

# Q1

**Consolidated quarterly report  
of CeoTronics AG  
Fiscal year 2008/2009**

## Key Group Figures

	Q1 2008/2009 IFRS/€ thousand	Q1 2007/2008 IFRS/€ thousand	Change
Revenues	2,998	3,145	-4.7%
Capital expenditure	280	211	+32.7%
R&D expenses	338	343	-1.5%
EBITDA	128	71	+80.3%
EBIT	1	-58	+ €59 thousand
EBIT margin (in %)	0.0	-1.8	-
Loss before tax	-24	-80	+ €56 thousand
Loss for the period	-17	-97	+ €80 thousand
Profit attributable to shareholders of GeoTronics AG	-22	-95	+ €73 thousand
Gross cash flow	110	32	+243.8%
Cash and cash equivalents	1,617	653	+147.6%
Total assets	17,795	16,493	+7.9%
Equity	12,908	11,613	+11.2%
Equity ratio (in %)	72.5	70.4	+2.1%
Employees as of August 31	151	145	+6
Earnings per share (in €)	0.00	-0.01	+ 0.01
Gross cash flow per share (in €)	0.00	-0.01	+ 0.01

## Consolidated Interim Report of CeoTronics AG for the First Quarter

<b>Key Group Figures</b>	<b>2</b>	<b>Consolidated Financial Statements as of August 31, 2008</b>	
<b>Letter from the Board of Management</b>	<b>4</b>	Consolidated Balance Sheet (IFRS)	9
<b>Group Management Report</b>		Consolidated Income Statement (IFRS)	10
Our Market	5	Consolidated Cash Flow Statement (IFRS)	11
Business Developments	5	Statement of Changes in Equity (IFRS)	12
Results of Operations	6	Notes to the Consolidated Quarterly Report	12
Investments and Depreciation	6	Consolidated Segment Reporting	13
Net Assets and Financial Position	6	Executive Bodies	14
Workforce Development	6	<b>Current Financial Calendar</b>	<b>14</b>
CeoTronics' Shares	7	<b>CeoTronics Update</b>	<b>15</b>
Report on Risks and Opportunities up to May 31, 2009	8		
Report on Expected Developments	8		

## Letter from the Board of Management

Ladies and Gentlemen,  
Dear Shareholders,

in the first quarter of fiscal year 2008/2009 (the summer months of June, July, and August), the CeoTronics Group achieved revenues in the amount of €2,998 thousand (previous year: €3,145 thousand).

This slight fall in revenues can be explained by the production work already performed for the third batch of the major order for CT-DECT JetCom systems from the German Armed Forces. This batch, worth some €3 million, is expected to be delivered and invoiced in the second quarter. Pulling forward a large portion of the production work freed up capacity to complete orders by the end of 2008 and for possible orders relating to the switch to digital radio by the German security authorities and organizations. In addition, delays in contract awards, the continued and expected "revenue normalization" in Spain and France, and the sluggish switch to digital radio by the security authorities and organizations in Germany and other neighboring European countries all affected revenue development in Q1 2008/2009.



Despite the slight decline in revenues, all key earnings and financial indicators improved year-on-year – in some cases substantially.

EBITDA (Earnings before Interest, Taxes, Depreciation and goodwill Amortization/impairment) rose by 80%. EBIT increased by €59 thousand. Profit before tax improved by €56 thousand. Consolidated profit after tax improved by €80 thousand as against the prior-year period. Gross cash flow improved in the period under review by 244%. Consolidated equity as of August 31, 2008 increased to €12,908 thousand (up €1,295 thousand), while the equity ratio amounted to 72.5% (prior-year period: 70.4%).

The order backlog fell as expected compared with the prior-year figure, as CeoTronics was able to deliver and invoice the first two batches of the major order from the German Armed Forces in the course of fiscal year 2007/2008. At the prior-year reporting date, these had been contained in the order backlog in the amount of approximately €5.5 million. The healthy order backlog as of August 31, 2008 is above the average for the last three quarterly reporting dates.

CeoTronics increased its revenues year-on-year in Germany, Switzerland, and Poland in the first quarter of 2008/2009, in some cases substantially. Revenues in France, the U.S.A., Spain, the United Kingdom, the rest of Europe, and the rest of the world declined in the first quarter of 2008/2009. This was from a low base in some cases (the U.S.A. and the rest of the world) and due to high prior-year revenues in others (France).

