs minus possible decrease in value. These losses are included in the "consolidated income statement" as financial expenses.

- *financial assets available-for-sale*

Financial assets available-for-sale is considered company capital, not evaluated for trade and at no definite time value.

After first evaluation and for further report periods, these financial assets available for sale will be evaluated at time value. Not realised profit or loss will be stated as other results in the market value statement.

- *decrease in value of financial assets*

At each balance day, the group examines if there are signs of decrease in value of a financial asset or a group of financial assets.

In the affirmative, the amount of decrease in value is the difference between book value and cash value of expected future cash flow.

## b) Financial Obligations

### First statement and Evaluation

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

The group states the classification of his financial obligations for the first time and at time value. These financial obligations include receivables from deliveries and service as well as others.

### Further Evaluation

The group differentiates the financial assets as to their classification:

- *financial assets, successfully evaluated at appropriate time value*

There are no financial assets evaluated at appropriate time value.

- *credits or account receivables*

Credits and account receivables are non-derivative financial instruments as concerns fix and noted payment terms, not noted at the market. At first statement and as evaluation, such instruments will be evaluated as purchase costs minus possible decrease in value.

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

	Continously stated purchase costs 30.06.2015	Fair value 30.06.2015	T O T A L 30.06.2015
Financial assets	95.780	0	95.780
<i>Previous year</i>	<i>94.288</i>	<i>0</i>	<i>94.288</i>
Long term accounts receivables	463.867	0	463.867
<i>Previous year</i>	<i>64.463</i>	<i>0</i>	<i>64.463</i>
Receivables re: deliveries and service	8.168.858	0	8.168.858
<i>Previous year</i>	<i>4.048.003</i>	<i>0</i>	<i>4.048.003</i>
Other assets	114.917	0	114.917
<i>Previous year</i>	<i>19.218</i>	<i>0</i>	<i>19.218</i>
Payments and/or similars	5.728.148	0	5.728.148
<i>Previous year</i>	<i>8.667.527</i>	<i>0</i>	<i>8.667.527</i>
<i>VJ</i>			
<b>Total</b>	<b>14.571.570</b>	<b>0</b>	<b>14.571.570</b>
<i>Previous year</i>			
<i>VJ</i>	<i>12.893.499</i>	<i>0</i>	<i>12.893.499</i>

As per par. „other assets“ of TEUR 353(PY TEUR 87) in the balance sheet, the amount of TEUR 239 (PY TEUR 68) is not stated as financial instrument.

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

	Evaluation category IAS 39	Book value 30.06.2015	Fair value 30.06.2015	T o t a l 30.06.2015
Financial assets	available for sale	95.780	95.780	95.780
<i>Previous year</i>	AfS	94.288	94.288	94.288
Long-term receivables	loans & receivables	463.867	463.867	463.867
<i>Previous year</i>	LaR	64.463	64.463	64.463
Receivables re: deliveries /service	loan & receivables	8.168.858	8.168.858	8.168.858
<i>Previous year</i>	LaR	4.048.003	4.048.003	4.048.003
Other assets	loan & receivables	114.917	114.917	114.917
<i>Previous year</i>	LaR	19.218	19.218	19.218
Cash-on-hand and equivalents	loan & receivables	5.728.148	5.728.148	5.728.148
<i>Previous year</i>	LaR	8.664.527	8.664.527	8.664.527
<b>T O T A L</b>		14.571.570	14.571.570	14.571.570
<i>Previous year</i>		12.890.499	12.890.499	12.890.499

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

Equity and Liabilities (in €) are as follows:

	Continuously listed Purchase costs in € 30.06.2015	Fair value 30.06.2015	T O T A L 30.06.2015
Liabilities to credit institutes/banks	1.000.000	0	1.000.000
	0	0	0
Receivables re: deliveries/services	3.629.388	0	3.629.388
<i>Previous year</i>	1.639.060	0	1.639.060
Other receivables/liabilities	1.617.138	0	1.617.138
<i>Previous year</i>	443.876	0	443.876
<b>T O T A L</b>	6.246.526	0	6.246.526
<i>Previous year</i>	2.082.936	0	2.082.936

In par. „other assets“ of TEUR 2.187 (PY TEUR 903) mentioned in balance sheet, an amount of TEUR 569 (PY TEUR 423) “payments for employees” is not stated as financial instrument. All figures are evaluated at purchase costs.

