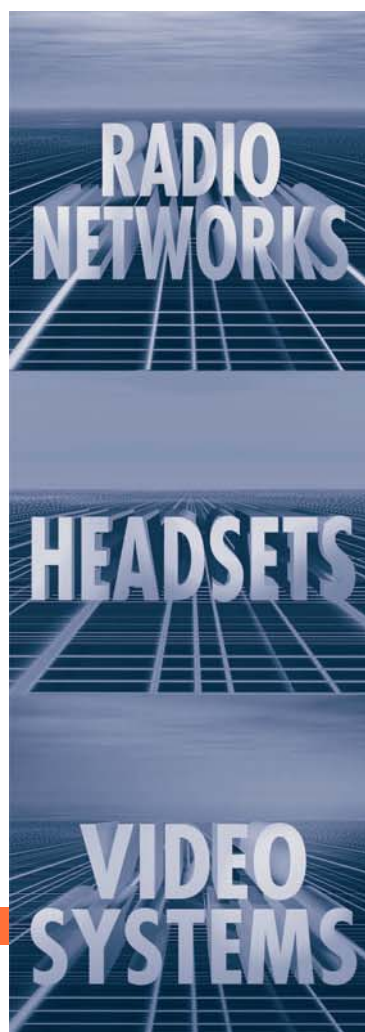


CeoTronics Interim Report



Q1

2007/2008

Consolidated interim report of CeoTronics AG for the first quarter

1. Business Report

Ladies and Gentlemen,
dear Shareholders,

The CeoTronics Group's consolidated results in accordance with IFRSs for the first quarter of fiscal year 2007/2008 (the summer months of June, July, and August) did not match the excellent prior-year figures because a delayed technical definition for a system component by a customer prevented the timely delivery and invoicing of a major project in Spain worth approximately €980 thousand as of August 31, 2007.

If this order had been delivered and invoiced on schedule, we would have exceeded both our high prior-year period revenues and the corresponding record quarter for revenues in 2005/2006; we would also have achieved substantially improved consolidated earnings figures. This shift in revenues into the second quarter of fiscal year 2007/2008 means that CeoTronics is reporting a year-on-year drop in revenues of €654 thousand from €3,799 thousand to €3,145 thousand as of August 31, 2007.

In the first quarter of 2007/2008, preparatory work was also performed in the areas of research and development and production for the order placed by the German Armed Forces (total value: €5.5 million). This work will be included in the delivery of the first lot and is expected to be invoiced in the second quarter of 2007/2008.

The Group's order backlog increased by 119.9% year-on-year as of August 31, 2007.

As expected, the Company's key earnings figures deteriorated as against the prior-year period due to the above-mentioned shift in revenues. EBITDA (Earnings before Interest, Taxes, Depreciation and goodwill Amortization/impairment) fell by €420 thousand from €491 thousand to €71 thousand. EBIT decreased by €424 thousand, from €366 thousand to €-58 thousand. In contrast to the previous year's consolidated profit before tax of €371 thousand, a loss of €80 thousand was generated. The consolidated profit after tax of €210 thousand in the prior-year period changed by €307 thousand, for a loss of €97 thousand.

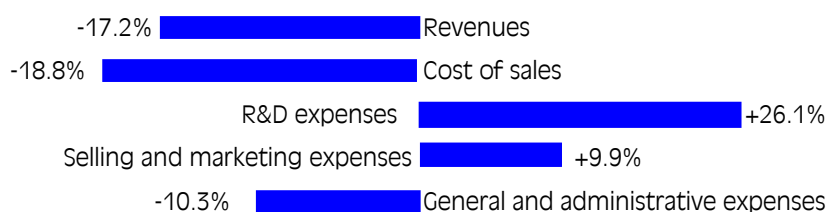
Gross cash flow decreased by €303 thousand in the period under review, from €335 thousand in the prior-year period to €32 thousand. Earnings per share declined by €0.14 to €-0.04, compared with €0.10 for the same period last year.

Consolidated equity as of August 31, 2007 amounted to €11,613 thousand (up €59 thousand), while the equity ratio was 70.4% (prior-year period: 80.5%). This decrease in the equity ratio is due in particular to real estate acquisitions in November 2006 that were partially debt-financed.

CeoTronics increased its revenues year-on-year in France, the U.S.A., and the United Kingdom extremely substantially in the first quarter of 2007/2008.

