ecotel
all around communication

2008 Annual Report


Key Data ▶

Key Data

Amounts in € million	2006	2007	2008
Revenues	56.3	93.2	105.5
Business*	37.5	67.4	58.0
Wholesale	18.4	20.7	31.9
Other*	0.4	5.1	15.6
Gross profit	16.0	29.6	26.4
Business*	14.6	27.1	21.6
Wholesale	1.2	1.5	1.7
Other*	0.2	1.0	3.1
EBITDA	4.5	9.2[1]	6.0[2]
as % of revenues	8.0%	9.9%	5.7%
EBIT	3.7	6.0[1]	-3.7[2; 3]
as % of revenues	6.6%	6.5%	-3.5%
Consolidated net income	2.1	3.3	-4.2
Earnings per share[4] (€)	0.64	0.90	-1.07
Excluding deferred taxes	0.78	1.08	-1.05
Total assets	27.7	61.6	55.0
Equity	19.2	28.6	22.5
as % to total assets	69.3%	46.4%	40.9%
Number of shares as of 12/31	3,500,000	3,900,000	3,900,000
Net debt	-9.4	13.9	11.7
as a multiple of EBITDA	n/a	1.51	1.95
Employees as of 12/31	148	217	222

* 2008 revenues and gross profit in the Business Solutions and New Business segments can only be compared with the previous years` figures to a limited extent as new media revenues and gross profit were allocated to the New Business segment in 2008.

1) Includes € 2.2 million in income from non-recurrent projects

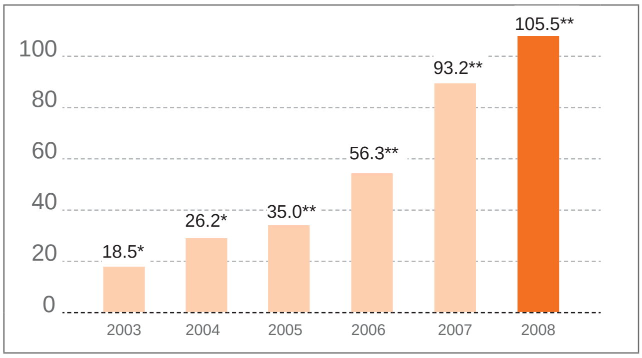
2) Includes € 0.9 million in extraordinary expenses

3) Includes € 6.1 million in special depreciations

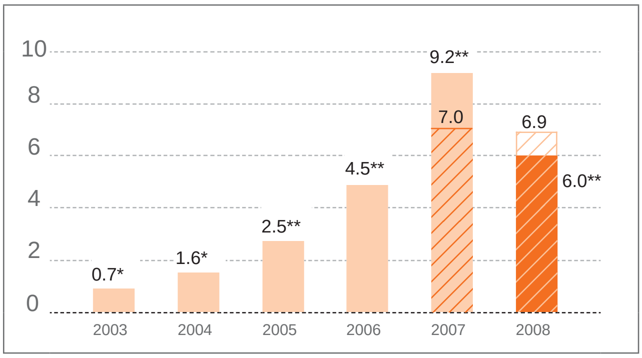
4) Both basic and diluted

Primary Cash Flow Data — Amounts in € million	2006	2007	2008
Financial funds as of 01/01	1.5	9.4	3.9
Cash flow from operating activities	2.6	6.5	6.5
Cash flow from investing activities	-9.3	-28.9	-2.5
Free cash flow	-6.7	-22.4	4.0
Cash flow from financing activities	14.6	16.9	-4.4
Financial funds as of 12/31	9.4	3.9	3.5

