BIG ENOUGH TO COMPETE – SMALL ENOUGH TO CARE.

INTERIM GROUP REPORT
1st HY 2018/2019

FORTEC
ELEKTRONIK AG

Interim Report 1st Half Year 2018/2019

Content

Interim Group Management Report: 1. Group's principles

Business plan

FORTEC, as a group, has gradually transformed itself from a trading company to a systems supplier for device manufacturers of industrial high-tech products and, today, the company is a well-established part of the international value chain. Serving as a link between numerous production sites for internationally active suppliers, especially customers in the Far East, Europe and the US, FORTEC occupies an attractive growth niche. Based on its own software and hardware developments, as well as through the expansion of its own production services, the company is constantly developing itself within this niche and transforming itself into a supplier of customized product solutions for industrial applications.

Our target customers are companies with an established and sustainable market position, especially in the high-growth areas of industrial automation, information technologies and automotive. Attractive niche markets such as Railway & Transport are also a focus area. The foundation for the success achieved by FORTEC is the large number of customer relationships developed over the course of many years. Our sales activities aim at establishing strategic partnerships with our top customers who are the market leaders in their respective markets as well as those who generate small and medium-sized sales volumes. On account of ever-increasing complexity, orders are more frequently becoming long-term projects and, as a supplier, FORTEC is becoming a permanent and strategic partner for its customers.

For over 30 years, we have always achieved above-average earnings with our business model, one that has been tried and tested through numerous cycles. With increasing activity in the area of designing complete (sub) systems based on our own technologies, FORTEC is gaining greater independence and boosting its competitiveness in the global environment.

The company has two very attractive segments for high-quality electronics. In the areas of Industrial Power Supplies and Display Technology, FORTEC is among the market leaders in the German-speaking countries. Moreover, FORTEC enjoys an important market position on the Anglo-American markets through its subsidiaries as well.

In the product area of Power Supplies, FORTEC covers the entire product palette for grid components and DC/DC transformers - from standard products produced in the Far East, to series devices modified in Germany and customised developments for niche segments provided by our subsidiary AUTRONIC.

In contrast to FORTEC, our successful subsidiary Emtron solely focuses on the distribution business in the segment of Power Supplies. FORTEC plans to make a targeted effort to expand sales in England and the US through its local subsidiaries.

By linking the product areas of Display Technology and Embedded Computer Technology into Display Technology Systems, FORTEC also offers complex solutions for an innovative market. Our competence areas range from supplying system-assessed standard kits, to associated hardware and software services provided when selling standard devices, e.g., for professional display systems used in industries or digital signage as well as complete monitors, through to customised developments and product solutions provided by our subsidiaries Distec and ROTEC. The particularly successful FORTEC subsidiary Distec gives the group access to TFT controller solutions developed in house, as well as to the latest generation of optical bonding technology.

In Germany, we operate numerous regional offices that provide local customer service and we also have a sales office in Austria. Our 100% subsidiary ALTRAC represents FORTEC in Switzerland. Additionally, we are present in the Benelux countries through our share in the Dutch trading company Advantec Electronics, in England through the foreign subsidiaries Display Technology, in the US the well-positioned Apollo Display Technologies and in the Czech Republic through Alltronic, a subsidiary of AUTRONIC.

Research and development

Our competence rests on project and customer-related developments together with an effective approach to marketing and sales.

Along with classic product developments (e.g., video converters and network IoT products), FORTEC also actively pursues the further development of production technologies through annual investments of around 1.5 million EUR, especially through our subsidiary Distec. One particular highlight here is vacuum technology, which represents the newest generation of optical-bonding technology. Our strategy seeks to generate a stable margin through our existing, improved and expanding product portfolio by constantly increasing our own value creation, which, at the same time, must generate lucrative returns for our own invested capital, after deducting the costs.

Interim Group Management Report: 2. Economic report

Despite the *uncertain overall economic development*, the *business performance* in BY 2018/2019 started with a strong result in Q1. Comparing sales revenues, Q2 proved to be slightly weaker but nonetheless significantly stronger than the comparative period for BY 2017/2018.