Revenues in Germany, Spain, Switzerland, Poland, the rest of Europe, and the rest of the world were in the quarter comparatively lower. This was due to low volume in some cases (Poland and the rest of the world) and to extremely high prior-year revenues in others (Germany, Spain, and Switzerland). Year-on-year, the order backlog increased by 502.7% in Germany, by 311.1% in Switzerland, and by 478.6% in Poland.

The consolidated key figures (IFRSs, unaudited) for the first three months of fiscal year 2007/2008 in comparison to the previous year were as follows:



The decrease in the cost of sales was due to the lower proportion of higher-value components and changes in the order structure.

The trend in research and development expenses reflected the increased effort involved in developing new products and modifying existing technologies, greater testing and laboratory costs, and increased personnel capacity.

Selling and marketing expenses were up as planned due to greater personnel capacity and intensified sales activities, among other things.

Administrative expenses declined primarily due to lower employee expenses, depreciation, amortization, and impairment losses, and occupancy costs.

The number of employees in the Group (including trainees) increased to 144 as of August 31, 2007 (August 31, 2006: 134). 9 new jobs were created in Germany and 1 in Poland.

At +24.2%, CeoTronics AG's share price performed extremely positively in the period under review (June 1 to August 31, 2007).

In keeping with tradition, CeoTronics does not expect to issue its revenues and earnings targets for fiscal year 2007/2008 until January 2008, at the time of publication of its interim results for the first half of the year.

We are upbeat about the future given our extremely high order backlog (approx. +120%) and the expected deliveries and invoices stretching into the third quarter of fiscal year 2007/2008, as well as the announced switch to digital radio by German security authorities and organizations (BOS – Behörden und Organisationen mit Sicherheitsaufgaben).

Rödermark, October 12, 2007

Thomas H. Günther
Chairman of the Board
of Management and
Chief Executive Officer

Berthold Hemer
Deputy Chairman of the Board of
Management and Chief Technology Officer

2. Consolidated Balance Sheet (IFRS)

Assets	Quarterly report (closing date of the current quarter) August 31, 2007	Annual Report (closing date of last annual report) May 31, 2007
	€ thousand	€ thousand
Current assets		
Cash and cash equivalents	653	783
Trade receivables	2,861	4,886
Inventories	4,692	3,861
Other current assets	463	241
Total current assets	8,669	9,771
Noncurrent assets		
Property, plant, and equipment	5,805	5,740
Intangible assets	211	194
Goodwill	1,298	1,308
Deferred tax assets	510	520
Total noncurrent assets	7,824	7,762
Total assets	16,493	17,533

Equity and Liabilities	Quarterly report (closing date of the current quarter) August 31, 2007	Annual Report (closing date of last annual report) May 31, 2007
	€ thousand	€ thousand
Current liabilities		
Current financial liabilities	353	291
Trade payables	815	814
Advance payments received	50	208
Provisions	525	1,058
Current tax payables	569	816
Other current liabilities	300	336
Total current liabilities	2,612	3,523
Noncurrent liabilities		
Noncurrent financial liabilities	2,268	2,305
Total noncurrent liabilities	2,268	2,305
Equity		
Subscribed capital	6,600	6,600
Capital reserves	4,471	4,471
Retained earnings	16	16
Cumulative other recognized income and expense	-30	-36
Net retained profit	514	609
Equity attributable to shareholders of CeoTronics AG	11,571	11,660
Minority interest	42	45
Total equity	11,613	11,705
Total equity and liabilities	16,493	17,533

3. Consolidated Income Statement (IFRS)

Income Statement	Quarterly report (current quarter)	Quarterly report (comparative quarter of previous year)
	June 1, 2007- August 31, 2007	June 1, 2006- August 31, 2006
	€ thousand	€ thousand
Revenues	3,145	3,799
Cost of sales	-1,567	-1,929
Gross profit	1,578	1,870
Selling and marketing expenses	-955	-869
General and administrative expenses	-322	-359
Research and development expenses	-343	-272
Other operating income and expenses	-16	5
Impairment of goodwill	0	-9
Operating profit/loss (EBIT)	-58	366
Interest income/expense	-22	5
Profit/loss before tax	-80	371
Income tax expense	-17	-161
Consolidated profit/loss	-97	210
Consolidated profit/loss attributable to:		
Minority interest	-2	0
Shareholders of CeoTronics AG	-95	210
Earnings per share (basic) in €	-0.04	0.10
Earnings per share (diluted) in €	-0.04	0.10
Weighted average shares outstanding (basic)	2,199,998	2,199,998
Weighted average shares outstanding (diluted)	2,199,998	2,199,998