In keeping with tradition, CeoTronics expects to issue its revenue and earnings targets for fiscal year 2008/2009 in January 2009, at the time of publication of its interim results for the first half of the year.

Our current order backlog and the expected deliveries and invoices stretching into the third quarter of the current fiscal year, as well as the switch to digital radio in Germany, Austria, and Northern Europe offer CeoTronics an interesting future revenue potential

Rödermark, October 10, 2008

Thomas W. Günther  
Chairman of the Board of Management

## Our Market

CeoTronics specializes in high-end communications under difficult conditions, and develops, produces, and sells audio, video, and data communications solutions. Above all, in this niche market it is all about to ensure clear and precise interaction: in noisy or hazardous areas, while wearing protective helmets or protective clothing, in explosion hazard zones, in undercover operations, and in hands-free communication.

Our broad range of products for extremely diverse applications meets the toughest demands and focuses in particular on end-to-end system solutions in addition to traditional headsets and other communication systems for connecting to analog and digital radio systems. For example, mobile or fixed digital radio networks that can be set up in seconds and used on the move.

Our customer base includes well-known companies in industry, the service sector and sports, airlines, airports, and ground handling service companies as well as firefighters, civil defense, and rescue services.

A particular strength of CeoTronics AG is the development and supply of custom communications solutions for the German State and Federal Police, customs authorities, and the army, navy, and air force. A wide range of systems is available in this field. Fully and partially covert communication systems as well as miniature radio cameras are used for the wireless digital transfer of video images during undercover investigations and for preserving evidence.

During the first quarter of 2008/2009, Europe was also unable to escape the financial and economic crisis that started in the U.S.A. and is increasingly affecting the whole world. On the whole, only slight positive economic growth was recorded in Europe during the past three months, and there were some cases of negative growth.

Many priority markets still need to increase their budgets, which have been reduced over the course of many years, i.e., to adjust them for necessary investments and staffing requirements. Many industrial companies are also investing again in new communication systems that accelerate work processes and increase workplace safety.

The global threat posed by international terrorism has not waned. Accordingly, government security and law enforcement agencies must upgrade their equipment in order to maintain the highest degree of security for citizens, as well as to protect freedom and democracy.

Government security and law enforcement agencies in a number of priority European markets already began switching from analog to digital radio several years ago. As a result,

CeoTronics' subsidiaries in Spain, France, and Switzerland recorded sustained annual revenue increases, in part even more than doubling their revenues.

Preparations are being made for the switch in a few other priority European markets. CeoTronics expects large investments in Germany on the part of security authorities and organizations (BOS – Behörden und Organisationen mit Sicherheitsaufgaben), the Armed Forces, firefighters, and industry. Those responsible for Germany's switch to digital radio at the federal and state levels are projecting 500,000 BOS digital radio users and plan to invest a total of over €4.5 billion. Additionally, CeoTronics expects to see its revenues grow through the switch to digital radio in industry and by firefighters.

As CeoTronics has produced and sold over 40,000 systems for connection to the new digital TETRA/TETRAPOL radios since 1999, the Company has a pool of experience that is certainly a major competitive advantage.

## Business Developments

CeoTronics' revenues in the first 3 months of fiscal year 2008/2009 (reporting date: August 31, 2008) were below the figure for the previous year. Consolidated revenues fell by €147 thousand (or 4.7%), from €3,145 thousand to €2,998 thousand.

In the first quarter of 2008/2009 preparatory production work was performed for the third batch of the order placed by the German Armed Forces. This work is expected to be invoiced in the second quarter of 2008/2009.

Expressed in euros, revenues increased – in some cases substantially – at CeoTronics Germany (+15.7%), CeoTronics Switzerland (+65.9%), CeoTronics Poland (+216.1%), and CT-Video GmbH (+44.8%). As expected, CeoTronics Spain (-17.2%) and CeoTronics France (-69.1%) were unable to match the previous year's very high level of revenues. CeoTronics USA's revenues declined by 72.1% as against the prior-year figure, due among other things to the initial training period for new sales associates and the first signs of the cyclical downturn in spending by U.S. industry.

On account of the revenue developments in Germany, France, and Spain, the share of revenues generated outside Germany fell to 56.4% in the first 3 months of fiscal year 2008/2009 (previous year 70.7%). The proportion accounted for by Germany increased correspondingly to 43.6% (previous year: 29.1%).