Moreover in Q2, the two new entities in the UK, that are now being fully consolidated for the first time, have made an impact on the overall income statement.

Compared to the previous year, the total revenue for the first half of BY 2018/2019 has increased to 42.3 million EUR (PY: 37.0 million EUR). The two new companies in UK contributed with 2.0 million EUR. The organic growth in sales compared to the previous year is nearly 9%.

Both segments are showing an increase in revenues: the group's total revenue consists of 27.2 million EUR (PY 24.3 million EUR) in the segment data visualisation and 15.1 million EUR (PY 12.7 million EUR) in the segment power supplies.

Other operating income increased from 621 TEUR to 689 TEUR.

Compared to last year, cost of materials rose from 26.2 million EUR to 28.7 million EUR. In addition to the consolidation of the two UK entities, inventories were raised to meet customer's orders despite the current general delivery situation. Gross profit margin fortunately improved to 32.3% (PY 29.2%).

Despite higher personnel expenses amounting to 6.7 million EUR (PY: 5.9 million EUR) the personnel cost rate remained stable at 15.9% (PY 15.9%).

As a result of the investments, the depreciation on assets increased to 535 TEUR (PY 285 TEUR).

Other operating expenses rose from 3.5 million EUR in the previous year to 3.2 million EUR.

An important *financial performance indicator* is the EBIT-margin from operations without income from investments. The group's result consists of 3.2 million EUR (PY 2.0 million EUR) in the segment data visualisation and 0.5 million EUR (PY 0.6 million EUR) in the segment power supplies.

The total revenues of both segments showed the operating result increased from 2.6 million EUR to 3.7 million EUR. The EBIT-margin improved from 7.0% to 8.8%.

Against the previous year, the period's net income went up by 0.6 million EUR to 2.5 million EUR.

The profit margin after taxes grew from 5.1% to 6.0%.

The earnings per share rose despite the increase in the number of shares from 0.64 EUR last year to now 0.78 EUR.

The Company's *financial situation* is still excellent and compared to companies with similar business models demonstrates an above-average equity totalling 38.9 million EUR, which corresponds to an equity-ratio of 74.1%.

With a balance sheet total of 52.5 million EUR (PY 44.8 million EUR), the *non-current assets* account for 11.3 million EUR (30.06.2018: 8.6 million EUR).

The goodwill on the acquired subsidiaries amounting to 6.6 million EUR (30.06.2018: 8.6 million EUR) represents the biggest item.

Due to the construction project at Emtron intangible assets, tangible assets, financial assets and accounts receivables increased to 4.4 million EUR (30.06.2018: 3.3 million EUR) altogether.

Among the *current assets* inventories at a value of 23.0 million EUR (30.06.2018: 20.0 million EUR) are the largest single item (43.8% of the balance sheet total). This position is followed by the accounts receivables trade amounting to 7.0 million EUR (30.06.2018: 8.9 million EUR) and by a cash position of 9.1 million EUR (30.06.2018: 5.4 million EUR).

Long-term bank liabilities rose from 2.9 million EUR to 3.6 million EUR due to the building loan. As per balance-sheet-date other liabilities/accruals decreased from 2.8.million EUR to 2.4 million EUR.

Non-financial performance indicators such as our staff and stable supplier and customer relationships are vital to the success of FORTEC. We have many long-term employees in our ranks, whom we have been supporting in their development for years.

Our 35-year business stability is based on long-term and close co-operation with selected suppliers which has been a good source of comfort to our customers – both long-standing and recently acquired – and greatly adds to our business success.

FORTEC has a moral corporate obligation to *sustainability and the environment* and there are internal projects in progress to avoid the use of paper. The selection of energy-efficient products is high on the list to help achieve this.

Interim Group Management Report: 3. Forecast report

The explanations related to the future business development are based on our estimates, which we consider realistic due to the actual information. These however are not set in stone and bear a certain risk that may influence the forecasted development.