There are no changes when comparing book value to fair value

	Evaluation category IAS 39	Book value 30.06.2015	Fair value 30.06.2015	T O T A L 30.06.2015
Liabilities to credit institutes/banks	FLAC*	1.000.000	1.000.000	1.000.000
		0	0	0
Receivables re: deliveries/services	FLAC*	3.629.388	3.629.388	3.629.388
<i>Previous year</i>		1.639.060	1.639.060	1.639.060
Other receivables	FLAC	1.617.138	1.617.138	1.617.138
<i>Previous year</i>		443.876	443.876	443.876
<b>T O T A L</b>		6.246.526	6.246.526	6.246.526
<i>Previous year</i>		2.082.936	2.082.936	2.082.936

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

In €	Addition 2014/2015	Value correction 2014/2015	Depreciation 2014/2015
Financial Assets	0	0	0
<i>Previous year</i>	<i>0</i>	<i>0</i>	<i>0</i>
Long-term receivables	0	0	0
<i>Previous year</i>	<i>0</i>	<i>0</i>	<i>0</i>
Receivables re: deliveries and service		5.050	
<i>Previous year</i>		<i>1.900</i>	
Other assets	0	0	0
<i>Previous year</i>	<i>0</i>	<i>0</i>	<i>0</i>
Cash-on-hand and/or equivalents	0	0	0
<i>Previous year</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>T o t a l</b>	<b>0</b>	<b>5.050</b>	<b>0</b>
<i>Previous year</i>	<i>0</i>	<i>1.900</i>	<i>0</i>

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

		T o t a l 30.06.2015	Drop-out risk 30.06.2015
Financial assets	100%	95.780	95.780
<i>Previous year</i>	<i>100%</i>	<i>94.288</i>	<i>94.288</i>
Long-term receivables	30%	463.867	193.160
<i>Previous year</i>	<i>30%</i>	<i>64.463</i>	<i>19.339</i>
Receivables re: deliveries / service....	20%	8.168.858	1.633.772
<i>Previous year</i>	<i>20 %</i>	<i>4.048.003</i>	<i>809.601</i>
Other assets .....	100%	114.917	114.917
<i>Previous year</i>	<i>100%</i>	<i>19.218</i>	<i>19.218</i>
Payment means and equivalents	0%	5.728.148	0
<i>Previous year</i>	<i>0 %</i>	<i>8.664.527</i>	<i>0</i>
<b>T o t a l</b>		<b>14.571.570</b>	<b>1.983.629</b>
<i>Previous year</i>		<i>12.890.499</i>	<i>942.446</i>

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

Drop-out risk of corporate tax credit amounting to EUR 58.864,39 (PY EUR 65) included in long-term liabilities does not exist. Therefore, drop-out risk of 30% is same as last year.

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

Other liabilities are also been paid at most at balance day.

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

## 16) Reserves

Reserves within the group as per 30.06.2015 are as follows:

	<b>Balance</b>	<b>Consumption</b>	<b>Dissolution</b>	<b>Addition</b>	<b>Addition re:</b>	<b>Balance</b>
	<b>01.07.2014</b>	<b>2014/2015</b>	<b>2014/2015</b>	<b>2014/2015</b>	<b>1st. Consolid.</b>	<b>30.06.2015</b>
<b>Other Accruals</b>						
- longterm	207.666	0	9.468	17.103	62.426	296.663
- shortterm	113.450	11.000	4.000	16.399	25.527	170.376
<i>re: warranties incl.</i>	250.066	0	13.468	22.502	38.025	324.061
	<b>321.116</b>	<b>11.000</b>	<b>13.468</b>	<b>33.502</b>	<b>87.953</b>	<b>418.103</b>

The balance amount of TEUR 369 consists long-term assets (see list) as well as long-term liabilities from security bonds received amounting to TEUR 91.