4. Consolidated Cash Flow statement (IFRS)

Cash Flow Statement	Year-to-date (current fiscal year) June 1, 2007-August 31, 2007	Year-to-date (comparative period of previous year) June 1, 2006-August 31, 2006
	€ thousand	€ thousand
Cash flow from operating activities		
Profit/loss before tax	-80	371
Income tax expense	-17	-161
Consolidated profit/loss	-97	210
Depreciation, amortization, and impairment losses	129	125
Gross cash flow	32	335
Changes in assets and liabilities		
Change in trade receivables	2,025	-354
Change in inventories	-831	-255
Change in other assets	-222	-303
Change in trade payables	1	-149
Change in advance payments received	-158	-121
Change in other provisions	-533	-353
Change in tax payables	-247	178
Change in other current liabilities	-36	231
Change in deferred tax assets	10	-18
Total changes in assets and liabilities	9	-1,144
Net cash provided by/used in operating activities	41	-809
Cash flow from investing activities		
Payments to acquire intangible assets	-32	-18
Payments to acquire property, plant, and equipment	-179	-68
Change in noncurrent financial assets	0	0
Change in foreign currency differences	10	-3
Disposal of noncurrent assets (net carrying amounts)	0	1
Net cash used in investing activities	-201	-88
Cash flow from financing activities		
Change in current financial liabilities	62	85
Change in noncurrent financial liabilities	-37	-1
Dividend payment to minority interest	0	0
Dividend payment to shareholders of CeoTronics AG	0	0
Net cash provided by financing activities	25	84
Change in cash and cash equivalents	-135	-813
Effect of exchange rate changes on cash and cash equivalents	5	1
Cash and cash equivalents at beginning of period	783	2,376
Cash and cash equivalents at end of period	653	1,564

5. IFRS Statement of Changes in Equity

	Equity attributable to shareholders of CeoTronics AG							
	Subscribed capital	Capital reserves	Retained earnings	Net retained profit/net accumulated losses	Cumulative other recognized income and expense	Total	Minority interest	Total equity
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand		€ thousand
Current year								
Balance at May 31, 2007	6,600	4,471	16	609	-36	11,660	45	11,705
Consolidated loss				-95		-95	-2	-97
Dividend distribution						0		0
Currency translation adjustments					6	6	-1	5
Change in minority interest						0		0
Balance at August 31, 2007	6,600	4,471	16	514	-30	11,571	42	11,613
Previous year's figures for comparison								
Balance at May 31, 2006	6,600	4,471	16	226	-13	11,300	43	11,343
Consolidated profit				210		210		210
Dividend distribution								
Currency translation adjustments							1	1
Change in minority interest								
Balance at August 31, 2006	6,600	4,471	16	436	-13	11,510	44	11,554

The equity ratio of the CeoTronics Group was 70.4% as of August 31, 2007 (prior-year period: 80.5%). This decrease is due in particular to the real estate acquisition in November 2006 that was partially debt-financed.

There were no material changes to equity compared with the last annual financial statements.

6. Notes to the Consolidated Report of CeoTronics AG on the First Three Months Ended August 31, 2007

The unaudited consolidated quarterly report of CeoTronics AG as of August 31, 2007 was prepared in accordance with the International Financial Reporting Standards (IFRSs). This interim report complies with IAS 34 Interim Financial Reporting.

The quarterly report was prepared using the accounting, measurement, and consolidation principles applied in the preparation of the consolidated annual financial statements as of May 31, 2007. Further details can be found in the Annual Report for fiscal year 2006/2007.

All options on virtual shares outstanding at the end of fiscal year 2006/2007 were exercised on June 4, 2007. The exercise price was €11.84. €9.72 was paid as a cash settlement per option for the fourth stock option plan, and €8.08 per option for the fifth stock option plan. A total of €107 thousand was paid out to entitled employees. Provisions for outstanding options amounted to €64 thousand at the end of fiscal year 2006/2007.

7. Consolidated Segment Reporting

The Company assesses the performance of the subsidiaries on the basis of their pre-tax profit. The accounting and reporting principles used for regional reporting comply with the group accounting principles. The subsidiaries in the individual countries are legally independent and have their own management teams.

The Company's product groups are comparable in terms of both the production process used and the marketing methods. Internal and external reporting primarily follows geographic criteria.

The information below is presented by region.