The economy in the EUR zone is experiencing a slowdown and the economy in the USA has peaked. For 2019 reduced growth is forecasted altogether. Nonetheless banks' overall market outlook anticipates that spring 2019 sheds light on the economic climate.

In this interim group report, FORTEC's board of directors gives a positive signal, demonstrates the success of the company and continues planning with cautious optimism for business year 2019/2020. Our order backlog of

48 million EUR per 31 December 2018 supports this assessment. The vision to achieve qualitative growth through higher added value and innovative in-house products pushes FORTEC forward.

Based on the business performance in the first six months, we stick to our belief of an organic revenue growth in the middle single-digit percent range and enhance our revenue forecast by 6 million EUR from the new UK companies. We also adjust our EBIT forecast: taking current market assessments into account, we now expect an EBIT slightly above 7 million EUR.

Due to our proven business model we have been consistent in generating above-average profits for 35 years now without suffering one single year of loss during this time. Even though we cannot guarantee this in the future, we remain confident, that with our innovative combination of distribution, development, production & solutions we have chosen the right strategy to enable long-term growth.

Interim Group Management Report: 4. Risk and opportunities report

The risks outlined below, subdivided into risk categories, could have an impact on our company as a whole (overall risk), our financial situation (financial risks) and our income (risks to profitability). Additional systemic risks include the human resources risk and technical risk. The risks outlined below are those that we are permanently exposed to.

This list of risks is not exhaustive and additional risks may surface that we are currently unaware of or that we do not consider to be significant.

From today's perspective, we do not recognise any risks that threaten the continued existence of the company as a whole.

Financial risks, as far as they were evident upon compiling the balance sheet, were accounted for by way of corresponding depreciations and provisions. A quantified estimation can be found in the Consolidated Notes (Note 15). An evaluation of risks is carried out to the best of its knowledge as of the balance sheet date, but may prove insufficient in certain cases.

The essential insurable basic risks are covered by a comprehensive insurance policy. This policy is reviewed on an annual basis but may prove insufficient in certain cases.

Potential risks that we must face in order to be present on the market are sales, product and market risks as well as dependence on suppliers; these risks apply to both segments in equal measure.

A very large risk that should not be underestimated, albeit a *systemic risk*, relates to our close cooperation with only a few strategic partners in the product area. As success cooperation with suppliers from Asia often rests on long-lasting personal relations between the decision-makers, changes in personnel - be it due to a decision of that staff member to leave the company or due to changes in the company's shareholder structure - can lead to the loss of existing business relationships.

For decades, the market for professional electronics has been marked by gradual decreases in the market price for the same level of performance data and through steady market prices for above-average increases in technical performance. Even though we have been able to overcome this risk in the past, there is no guarantee that we will not be subject to future losses due to market price risks.

A major *profitability risk* relates to inventory disposition. Misguided actions can lead to significant losses, despite our multi-tiered procurement process. Current delivery capacities, influenced by allocations and long delivery times, demand particular care in procurement. The risk of having unsellable goods in the warehouse may not only be the result of erroneous estimates of future demand but, rather, also depends on differing assessments of quality standards on the part of the customer and the manufacturer. This particularly applies with regard to what the condition of the goods from our Asian suppliers should be along with EU guidelines and regulations governing the materials used in products and the product's application.

Product liability due, in part, to changes in purchase rights, is becoming an evergrowing risk for the company compared to previous years. A careful selection of suppliers and monitoring evaluations can minimise this risk. However, in the event of deceptions or criminal activity on the part of our sub-suppliers, we, as the importer, are liable vis-à-vis the customer.

One constantly growing risk relates to customer demands that go beyond the hitherto scope of the warranty period and the common standards for supply contracts. In recent years, a sense of entitlement has developed among customers - to the serious detriment of suppliers. The requirements arising from the supply contract may significantly exceed the value of the good. The result of this is an increase in legal disputes and their associated risks.

In order to avoid default risks, creditworthiness checks will be carried out and customer receivables will be insured by a commercial credit insurance policy.