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

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

## 17) Liabilities

Liabilities as per 30.06.2015 are as follows:

	<b>Group (in €)</b>	<b>Group (in €)</b>
	<b>30.06.2014</b>	<b>30.06.2015</b>
<b>Liabilities to credit institutes/banks</b>	0,00	1.000.000
<b>Liabilities from deliveries/service</b>	1.639.060	3.629.388
<b>Tax liabilities</b>	740.302	1.216.674
<b>Others</b>	903.156	2.186.553
<b>TOTAL liabilities</b>	<b>3.282.518</b>	<b>8.032.615</b>

Evaluation of the liabilities was made at payment amounts.

The tax liabilities of the current BY amount to TEUR 1.173 (PY TEUR 676) which break down into tax on earnings TEUR 606 (PY TEUR 340), sales tax TEUR 450 (PY TEUR 270) and income tax TEUR 117 (PY TEUR 66); TEUR 43 (PY TEUR 63) apply to profit tax payments due from previous years.

Among other liabilities are so-called limited accruals amounting to TEUR 839 (PY TEUR 654), which according to HGB are "reserves" but according to IFRS are liabilities. In general, these are liabilities against personnel (TEUR 564; PY TEUR 454) as well as year's end costs TEUR 200 (PY TEUR 165).

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

## **18) Passive Deferred Taxes**

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

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

Tax latency due to evaluation differences are as follows:

in TEuro	30.06.2014		30.06.2015	
	active deferred taxes	passive deferred taxes	active deferred taxes	passive deferred taxes
<b>Tangible assets (GWG)</b>	2	0	26	111
<b>Financial assets</b>	15	0	38	0
<b>Stocks /inventories</b>	0	99	195	198
<b>Receivables</b>	0	34	0	41
<b>Other assets</b>	0	0	24	0
<b>Reserves</b>	0	140	0	185
<b>Liabilities</b>	0	0	0	0
<b>T O T A L</b>	<b>17</b>	<b>273</b>	<b>283</b>	<b>535</b>

As per 30.06.2015, there are non-active losses as concerns trade tax.

## **19) Other Financial Liabilities**

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

- Up to 1 year	TEUR	851	(TEUR	245)
- 1 to 5 years	TEUR	2.634	(TEUR	200)
- <u>more than 5 years</u>	TEUR	1.019	(TEUR	0)
<b>T O T A L</b>	TEUR	4.794	(TEUR	445)

Data Display’s share of the total liabilities is EUR 4.262 and that of Autronic GmbH TEUR 293 (PY TEUR 393).

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

Due to the first consolidation of Data Display GmbH as per 30.06.2015, there were no effects on the statement of comprehensive income of BY 2014/15. Thus, comparison with previous year is still valid; e.g. current as well as previous year include no figures as concerns Data Display GmbH.

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

## **20) Sales Revenue**

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

The group' turnover amounts to TEUR 45.910 (PY TEUR 45.403) and breaks down to geographical segments as follows:

<b>Sales revenue of group</b>	<b>Data Visualisation TEUR</b>	<b>Power Supplies TEUR</b>	<b>TOTAL TEUR</b>
<b>Germany</b> <i>previous year Germany</i>	<b>13.787</b> 15.476	<b>21.890</b> 19.986	<b>35.677</b> 35.462
<b>International</b> <i>previous year International</i>	<b>2.985</b> 3.761	<b>7.248</b> 6.180	<b>10.233</b> 9.941
<b>TOTAL</b> <i>previous year total</i>	<b>16.772</b> 19.237	<b>29.138</b> 26.166	<b>45.910</b> 45.403

Group internal revenues were eliminated in line with consolidation

## **21) Changes in Stock of Unfinished/Finished Goods**

These are decreases in stock of unfinished/finished goods of Blum Stromversorgungen GmbH of TEUR -68 (TEUR +43) and of Autronic Steuer- und Regeltechnik GmbH of TEUR -207 (PY TEUR -78) as well as the increase in stock of unfinished/finished goods Rotec technology GmbH amounting to TEUR 251 (PY TEUR -247).