Revenues for the first quarter of 2007/2008 and 2006/2007 are attributable as follows:

Country of origin (primary segment):

	Q1 2007/2008	Q1 2006/2007
Revenues	€ thousand	€ thousand
Germany	1,793	2,453
Rest of Europe	1,248	1,276
Rest of world	104	70
Third-party revenues	3,145	3,799

By customer country (secondary segment):

	Q1 2007/2008	Q1 2006/2007
Revenues	€ thousand	€ thousand
Germany	920	1,494
Rest of Europe	2,106	2,227
Rest of world	119	78
Third-party revenues	3,145	3,799

The profit or loss for the first quarter of 2007/2008 and 2006/2007 is attributable as follows to the subsidiaries in the various regions (primary segment):

	Q1 2007/2008	Q1 2006/2007
Profit/loss	€ thousand	€ thousand
Germany	-43	232
Rest of Europe	6	49
Rest of world	-60	-71
Consolidated profit/loss	-97	210

Segment assets are attributable as follows to the subsidiaries in the various regions (primary segment) as of August 31, 2007 and August 31, 2006:

	August 31, 2007	August 31, 2006
Segment assets	€ thousand	€ thousand
Germany	11,162	8,871
Rest of Europe	3,710	3,858
Rest of world	1,621	1,623
Total segment assets	16,493	14,352

Segment liabilities are attributable as follows to the subsidiaries in the various regions (primary segment) as of August 31, 2007 and August 31, 2006:

	August 31, 2007	August 31, 2006
Segment liabilities	€ thousand	€ thousand
Germany	4,213	2,262
Rest of Europe	640	543
Rest of world	27	41
Total segment liabilities	4,880	2,846

Noncurrent assets are attributable as follows to the subsidiaries in the various regions (primary segment) as of August 31, 2007 and August 31, 2006:

	August 31, 2007	August 31, 2006
Noncurrent assets	€ thousand	€ thousand
Germany	5,909	3,262
Rest of Europe	559	586
Rest of world	846	921
Total noncurrent assets	7,314	4,769

Investments in the first quarter of 2007/2008 and 2006/2007 are attributable to the subsidiaries in the various regions (primary segment) as follows:

	Q1 2007/2008	Q1 2006/2007
Investments	€ thousand	€ thousand
Germany	209	61
Rest of Europe	2	25
Rest of world	0	0
Total investments	211	86

Depreciation, amortization, and impairment losses are attributable as follows to the subsidiaries in the various regions (primary segment) in the first quarter of 2007/2008 and 2006/2007:

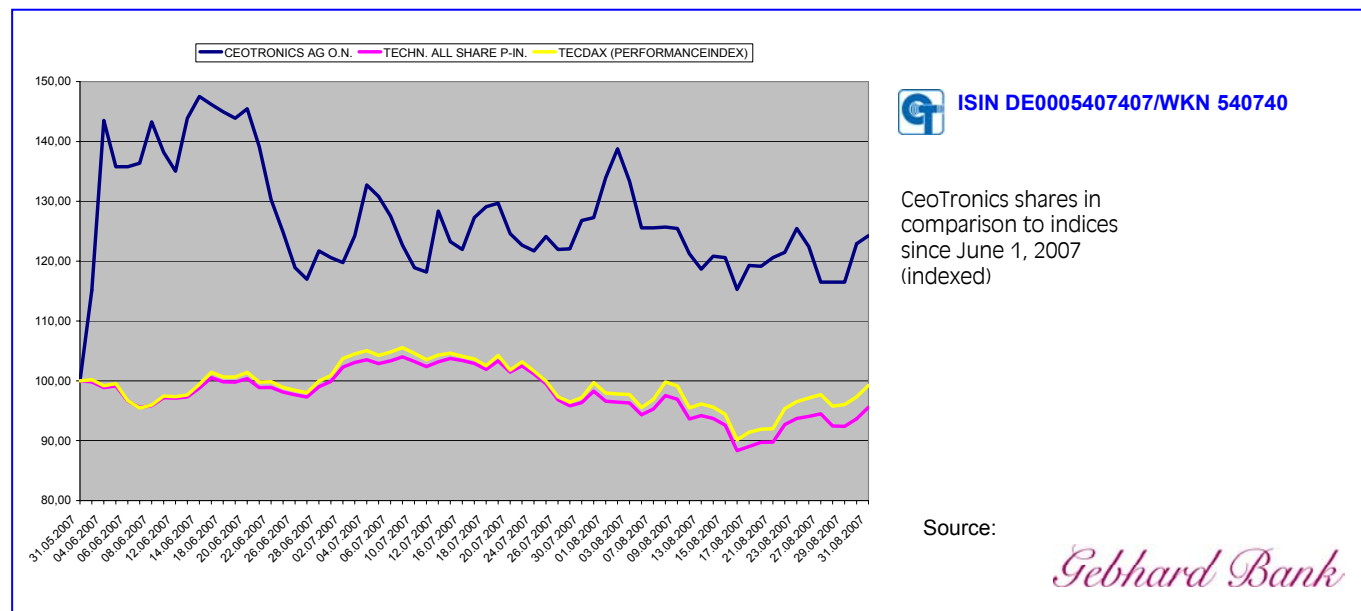
	Q1 2007/2008	Q1 2006/2007
Depreciation, amortization, and impairment losses	€ thousand	€ thousand
Germany	118	101
Rest of Europe	11	19
Rest of world	0	5
Total depreciation, amortization, and impairment losses	129	125