As of August 31, 2008, the order backlog was down 40.1% as against the prior-year period. The prior-year figure included

two of the total of three batches of the large order placed by the German Armed Forces, which were delivered and invoiced in the course of fiscal year 2007/2008.

## Results of Operations

Despite the drop in revenues, the key earnings figures for the first three months of fiscal year 2008/2009 improved as against the prior-year period. EBITDA increased by €57 thousand, from €71 thousand to €128 thousand. EBIT rose by €59 thousand, from €-58 thousand to €1 thousand. Consolidated profit before tax improved from €-80 thousand to €-24 thousand, and consolidated profit after tax was €-17 thousand (previous year: €-97 thousand). The improved results are due in particular to a higher gross margin and positive exchange rate effects.

The share of profit for the period attributable to shareholders of the parent amounted to €-22 thousand for the first three months of fiscal year 2008/2009 (previous year: €-95 thousand).

Earnings per share (after tax) were €0.00, up from €-0.01 in the previous year. The 1:3 share split that took place on January 31, 2008 is reflected in this calculation.

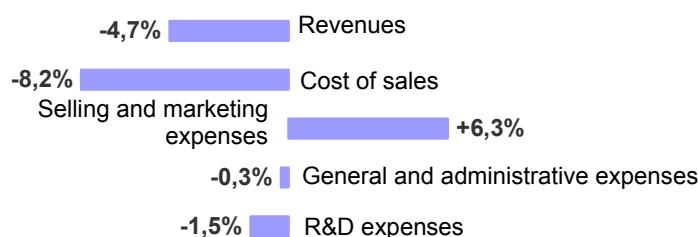
Due to changes in the order structure (a smaller number of large orders and other sold products), the cost of sales decreased faster than revenues, falling 8.2%. Costs now account for 48.0% of revenues (previous year: 49.8%).

Operating expenses (excluding cost of materials) accounted for 24.0% of revenues. This figure is up slightly on the previous year (22.6%) due to lower revenues and more or less constant expenses year-on-year.

Selling and marketing expenses as a percentage of revenues amounted to 33.9% in the first three months of fiscal year 2008/2009 (previous year 30.4%). Absolute costs rose by 6.3% year-on-year. This rise was primarily due to increased trade fair expenses resulting from CeoTronics' participation in the biennial GPEC exhibition in June 2008.

General and administrative costs remained almost flat year-on-year at 10.7% of revenues (previous year: 10.2%).

Research and development costs have also hardly changed. The ratio of research and development costs of sales to revenues is now 11.3% (previous year: 10.9%).



## Investments and Depreciation

CeoTronics has prepared itself in good time to meet future challenges by investing in employee capacity, markets, technologies, developments, and production technologies and processes.

Investments in the first three months of fiscal year 2008/2009 totaled €280 thousand, up 32.7% year-on-year.

## Net Assets and Financial Position

Gross cash flow for the period under review improved by €32 thousand year-on-year, from €78 thousand to €110 thousand.

The Group's cash and cash equivalents increased by €964 thousand as against the prior-year period to €1,617 thousand.

Equity as of August 31, 2008 increased to €12,908 thousand (previous year €11,613 thousand), while the equity ratio amounted to 72.5% (previous year 70.4%).

## Workforce Development

The number of staff (including trainees) increased from 145 (previous year) to 151 as of August 31, 2008. The Group reallocated staff in favor of the German locations in Rödermark and Lutherstadt Eisleben (currently 135 staff compared with 128 staff at the prior-year reporting date). The total trainee ratio at the German locations is 4.5%.

This reflects our clear commitment to Germany, which customers hopefully will take into account during the switch to digital radio in Germany and when deciding on communications accessories.

## CeoTronics' Shares

At -6.6%, CeoTronics' shares did not lose as much ground as the GEX Index (-9.3%). The TECDAX (-2.9%) and TechnologyAllShare (-3.7%) indices were also unable to escape the negative trend.

CeoTronics' share price hardly reacted to the very strong results for 2007/2008 with record revenues figure of €21.3 million (+18.8%), an improvement in EBIT of 45.2% to €2,786 thousand, a rise in profit before tax of 43.4% to €2,668 thousand, and an increase in consolidated profit after tax of 75.3% to €1,835 thousand. The severe undervaluation of shares continued. Employees, the Board of Management, the Supervisory Board, and our shareholders had hoped for much more positive share price responses.