## **22) Other Company Revenues**

Other company revenues are as follows:

	<b>Group (in €)</b>	<b>Group (in €)</b>
	<b>2013/2014</b>	<b>2014/2015</b>
Assets re: sale of investments	6.246	396
Reduction value correction	16.291	9.100
Release of accruals	36.981	10.945
Sum re: bargain purchase Data Display	0	180.108
"Sachbezüge"????	79.549	64.035
Revenues re: currency differences	281.540	589.802
Other revenues in line with ordinary business activity	163.325	268.781
<b>TOTAL other company revenues</b>	<b>583.932</b>	<b>1.123.167</b>

In general, other regular revenues especially are revenues re: damage claims of TEUR 34 (PY TEUR 17) as well as contribution to a supplier's advertising campaign of TEUR 82.

### **23) Material Purchases**

The amount for material/goods purchase in BY was TEUR 34.970 (PY 34.198)

Material purchases of TEUR 1.424 (PY TEUR 1.820) within the group were eliminated.

### **24) Personnel**

Expenses for personnel (in €) are as follows:

	<b>2013 /2014</b>	<b>2014 /2015</b>
Salaries and wages	4.757.498	4.764.484
Social costs and contributions to retirement	848.359	823.527
<b>TOTAL Costs Personnel</b>	<b>5.605.857</b>	<b>5.588.011</b>

### **25) Depreciation**

Depreciation in business year is as follows:

	<b>Group (in €) 2013/2014</b>	<b>Group (in €) 2014/2015</b>
Intangible assets	62.448	62.151
Tangible assets and low-value items	227.912	218.785
<b>T O T A L depreciation</b>	<b>290.360</b>	<b>280.936</b>

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

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

	<b>Group 2013/2014</b>	<b>Group 2014/2015</b>
Office rentals	572.862	641.883
Insurances, contributions	149.864	152.660
Repairs, maintenance	78.123	91.716
Vehicles	131.590	82.910
Advertising/ travel expenses	776.343	993.435
Expenses for delivery	245.000	278.794
Misc. company costs/expenses	989.567	951.992
Loss re: asset retirements	16.856	23
Loss UV and value corrections	42.594	36.899
Other expenses in line with Normal business	447.799	745.746
<b>Total other company costs/expenses</b>	<b>3.450.598</b>	<b>3.976.059</b>

The costs of “goods sold” include warranty reserves/provisions of TEUR 23 (PY TEUR 11).

As concerns “other expenses in line with ordinary business activities” there are differences in currency exchange rates amounting to TEUR 745 (PY TEUR 448) which are calculated based on payments made during relevant business year.

## **27) Interest**

Interest is recorded from interest returns of TEUR 18(PY TEUR 6) as well as interest expenses of TEUR 9 (PY TEUR 2).

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

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

Tax on profit in the group is 27.5 % (PY 27.5%) and comprises incorporate and business/trade tax.

The tax figures are as follows (in TEUR):

	Group (in €) 2013/2014	Group (in €) 2014/2015
<u>Tax paid and/or owed</u>		
Germany	717	601
Switzerland	6	3
	723	604
<u>Deferred Tax</u>		
from time differences	-67	18
from loss revenues	0	0
	-67	18
<b>Income Tax</b>	<b>656</b>	<b>622</b>

FORTEC group’s actual tax expense of TEUR 622 (PY TEUR 656) is TEUR 122 Below theoretical tax expense resulting from an average tax rate to the group’s result before tax.