8. Reportable Securities Holdings

Reportable securities holdings as of August 31, 2007		CeoTronics shares (ISIN DE0005407407/WKN 540740) (quantity)	Virtual CeoTronics stock options (quantity)
Board of Management			
Chairman	Thomas H. Günther	9,498	0
Chief Technology Officer	Berthold Hemer	171,050	0
Chief Operating Officer	Günther Thoma	6,022	0
Supervisory Board			
Chairman	Hans-Dieter Günther	371,200	0
Deputy Chairman	Horst Schöppner	218,470	0
Member of Supervisory Board	Stephan Haack	0	0

The total number of CeoTronics AG shares at the reporting date amounted to 2,199,998.

9. CeoTronics Shares



At +24.2%, CeoTronics' shares highly outperformed the TECDAX (-0.7%) and Technology All Share (-4.4%) indices in the period under review.

The Company's strong results for 2006/2007, which included its second-best revenues figure, record EBITDA (up 8.8%) and EBIT (up 13.0%) plus a record profit before tax (up 12.3%) and the second-best profit for the year (up 6.9%), boosted CeoTronics' share price performance, as did the press release published by German Interior Ministers' Conference on the introduction of BOS digital radio in Germany.

10. Changes in the Consolidated Group Structure

There were no changes in the consolidated Group structure in the first quarter of fiscal year 2007/2008.

The following companies are included in the consolidated financial statements:

CeoTronics AG (Rotkreuz, Switzerland), CeoTronics S.A.R.L. (Brie Comte Robert, France), CeoTronics Ltd. (Aberdeen, United Kingdom), CeoTronics Inc. (Virginia Beach, U.S.A.), CeoTronics S.L. (Madrid, Spain), CT-Video GmbH (Lutherstadt Eisleben, Germany), CeoTronics Sp.z o.o. (Lodz, Poland).

The subsidiary AACOM-CeoTronics Sp. z o.o. (Lodz, Poland) was renamed CeoTronics Sp. z o.o. as of June 1, 2007.

Subsidiaries in which the parent directly or indirectly holds the majority of shares and hence of the voting power are consolidated in accordance with the principles of acquisition accounting under IFRSs.

We account for the 25% minority interest in CeoTronics Sp.z o.o. by deducting the minority interest and the resulting effects on profit or loss within equity in the balance sheet, in the income statement, the cash flow statement, and the statement of changes in equity.

11. Changes in the Company's Executive Bodies

There were no changes in the Company's executive bodies in the first quarter of 2007/2008.

12. Current Financial Calendar

General Meeting 2007	Friday, November 2, 2007
MKK Munich Capital Market Conference	December 11/12, 2007
Report on Q2 2007/2008	Friday, January 14, 2008
Report on Q3 2007/2008	Friday, April 11, 2008
End of fiscal year 2007/2008	Saturday, May 31, 2008
Report on Q4 and annual financial statements 2007/2008	Friday, August 14, 2008
Annual earnings press conference 2008	Thursday, August 28, 2008
Analyst meeting 2008	Thursday, August 28, 2008
Report on Q1 2008/2009	Friday, October 10, 2008
General Meeting 2008	Friday, November 7, 2008



CeoTronics AG
63322 Rödermark (Germany)
Adam-Opel-Str. 6
Tel. +49 6074 8751-722
Fax +49 6074 8751-720
E-mail: investor.relations@ceotronics.com

www.ceotronics.com