CeoTronics and the share price were "punished" following the publication of the revenues and the order backlog trend as of August 31, 2008 (Q1, 2008/2009), including the detailed reasons for their development, without waiting for the earnings figures.

The share price performance from September 2 to September 15, 2008 (-21.0% in total, and already based on a

undervaluation) was completely exaggerated and cannot be explained by CeoTronics' performance.

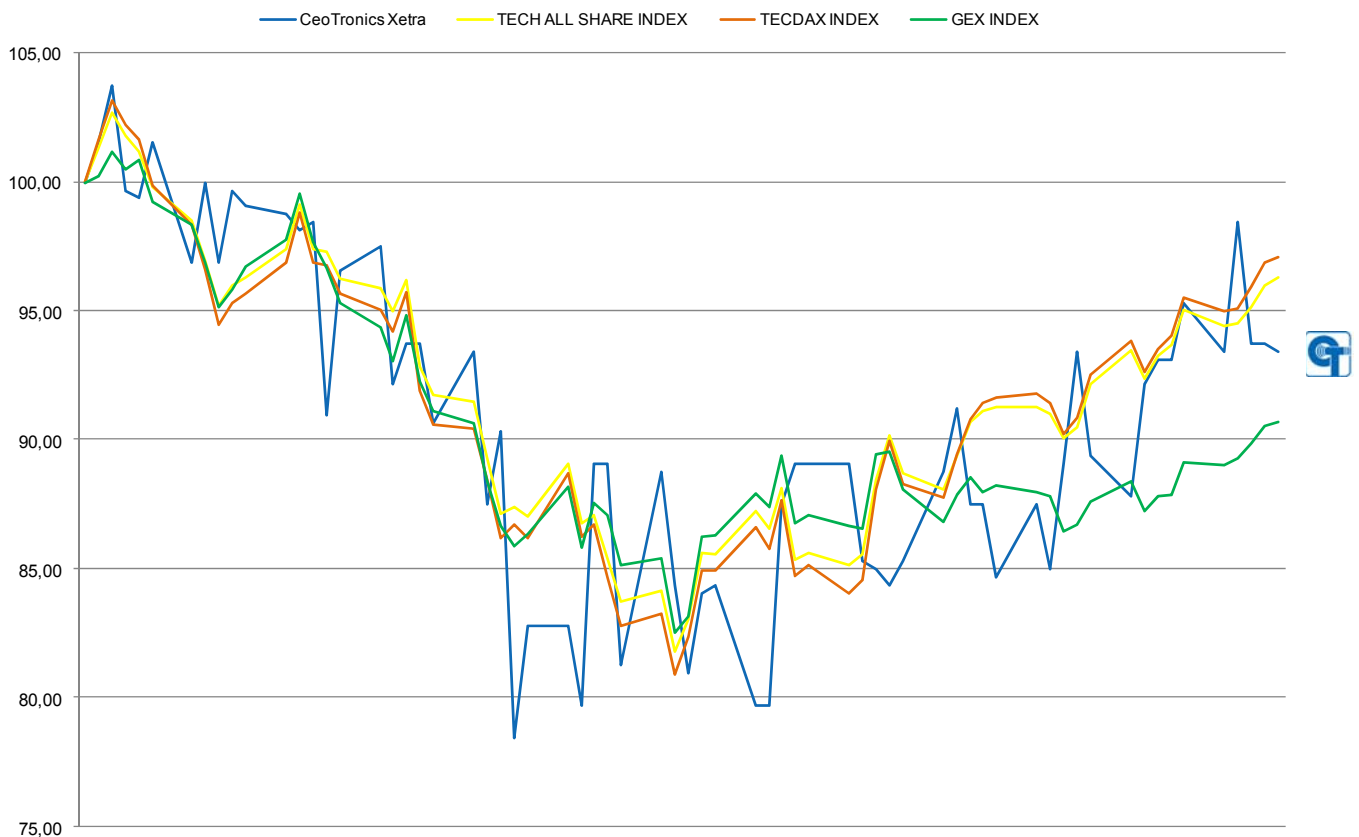
This is also confirmed by the current research study by German Business Concept AG (GBC) prepared on September 4, 2008 with knowledge of the revenue and order backlog development in Q1 2008/2009. GBC calculated a price target of €4.87, an upside potential of more than 70% (Oct. 9, 2008: > 111%) and issued a "buy" recommendation for CeoTronics' shares.