Our success on the market is once again strongly dependent on the comprehensive expertise and years of experience possessed by our staff members (personnel risk). A large-scale personnel change or even the removal of a single key individual can place our on-going success at risk. The recruitment of new staff members in response to a tangible skills shortage and the rising attractiveness as an employer in a regional environment marked by full employment represents a great challenge and demands new, creative solutions.

A change in customer behaviour towards abandoning production in Central Europe in the long term and instead making use of local suppliers challenges our business model as a supplier of technically demanding products. We would experience the same effect if our sub-suppliers changed their behaviour and utilised the Internet to sell directly to industrial customers and refrain from exclusively selling their products via established sales channels. The expected concentration process on the side of suppliers could also have a negative impact on our business, which, in an extreme case, could lead to a termination of the supply relationship. The same effect would set in if the trade margin fell below our costs, which are mainly influenced by personnel costs common in German-speaking countries, due to the availability of competitive information through the Internet.

A *technical risk* exists across the company's entire IT network. A possible malfunction or a serious disruption in the computer system can cause serious damage for the company. Misuse by external or internal parties, despite security precautions, especially the theft of information or insufficient data protection measures, may also endanger the company in extreme cases.

Foreign currency risks will be avoided as much as possible by carrying out business transactions in a single currency. Nevertheless, changes in the dollar and yen parity, in particular, and fluctuations of the Swiss franc in relation to the euro, dollar and yen can have negative consequences for our company.

The company's former growth strategy included both organic growth as well as company acquisitions. When acquiring other companies, any value falling above the "net asset value" is recognised as goodwill on the balance sheet and assessed annually for impairment. If the exceptions set for the acquired companies are not met or if we can no longer count on the previously planned positive cash flow due to uncertainties in the economy, write-offs will be instituted in the consolidated balance sheet compiled by IFRS.

The company faces additional risks in relation to the subsidiaries in England and the US. Due to the fixed costs block, comprehensive production capacities are increasing the risk of being unable to flexibly react to market conditions.

New opportunities are also constantly emerging alongside these risks. These opportunities have been integrated into the management handbook in the form of new opportunity management, which is updated annually at the Management Review.

The board of directors identifies analyses and works with the supervisory board in the scope of the company's strategic orientation to further exploit new *market opportunities*. Outside of the German-speaking countries, our subsidiaries take advantage of additional market opportunities.

Current trends towards digitalisation are also creating *product opportunities* for FORTEC, as a technology company, such as through our own product and production services in the area of display controllers, touchscreen solutions using the optical bonding approach and high quality industrial monitors, especially on account of rapid developments in Industry 4.0, relating to the networking of industrial applications. This fourth industrial revolution that envisions a fully rationalised factory will translate into enormous productivity gains, especially in Central Europe. As a supplier for the capital goods industry, we will be able to profit from this for years to come. Concrete opportunities are regularly identified by our sales force, initiated by project marketing and evaluated through frequent exchanges with the management. When needed, the results are included in roadmaps and executed through new projects; these do, however, tie up money and resources and therefore constitute a potential risk factor. In the segment of Power Supplies, we are the leader for know-how in applications, solutions to problems and technical service. In the segment of data visualisation (Display Technology, Embedded Computer Technology), our own engineering services are the growth drivers for complete and tested sub-systems. Even though we cannot guarantee this in the future, we are confident that our expanded mixture of distribution, development, production and solutions puts us in a strong position that will ensure sustainable long-term growth.

Interim Group Management Report: 5. Risk management

Risk management at FORTEC ensures that known or arising risks in our daily business remain transparent and manageable. The aim of risk management is to allow staff members and decision-makers to identify risks and develop the relevant solutions in time, either independently or in cooperation with the decision-makers.

Risk management is an integral part of the management system, ensuring that risks are identified and that their impacts are minimised to the greatest degree possible.

Risk management is an on-going task. As such, it is necessary to make our staff members and especially our decision-makers aware of the existing risks in the company. To this end, risk management and the legal guidelines developed for this purpose have been integrated within the management handbook.