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

	Group 2013 / 2014	Group 2014 / 2015
Tax result before profit	2.192	2.496
Income tax incl. trade tax	29,8%	29,8%
Expected income tax expense at equal tax burden	653	744
Raise/Reduction of income tax expense by:		
low tax expense foreign countries	30	-1
Use of non-balanced losses	-8	0
non deductible company expenses	6	5
tax-free income (amortisation profits)	-3	-88
tax payments prev. year	0	0
Depreciation re: investments	-19	-32
Trade tax (add-ons / deductions)	0	0
other discrepancies	0	1
Correction re: evaluation subsidiaries	0	0
<b>Effective tax rate percentage</b>	-3	-8
	656	622
	<b>29.9%</b>	<b>24.9%</b>

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

## 29) Segmental Report

The company's range covers data visualisation and power supplies. Therefore, it is necessary to explain figures by report segments according to IFRS 8 as per 30<sup>th</sup> June 2015.

	Daten- visualisation TEuro	Power supplies TEuro	T O T A L TEuro
Turnover	16.772	29.138	45.910
previous year	19.237	26.166	45.403
Regular depreciation *	64	217	281
previous year	70	220	290
Company result (EBIT)	-100	2.279	2.179
previous year	503	1.657	2.160
Financial result	284	33	317
previous year	7	25	32
Tax on profit *	-26	647	622
previous year	178	478	656
Annual result	209	1.665	1.874
previous year	333	1.203	1.536
Assets *	12.199	26.051	38.250
previous year	9.812	16.167	25.979
national	4.678	23.298	27.976
previous year	9.433	13.319	22.752
international	7.521	2.753	10.274
previous year	848	2.589	3.503
Debts *	2.895	6.183	9.078
previous year	1.174	2.685	3.859
Investments *	204	218	422
previous year	147	288	435

\* assessment after gross earning

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

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

The financial result consists of financial profit of TEUR 18 (PY TEUR 26) and financial expenses of TEUR 9 (PY TEUR 2). The issue of a segment report of financial assets and expenses was omitted because of reasons of essence.

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

### **30) Currency Exchange Rates**

A total of TEUR 775 (PY TEUR 80) of differences in exchange/conversion rate within the company capital is listed as follows:

Balance per 01.07.2013	1.011.324
Addition 2013/2014	79.996
<b>Balance per 01.07.2014</b>	<b>1.091.320</b>
Addition 2014/215	775.294
<b>Balance per 30.06.2015</b>	<b>1.866.614</b>

Mainly figures result from currency exchanges of goodwill and capital of Altrac AG at balance day As well as the first consolidation of Data Display GmbH (including the currency exchange differences of its subsidiary Apollo Display Technologies Corp., USA).

Income statement shows TEUR 51 (PY TEUR -14) as currency conversion differences.

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

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

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

Cash flow operative business amounts to TEUR 735 (PY TEUR 3.291) and includes interest receipts of TEUR 18 (PY TEUR 26) and interest payments of TEUR 9 (PY TEUR 2).

Cash flow operative business also lists payments of income tax of TEUR 689 (PY TEUR 476).

The cash-flow of investment activities include the purchase price of Data Display (50%) amounting to 5.7 million EUR paid in full and in cash.

In line with the acquisition, payments amounting to EUR 3.7 million were made; thus resulting in a net payment from acquisition of 2.0 million EUR. The figures as to assets and debts are as follows:

Stock/inventory assets	TEUR	6.849
Receivables	TEUR	3.688
Long-term Liabilities	TEUR	320
Short-term Liabilities	TEUR	3.751

The acquisition costs in BY 2014/15 were TEUR 78 (PY TEUR 48) which are listed under “other payments” in the “statement of comprehensive income”.

From the acquisition of Data Display GmbH and in line with the consolidation, there is a difference of TEUR 180; mentioned under “other revenues” in the “statement of comprehensive income” and eliminated for purposes in the “statement of changes in equity”.

### **32) Supervisory Board**

Members of the supervisory board in BY are.