The undervaluation of CeoTronics shares is also shown by the following key figures: The price/earnings ratio is 8.3, the price/book ratio was measured at 1.2, and the enterprise value/EBITDA ratio is 4.8 (each based on the share price on October 9, 2008, and the figures for fiscal year 2007/2008).

If the General Meeting on November 7, 2008 adopts the dividend proposal of €0.15 per share, the dividend yield will be 6.5% as measured in terms of the share price as of October 9, 2008.

The current undervaluation of CeoTronics' shares again offers an attractive opportunity to buy into the stock.

### CeoTronics' shares (ISIN DE0005407407 WKN 540740) compared with the indices since June 1, 2008 (indexed)



Source: DZ BANK



## Report on Risks and Opportunities up to May 31, 2009

CeoTronics' business development could be negatively affected if the continuing financial crisis, which has in fact intensified in recent weeks, leads to a sustained global economic crisis.

This applies especially to CeoTronics U.S.A. If CeoTronics U.S.A. does meet its revenue and earnings forecasts, it cannot be ruled out that the carrying amount of goodwill at CeoTronics U.S.A. will decrease, that CeoTronics AG (Germany) will have to write down the value of its investment in CeoTronics U.S.A., and/or that CeoTronics AG (Germany) will have to recognize impairment losses on its receivables from CeoTronics U.S.A.

Competitors, radio manufacturers, radio dealers, and importers will step up their efforts to penetrate CeoTronics' markets – especially Germany – using cheap goods from Asia in order to win tenders during the switch to digital radio. CeoTronics will not leave the premium segment and will attempt to keep price acceptance and appreciation for its products and systems at a high level by offering value. The Company will also make greater use of its more cost-effective production location in Lutherstadt Eisleben (Saxony-Anhalt, Germany).

The switch to digital radio by the police, firefighters, and industrial enterprises in Germany, Northern Europe, Austria, and the Benelux countries will offer CeoTronics additional market potential for audio products for many years to come.

If CeoTronics does not participate to the desired extent in the switch to digital radio, this could, however, have an adverse effect on CeoTronics AG's revenues and earnings development.

CT video systems will play an even more important role in fighting crime and terrorism in future. The CeoTronics Group's long-term revenue growth will be boosted by authorities investing in monitoring areas at risk – especially those temporarily at risk – and in securing video evidence, as well as by CT-Video GmbH's new product innovations.

North America is the market with the greatest potential for CeoTronics products. Our successful sales and improved visibility, the result of our sales activities and marketing investments to date, have encouraged us to expand our sales team in the U.S.A. Additional sales representatives will significantly improve our market presence and the number of customer contacts..

The development and marketing of new products ensure CeoTronics' market leadership and open up new markets – not only outside of the defined geographical priority markets in Europe and North America.

## Report on Expected Developments

In keeping with tradition, CeoTronics expects to issue its revenue and earnings targets for fiscal year 2008/2009 in January 2009, at the time of publication of its interim results for the first half of the year.

In addition to the comfortable order backlog as of August 31, 2008, CeoTronics' optimistic outlook is fuelled by the orders from Germany and abroad it has received up to the print date, as well as by the projects currently being negotiated or prepared for fiscal year 2008/2009.

Rödermark, October 10, 2008

CeoTronics AG



Thomas H. Günther  
Chairman of the Board of Management, CEO



Berthold Hemer  
Deputy Chairman of the Board of Management, CTO



Günther Thoma  
Chief Operating Officer, COO



## Consolidated Balance Sheet (IFRS)

Assets in € thousand	Quarterly report (closing date of the current quarter) August 31, 2008	Annual report (closing date of last annual report) May 31, 2008
<b>Current assets</b>		
Cash and cash equivalents	1,617	908
Trade receivables	2,546	6,596
Inventories	5,055	4,417
Other current assets	683	387
<b>Total current assets</b>	<b>9,901</b>	<b>12,308</b>
<b>Noncurrent assets</b>		
Property, plant, and equipment	5,823	5,683
Intangible assets	312	297
Goodwill	1,236	1,198
Deferred tax assets	523	519
<b>Total noncurrent assets</b>	<b>7,894</b>	<b>7,697</b>
<b>Total assets</b>	<b>17,795</b>	<b>20,005</b>