In accordance with the risk analyses performed by the management or, in the case of technical risks, by the quality management officers at the individual FORTEC group companies, the corresponding risk-aversion measures have been developed and officers have been appointed for overseeing their implementation.

Risk reporting combined with quarterly reports ensures that the management can regularly create an overall picture of the risk situation, meaning that the management is always immediately informed about significant risks through internal structures.

The system of *internal control and risk management in view of financial reporting processes* is an integral part of all processes at the FORTEC Group and it is based on a comprehensive and systematic approach to identifying, evaluating and controlling risks. The board of directors is responsible for the design of control and risk management. Active monitoring controls carried out by the board of directors help to identify, evaluate and process risks in the individual business areas at the company and among our subsidiaries.

These findings, especially related to process organisation, have been incorporated into the current QM handbook.

In the scope of control and risk management, monthly assessments by the company and the subsidiaries allow for early recognition of discrepancies in the planning figures for incoming orders, order volumes and inventories, as well as with regard to sales, gross margin and costs, and for action to be taken when necessary. Liquidity planning is carried out on a weekly basis and the recoverability of the receivables, especially the debtors, is regularly checked. The acquired goodwill is reviewed through a so-called impairment test and corrected, if necessary.

The measures performed by the internal controlling system for the accuracy and reliability of financial accounting ensure that our business transactions are completely in line with the statutory provisions and the company's articles of incorporation, that these are recorded in a timely manner, that stocktaking is carried out in accordance with the guidelines in place, and that assets and debts in the annual financial statement are correctly estimated, evaluated and accounted for. We ensure that the accounting records also provide reliable and traceable information through divisions of function and control processes.

The external auditor and other auditors, e.g., the tax auditor, customs auditor and social security auditor, are incorporated into the controlling environment by way of process independent auditing activities. In particular, the audit of the consolidated financial statements by the associated auditor entails an essential process-independent supervisory activity for the group's financial accounting process.

Interim Group Management Report: 6. Risk reporting in relation to the use of financial instruments

The financial instruments that exist in the company include: Current and investment accounts, supplier credits, receivables, and the like. The company has a solvent and creditworthy base of customers that is also covered by a commercial credit insurance policy for deliveries to companies that are below the DAX 30 index and generally for receivables claims above 10,000 EUR. Defaults on debts are not expected on any scale that would pose a risk to the company.

Liabilities are paid within the agreed payment period. A long-term bank loan was taken at a low interest rate. At the group level, loans are available in the amount of 5 million EUR, which are, however, currently not being used.

The aim of financial and risk management is to guarantee the success of the company and protect it against financial risks of any sort. Possible risks related to price changes, which could lead to potential losses due to detrimental changes to the market price or parameters that influence the price, are minimised through contract negotiations.

An overview of cash receipts and disposals is regularly communicated in order to hedge liquidity risks. The company has a system of debtor management in place to minimise the risk of defaults.

Interim Group Management Report: 7. Overview of the risk and opportunity situation

From the point of view of the management in charge of a technology company, we identify more opportunities than risks for the future development of the company when balancing risks and opportunities. Despite the constant increase in risks to the company, the constantly rising demands for products and the ever-shorter product cycles, we are of the opinion that our market environment is undergoing positive changes, especially due to the digitalisation trends in connection with Industry 4.0 as a subset of the Internet of Things (IoT).

Interim Group Management Report: 8. Additional information in accordance with section 315a HGB

The *number of shares* amounted to 3,250,436 with a par value of 1 EUR. The company currently does not have any conditional capital nor a share-buyback scheme.

The subscribed capital is entirely comprised of ordinary shares entitled to vote and ascribed to the holder. There are neither voting restrictions nor restrictions on the transfer of shares in place.