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

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

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

Value-Holdings AG, Augsburg

The representative Tillmann is also member of the following committees:

E C O reporter.de AG, Dortmund  
VBH Holding AG, Korntal-Münchingen (CEO)

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

The board manager's wife, Mrs Maria Fischer is working as lawyer for the company and representing it in juridical cases as well as out of court. Mrs Fischer balances her accounts according to RVG. During BY 2014/15 TEUR 1.7 (PY TEUR 1.5) were paid to Mrs Fischer and recorded accordingly in balance sheet.

### **34) 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:

	<b>2013/2014</b>	<b>2014/2015</b>
	<b>in TEUR</b>	<b>in TEUR</b>
Short-term payments to employees	805	888
Expenses to be paid after termination of employees' contracts	0	0
other long-term liabilities	0	0
Expenses in line with termination of employees' contracts	0	0
Benefits based on share	0	0
	<b>805</b>	<b>888</b>

Total benefits for board members of FORTEC AG amount to TEUR 322 (PY TEUR 383) excluded TEUR 50 (PY TEUR 37) for success-dependant payments.

An individual listing of the benefits to persons in key-positions of the management is not required according to the decision of the annual general meeting on 15.12.2011: detailed listing may be omitted as per § 314 Abs. 1 Nr. 6a) Satz 5 – 9HGB as well as § 285 S. 1 Nr. 9 a) Satz 5-9 HGB for the period of 5 years thereon (§314 Abs. 2 S. 2 i.V.m. § 286 Abs. 5 HGB)

### **35) Auditor's Fee**

For services rendered for group's annual report by Metropol Audit Wirtschaftsprüfungsgesellschaft mbH (auditing company), Mannheim, the following payments for BY 2014/2015 were made:

	<b>2013/2014</b>	<b>2014/2015</b>
	<b>in TEUR</b>	<b>in TEUR</b>
Audits of annual financial statement	52	52
General expenses tax consultant	0	0
other expenses	10	0
	<b>62</b>	<b>52</b>

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

### **36) Miscellaneous**

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

During BY the group employed an average of 104 persons (PY 111) including 5 temporary helps (PY 2). As per 30.06.2015, the employees of Data Display were 98 including 2 temporary helps.

As per 11.03.2015 the following persons were listed within the registry of commerce (Handelsregister):

Dieter Fischer, CEO  
Jörg Traum, board director

Listed in the registry of commerce as per 10.03.2015:

Markus Bullinger, board manager withdrawn per 31.12.2014

There were no changes between balance day of June 30, 2015 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](http://www.fortecag.de)) as per §285 No. 16 resp. 314(1) No. 8 HGB).

The board of managers suggests a dividend in the total amount of EUR 1,477.471,50 (PY EUR 1,477.471,50). Distribution right is given to a total of 2.954.943 shares of 0.50 EUR each. The result per share is EUR 0.63.

In BY 2014/15 there were no announcements published as per §15 a WpHG (reportable purchase of bonds).

In BY the group published two ad-hoc announcements.

- 1) As per 01.10.2014, FORTEC Elektronik AG will purchase a 50% participation at Data Display GmbH ([www.datadisplay-group.de](http://www.datadisplay-group.de)) and obtains the option to take over the other 50% of the company within the period 01.01.2016 till 31.12.2020.
- 2) The board member Markus Bullinger withdraws from the company as per 31.12.2014.

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

The annual business statement was issued September 23, 2015 and released by the board of directors.

Landsberg, September 23, 2015

FORTEC Elektronik AG

Dieter Fischer  
CEO

Jörg Traum  
Board member

### **Assurance Legal Representatives**

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

Germany/Landsberg, September 23, 2015

Dieter Fischer  
CEO

Jörg Traum  
Board member

## Auditors' Opinion/Statement

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

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

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

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

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

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

Mannheim, September 28, 2015  
METROPOL Audit GmbH  
Wirtschaftsprüfungsgesellschaft  
gez. Deffner  
Gertrud K. Deffner  
Auditor