Equity and liabilities in € thousand	Quarterly report (closing date of the current quarter) August 31, 2008	Annual report (closing date of last annual report) May 31, 2008
<b>Current liabilities</b>		
Current financial liabilities	206	1,423
Trade payables	454	656
Advance payments received	46	41
Provisions	875	1,400
Current tax payables	568	662
Other current liabilities	602	693
<b>Total current liabilities</b>	<b>2,751</b>	<b>4,875</b>
<b>Noncurrent liabilities</b>		
Noncurrent financial liabilities	2,136	2,163
<b>Total noncurrent liabilities</b>	<b>2,136</b>	<b>2,163</b>
<b>Equity</b>		
Subscribed capital	6,600	6,600
Capital reserves	4,471	4,471
Retained earnings	886	886
Cumulative other recognized income and expense	9	52
Net retained profit	876	898
<b>Equity attributable to shareholders of CeoTronics AG</b>	<b>12,842</b>	<b>12,907</b>
Minority interest	66	60
<b>Total equity</b>	<b>12,908</b>	<b>12,967</b>
<b>Total equity and liabilities</b>	<b>17,795</b>	<b>20,005</b>

## Consolidated Income Statement (IFRS)

€ thousand	Quarterly report (current quarter) June 1, 2008- August 31, 2008	Quarterly report (comparative period of previous year) June 1, 2007- August 31, 2007
<b>Revenues</b>	<b>2,998</b>	<b>3,145</b>
Cost of sales	-1,438	-1,567
<b>Gross profit</b>	<b>1,560</b>	<b>1,578</b>
Selling and marketing expenses	-1,015	-955
General and administrative expenses	-321	-322
Research and development expenses	-338	-343
Other operating income and expenses	115	-16
Impairment of goodwill	0	0
<b>Operating profit/loss (EBIT)</b>	<b>1</b>	<b>-58</b>
Interest income/expense	-25	-22
<b>Loss before tax</b>	<b>-24</b>	<b>-80</b>
Income tax expense	7	-17
<b>Loss for the period</b>	<b>-17</b>	<b>-97</b>
Consolidated profit/loss attributable to:		
Minority interest	5	-2
Shareholders of CeoTronics AG	-22	-95
Earnings per share (basic) in € (1)	-0.00	-0.01
Earnings per share (diluted) in € (1)	-0.00	-0.01
Weighted average shares outstanding (basic)	6,599,994	6,599,994
Weighted average shares outstanding (diluted)	6,599,994	6,599,994

(1) Figures for the previous year were adjusted for the effect of the 1:3 share split implemented on January 31, 2008.

## Consolidated Cash Flow Statement (IFRS)

€ thousand	Year-to-date (current fiscal year) June 1, 2008- August 31, 2008	Year-to-date (comparative period of previous year) June 1, 2007- August 31, 2007
<b>Cash flow from operating activities</b>		
Loss before tax	-24	-80
Income tax expense	7	-17
<b>Loss for the period</b>	<b>-17</b>	<b>-97</b>
Depreciation, amortization, and impairment losses	127	129
<b>Gross cash flow</b>	<b>110</b>	<b>32</b>
<b>Changes in assets and liabilities</b>		
Change in trade receivables	4,050	2,025
Change in inventories	-638	-831
Change in other assets	-296	-222
Change in trade payables	-202	1
Change in advance payments received	5	-158
Change in other provisions	-524	-533
Change in tax payables	-94	-247
Change in other current liabilities	-91	-36
Change in deferred tax assets	-4	10
<b>Total changes in assets and liabilities</b>	<b>2,206</b>	<b>9</b>
<b>Net cash provided by operating activities</b>	<b>2,316</b>	<b>41</b>
<b>Cash flow from investing activities</b>		
Payments to acquire intangible assets	-37	-32
Payments to acquire property, plant, and equipment	-243	-179
Change in foreign currency differences	-40	10
Disposal of noncurrent assets (net carrying amounts)	0	0
<b>Net cash used in investing activities</b>	<b>-320</b>	<b>-201</b>
<b>Cash flow from financing activities</b>		
Change in current financial liabilities	-1,218	62
Change in noncurrent financial liabilities	-27	-37
Dividend payment to minority interest	0	0
Dividend payment to shareholders of CeoTronics AG	0	0
<b>Net cash used in financing activities</b>	<b>-1,245</b>	<b>25</b>
<b>Change in cash and cash equivalents</b>	<b>751</b>	<b>-135</b>
Effect of exchange rate changes on cash and cash equivalents	-42	5
Cash and cash equivalents at beginning of period	908	783
Cash and cash equivalents at end of period	1,617	653