At the annual shareholders' meeting on 15 February 2018 (recorded in the Commercial Register on 21 February 2018), the board of directors was authorised to increase the company's share capital up to a value of 1,477,471.00 EUR until 14 February 2023 with approval from the supervisory board through single or multiple issuances of up to 1,477,471 non-par bearer shares against cash contributions and/or assets in kind (Approved Chapter I). The board of directors was also authorised, with approval from the supervisory board, wo exclude the prescription rights of the shareholders in the following cases (i) for fractional amounts, (ii) in the event of capital increases for assets in kind, (iii) in the event of cash contributions up to an amount not exceeding the existing share capital on the date when this authorisation entered into force or on the date when this authorisation lapsed by more than 10 per cent (whichever value is lower), to the extent that the issuing price of the shares does not significantly exceed the stock market price of the company's already listed shares at the time of the final determination of the issuing price. 295,493 bearer shares were reissued. After the increase of the share capital by 10% to 3.250.436 EUR, recorded in the Commercial Register on 11 July 2018, it remains an approved chapter amounting to 1,181,978 EUR.

The appointment and dismissal of the board of directors is regulated by sections 84 and 85 of the German Stock Corporation Act (AktG). The company's *remuneration system* for the boards of directors includes both fixed and variable salary components. The royalties are solely dependent on the EBIT achieved and from annual net income. The annual shareholders' meeting on 16 February 2017 decided that the requested information in the annual report in accordance with section 314 (6a), sentence 5-9 of the German Commercial Code (HGB) can be omitted.

Additionally, in the event of a change in control following a take-over offer, the supply agreements from the contracted suppliers essential for the company can be terminated. In particular, this danger exists when the contracted supplier must be concerned with the entry of a competitor.

Changes to the articles of incorporation require at least a 75% majority of votes at the annual shareholders' meeting.

Additional information in accordance with section 315 (5) HGB is included in the Consolidated Notes.

Interim Group Management Report: 9. Declaration of corporate governance in accordance with section 315d in connection with section 289f HGB

The activities of the management and controlling bodies at FORTEC Elektronik AG (FORTEC) are determined by a system of responsible corporate governance that is oriented towards sustainable value creation. In this declaration, the board of directors reports on the company's corporate governance in accordance with section 289 a (1) HGB.
At FORTEC, along with legal requirements and internal procedural guidelines, our corporate governance is characterised by a high degree of self-responsibility and the ethical behaviour exhibited by each and every staff member.

As a listed German stock corporation, corporate governance at FORTEC is governed, first and foremost, by the German Stock Corporation Act as well as by the limitations set out by the German Corporate Governance Codex, in their current versions. On 26 February 2002, the German federal government passed the German Corporate Governance Codex into law. In its version from 7 February 2017, the codex sets out the essential statutory guidelines for managing and supervising German listed stock corporations and it contains both domestically and internationally recognised standards for good and responsible corporate governance. The aim of these guidelines is to ensure transparency of the regulations valid in Germany and thereby increase the confidence among international and domestic investors, customers, staff members and the general public in the corporate governance of German corporations.

After conducting a mandatory review, the board of directors and the supervisory board of FORTEC submitted a statement of compliance in accordance with section 161 AktG with the content, which has been permanently available for the shareholders to view on the company's website.