## Statement of Changes in Equity (IFRS)

€ thousand	Equity attributable to shareholders of CeoTronics AG						Minority interest	Total equity
	Subscribed capital	Capital reserves	Retained earnings	Net retained profit/net accumulated losses	Cumulative other recognized income and expense	Total		
<b>Current year</b>								
<b>Balance at May 31, 2008</b>	<b>6,600</b>	<b>4,471</b>	<b>886</b>	<b>898</b>	<b>52</b>	<b>12,907</b>	<b>60</b>	<b>12,967</b>
Profit/loss for the period				-22		-22	5	-17
Dividend distribution						0		0
Currency translation adjustments					-43	-43	1	-42
Change in minority interest						0		0
<b>Balance at August 31, 2008</b>	<b>6,600</b>	<b>4,471</b>	<b>886</b>	<b>876</b>	<b>9</b>	<b>12,842</b>	<b>66</b>	<b>12,908</b>
<b>Previous year's figures for comparison</b>								
<b>Balance at May 31, 2007</b>	<b>6,600</b>	<b>4,471</b>	<b>16</b>	<b>609</b>	<b>-36</b>	<b>11,660</b>	<b>45</b>	<b>11,705</b>
Profit/loss for the period				-95		-95	-2	-97
Dividend distribution						0		0
Currency translation adjustments					6	6	-1	5
Change in minority interest						0		0
<b>Balance at August 31, 2007</b>	<b>6,600</b>	<b>4,471</b>	<b>16</b>	<b>514</b>	<b>-30</b>	<b>11,571</b>	<b>42</b>	<b>11,613</b>

The equity ratio of the CeoTronics Group was 72.5% as of August 31, 2008 (previous year 70.4%).

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

## Notes to the Consolidated Quarterly Report

### Accounting policies

The unaudited consolidated quarterly report of CeoTronics AG as of August 31, 2008 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, 2008. Further details can be found in the Annual Report for fiscal year 2007/2008.

### Consolidated group structure and shareholdings

There were no changes in the consolidated Group structure in the first three months of fiscal year 2008/2009.

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).  
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.

## 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

Revenues for the first quarter of 2008/2009 and 2007/2008 are attributable as follows, broken down by country of origin (primary segment):

€ thousand	Q1 2008/2009	Q1 2007/2008
Germany	2,112	1,793
Rest of Europe	857	1,248
Rest of world	29	104
<b>Third-party revenues</b>	<b>2,998</b>	<b>3,145</b>

By customer country (secondary segment):

€ thousand	Q1 2008/2009	Q1 2007/2008
Germany	1,308	920
Rest of Europe	1,596	2,106
Rest of world	94	119
<b>Third-party revenues</b>	<b>2,998</b>	<b>3,145</b>

### Profit/loss

The profit or loss for the first quarter of 2008/2009 and 2007/2008 is attributable as follows to the subsidiaries in the various regions (primary segment):

€ thousand	Q1 2008/2009	Q1 2007/2008
Germany	-50	-43
Rest of Europe	13	6
Rest of world	20	-60
<b>Loss for the period</b>	<b>-17</b>	<b>-97</b>

### Segment assets

Segment assets are attributable as follows to the subsidiaries in the various regions (primary segment) as of August 31, 2008 and August 31, 2007:

€ thousand	August 31, 2008	August 31, 2007
Germany	12,966	11,162
Rest of Europe	3,225	3,710
Rest of world	1,604	1,621
<b>Total segment assets</b>	<b>17,795</b>	<b>16,493</b>

### Segment liabilities

Segment liabilities are attributable as follows to the subsidiaries in the various regions (primary segment) as of August 31, 2008 and August 31, 2007:

€ thousand	August 31, 2008	August 31, 2007
Germany	4,356	4,213
Rest of Europe	516	640
Rest of world	15	27
<b>Total segment liabilities</b>	<b>4,887</b>	<b>4,880</b>