Landsberg/Germany, March 22nd, 2019

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

Consolidated Balance Sheet per 31.12.2018 according to IAS/IFRS

	ASSETS in Euro	31.12.2018	30.06.2018		EQUITY/LIABILITIES in Euro	31.12.2018	30.06.2018
A.	**Non-current assets**	**11,346,714**	**8,643,727**	**B.**	**Total Shareholders' equity**	**38,886,529**	**30,102,375**
I.	Goodwill	6,605,380	5,091,585	I.	Subscribed capital	3,250,436	2,954,943
II.	Intangible assets	253,133	218,824	II.	Capital reserve	14,481,026	8,689,364
III.	Tangible assets	4,025,228	2,886,850	III.	Exchange differences	789,697	633,917
IV.	Financial assets	95,780	95,780	IV.	Other comprehensive income	17,824,151	13,508,079
V.	Accounts receivables	74,424	74,009	V.	Net income	2,541,219	4,316,072
VI.	Deferred taxes	292,769	276,679				
B.	**Current assets**	**41,150,783**	**36,131,306**	**B.**	**Long-term liabilities**	**4,767,418**	**3,409,906**
I.	Inventories	22,991,498	20,031,133	I.	Long-term bank liabilities	3,568,412	2,916,660
II.	Accounts receivables trade	7,044,255	8,852,140	II.	Non-current provisions/liabilities/other provisions	998,852	237,300
III.	Tax receivables	1,719,815	1,482,125	III.	Deferred taxes	200,154	255,946
IV.	Other assets	302,470	354,445	**C.**	**Short-term liabilities**	**8,843,550**	**11,262,752**
V.	Cash on hand and cash equivalents	9,092,745	5,411,462	I.	Bank liabilities	833,336	1,041,670
				II.	Trade payables	3,650,009	5,025,164
				III.	Accruals from other taxes	1,396,402	1,693,132
				IV.	Other provisions	558,038	701,584
				V.	Other liabilities/accruals	2,405,765	2,801,202
	Total Assets	**54,497,496**	**44,775,033**		**Total Equity and Liabilities**	**52,497,496**	**44,775,033**

Consolidated Statement of Comprehensive Income 1st HY per 31.12.2018

uncertified, according to IAS/IFRS

in Euro	Consolidated P&L 01.07.18-31.12.18	Consolidated P&L 01.07.17-31.12.17
Sales revenues	**42,307,012**	**37,005,541**
Increase in finished goods/unfinished goods	158,655	512,682
Other operating income	688,588	620,669
Cost of materials	28,665,513	26,200,825
Personnel expenses	6,734,558	5,874,825
Depreciation	534,924	284,649
Other operating expenses	3,488,417	3,205,197
Operating result (EBIT)	**3,740,842**	**2,573,463**
Dividends	-	-
Other interest and similar income/expenses	-22,701	-21,331
Taxes on income	1,176,923	646,639
Net income	**2,541,219**	**1,905,494**
Other results	155,780	-513,132
Total result	**2,696,999**	**1,392,362**
Earnings per share	0.78	0.64
Shares in total	3,250,436	2,954,943

Consolidated Statement of Comprehensive Income Q2 per 31.12.2018

uncertified, according to IAS/IFRS

in Euro	Consolidated P&L 01.10.18-31.12.18	Consolidated P&L 01.10.17-31.12.17
Sales revenues	**20,474,980**	**17,387,827**
Increase in finished/unfinished goods	20,672	189,557
Other operating income	336,050	257,075
Cost of materials	13,573,144	12,296,428
Personnel expenses	3,557,050	2,957,043
Depreciation	387,067	144,782
Other operating expenses	1,938,015	1,574,797
Operating result (EBIT)	**1,376,427**	**861,408**
Dividends	-	-
Other interest and similar income/expenses	-15,470	-14,957
Taxes on income	536,175	133,241
Net income	**824,782**	**713,209**
Other results	38,938	-179,061
Total result	**863,720**	**534,148**
Earnings per share	0.25	0.24
Shares in total	3,250,436	2,954,943

Consolidated Statement of Changes in Equity per 31.12.2018

in Euro	Subscribed capital	Capital-reserve	Exchange rate differences	Other reserves		Total	Total company capital
				Market evaluation reserve	Profit reserve/ carried forward		
Balance 01.07.2017	**2,954,943**	**8,689,364**	**976,883**		**15,398,458**	**28,019,646**	**28,019,646**
Period's net income					1,905,494	1,905,494	1,905,494
Change „other results"			-513,132			-513,132	-513,132
Dividend payments							0
Balance 31.12.2017	**2,954,943**	**8,689,364**	**463,750**		**17,303,952**	**29,412,008**	**29,412,008**
Balance 01.07.2018	**2,954,943**	**8,689,364**	**633,917**		**17,824,152**	**30,102,375**	**30,102,375**
Period's net income					2,541,219	2,541,219	2,541,219
Issue of new shares	295,493	5,791,663				6,087,156	6,087,156
Change „other results"			155,780			155,780	155,780
Dividend payments							0
Balance 31.12.2018	**3,250,436**	**14,481,026**	**789,697**		**20,365,371**	**38,886,529**	**38,886,529**

Consolidated Cash-flow Statement per 31.12.2018

in EUR	FY 2018/2019 01.07.18-31.12.18	FY 2017/2018 01.07.17-31.12.17
I. Operative area		
1. Net income	2,541,219	1,905,494
2. Income tax expense affecting net income	1,176,923	646,639
3. Amortisation on tangible assets and intangible assets	534,924	284,649
4. Correction for other non-cash transactions	-903,489	-476,042
5. Increase (PY Increase) of inventories	-2,321,698	-3,198,300
6. Decrease (PY Decrease) of accounts receivable trade and other receivables	2,788,537	2,596,938
7. Decrease (PY Increase) of trade payables	-1,679,388	402,915
8. Decrease (PY Decrease) of short-term liabilities	-960,052	-495,090
9. Increase (PY Decrease) of non-current receivables	-414	1,229
10. Increase (PY Increase) of long-term liabilities	761,552	15,183
11. Interest expenses and Interest income	26,219	23,456
12. Interest paid	-22,659	-22,365
13. Income taxes paid	-763,837	-871,653
Cash-flow from operations	1,177,836	813,054
II. Investment area		
1. Investments in tangible and intangible assets	-1,367,595	-894,540
2. Payments from the acquisition of consolidated companies less cash and cash equivalents acquired	-2,152,978	0
3. Profits from disposal of tangible assets	0	14,286
Cash-flow from investments	-3,520,572	-880,254

Consolidated Cash-flow Statement per 31.12.2018

III. Financial Activities		
1. Payments from (financial) loans	603,495	0
2. Payouts from repayment of (financial) loans	-625,002	-416,668
3. Payments from capital increase	6,087,156	0
Cash-flow from financial activities	6,065,649	-416,668
IV. Net increase (PY decrease) of cash and payment equivalents	**3,722,914**	**-483,868**
Cash/cash-equivalents p. 30.06.18 (PY 30.06.17)	5,411,462	5,655,491
Changes in cash and cash equivalents due to currency changes	-41,629	122,935
V. Cash/cash equivalents p. 31.12.18	**9,092,745**	**5,294,558**
Composition of financial resources		
Cash	16,390	17,584
Bank deposits	9,076,356	5,276,974
Cash and cash equivalents at end of period	9,092,745	5,294,558

Annex– Notes to the financial statements

Basics of preparation of report

This shortened interim manager group report does not contain all necessary information and data for a consolidated financial statement and therefore, has to be read in combination with the group management report and consolidated financial statements dated 30.06.2018.

The interim group report was neither examined nor verified by a certified financial auditor.

The report is made up in EUR. The charts and data may have rounding differences due to mathematical reasons.

Segment Report

The Group's operative field is data visualisation and power supplies.

In TEUR	Data Visualisation	Power Supplies	Total
Turnover	27,201	15,106	42,307
Company result (EBIT)	3,246	485	3,741
Financial result	-19	-7	-26
Tax on profit	-954	-207	-1,177
Period's result	2,276	272	2,541

Other information

The number of employees was 224 (PY: 202).

Assurance of Legal Representatives

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

Landsberg/Germany, March 22nd, 2019

FORTEC Elektronik AG

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

Disclaimer of Warranty

Thisreport contains certain future data, which are based on current visible and available information, expectations and prospects of the management of FORTEC Elektronik AG. There are solely for informational purpose and are marked by terms like "believe", "expect", "forecast", "intend", "will", "plan", "estimate" or "attempt". These terms are only valid for the date of their publication. Certain known or unknown risks, uncertainties and other facts may yield that the real results, the financial situation, the development and/ or performance of the group differ from the prognoses stated herein. The FORTEC Elektronik AG takes no obligation whatsoever to carry forward such future data and to adjust to future occurrences or developments. A responsibility or warranty for actuality, correctness, integrity of these data and information will therefore be neither explicit nor implied.

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