### Noncurrent assets

Noncurrent assets are attributable as follows to the subsidiaries in the various regions (primary segment) as of August 31, 2008 and August 31, 2007:

€ thousand	August 31, 2008	August 31, 2007
Germany	6,038	5,909
Rest of Europe	540	559
Rest of world	793	846
<b>Total noncurrent assets</b>	<b>7,371</b>	<b>7,314</b>

### Investments

Investments in the first quarter of 2008/2009 and 2007/2008 are attributable to the subsidiaries in the various regions (primary segment) as follows:

€ thousand	Q1 2008/2009	Q1 2007/2008
Germany	274	209
Rest of Europe	2	2
Rest of world	4	0
<b>Total investments</b>	<b>280</b>	<b>211</b>

## Depreciation, amortization, and impairment losses

Depreciation, amortization, and impairment losses are attributable as follows to the subsidiaries in the various regions (primary segment) in the first quarter of 2008/2009 and 2007/2008:

€ thousand	Q1 2008/2009	Q1 2007/2008
Germany	116	118
Rest of Europe	9	11
Rest of world	2	0
<b>Total depreciation, amortization, and impairment losses</b>	<b>127</b>	<b>129</b>

## Executive Bodies

### Changes in the Company's executive bodies

There were no changes in the Company's executive bodies in the first three months of 2008/2009.

### Shareholdings of the members of the executive bodies as of August 31, 2008

(ISIN DE0005407407/WKN 540740)		CeoTronics shares (quantity)
<b>Board of Management</b>		
<b>Chairman</b>	Thomas H. Günther	28,494
<b>Deputy Chairman</b>	Berthold Hemer	513,150
<b>Chief Operating Officer</b>	Günther Thoma	18,066
<b>Supervisory Board</b>		
<b>Chairman</b>	Hans-Dieter Günther	1,113,600
<b>Deputy Chairman</b>	Horst Schöppner	655,410
<b>Member</b>	Stephan Haack	0

The total number of CeoTronics AG shares at the reporting date amounted to 6,599,994.

### Related party disclosures

No significant related party transactions were conducted in the first three months of 2008/2009.

## Current Financial Calendar

General Meeting 2008	November 7, 2008
Report on 2nd quarter as of November 30, 2008	January 14, 2009
Report on 3rd quarter as of February 28, 2009	April 3, 2009
End of fiscal year 2008/2009	May 31, 2009
Annual report 2008/2009	August 14, 2009
Annual earnings press conference 2009	August 27, 2009
Analyst meeting 2009	August 27, 2009
Report on 1st quarter as of August 31, 2009	October 9, 2009
General Meeting 2009	November 6, 2009

### Legal Notice:

This quarterly report contains forward-looking statements that reflect the current views of CeoTronics AG's Board of Management. These statements are based on the Company's current plans, estimates, projections, and expectations and are therefore subject to risks and uncertainties that could cause actual results to differ from expected results. The forward-looking statements are only valid at the time of publication of this quarterly report and cannot be guaranteed. CeoTronics AG assumes no obligation to the public to update or correct forward-looking statements. This does not affect the Company's statutory obligation to fulfill its information and reporting duties.



## CeoTronics wins new tenders

Out of discretion towards our customers and/or for strategic reasons (e.g. relating to competitors or partners), CeoTronics is not always able to give details of configurations or even the volume of contracts. Despite this, CeoTronics has in the past reported major orders requiring to be announced in ad hoc disclosures, and will continue to do so.

CeoTronics again won attractive orders in the first and second quarters of fiscal year 2008/2009 that were not covered by ad hoc disclosure requirements:

The French gendarmerie ordered 200 motorcycle helmets with CeoTronics communications systems and Bluetooth technology from CeoTronics.



In addition, CeoTronics received an order to equip special forces with CT-ClipCom Digital, an in-ear headset. These are also equipped with Bluetooth technology for connecting to GSM cell phones, which are used in parallel with classic radios.



CT-Video GmbH also successfully marketed the new generation of the digital modular wireless video transmission systems.



The police in North-Rhine Westphalia also decided to purchase CeoTronics systems. 600 motorcycle helmets are to be equipped with boom microphones and loudspeakers.

These are just a few examples of CeoTronics' market and innovation leadership.



**CeoTronics AG**

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