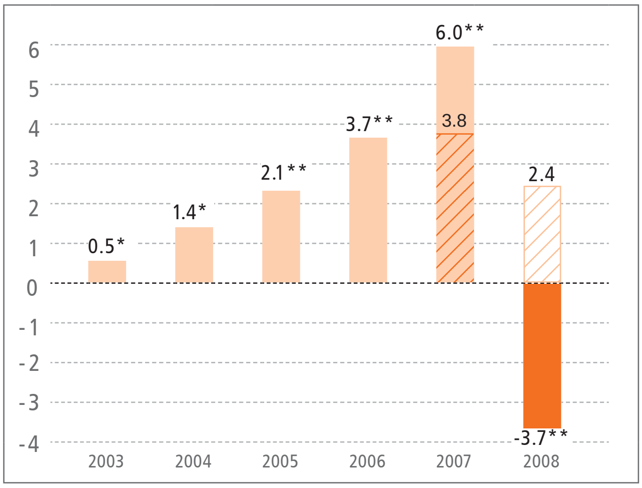
Revenues in million €



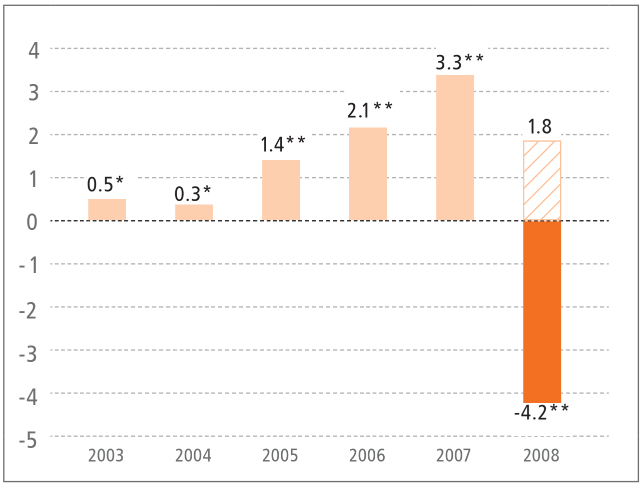
EBITDA in million €



EBIT in million €

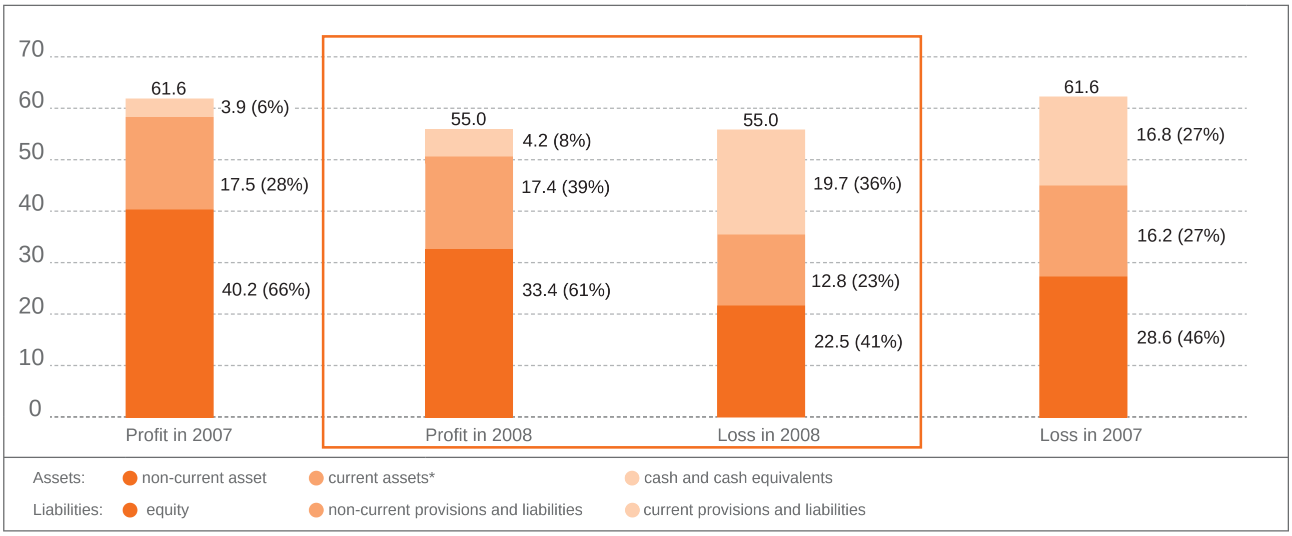


Earnings in million €



* individual financial statements according to HGB ** consolidated financial statements according to IFRS before extraordinary effects

Assets and liabilities in million €



Company Profile

ecotel communication ag, a telecommunications company active throughout Germany, specializes in three business areas.

In its Business Solutions core unit, ecotel is one of the first companies in the industry to offer an integrated product portfolio of voice, data, and mobile communications solutions as a complete package from a single source. Throughout Germany, ecotel supplies more than 40,000 business customers with standard and customized telecommunications solutions and consistently pursues a strategy of fixed-mobile convergence (FMC) – the merging of fixed-line and mobile communications.

In its second business unit, Wholesale Solutions, ecotel distributes pre-market products to other telcos and marketers from outside the industry. Using modern enabling and communication platforms, these companies gain access to the entire ecotel product portfolio, such as unbundled local loop and broadband connections or mobile communications solutions. At the same time, ecotel achieves high traffic volumes in this line of business and, thereby, enhances the added value in the Business Solutions core unit.

In the New Business unit, new high-growth lines of business and niches are pursued by independently operating subsidiaries and partly owned companies. Along with PPRO and easybell, the New Media segment in particular has been transferred to this separate business unit.

ecotel communication ag is headquartered in Düsseldorf, Germany, and including its subsidiaries currently has roughly 220 employees. ecotel is one of the fastest-growing technology companies in Germany; in 2008 it ranked as one of Germany's 50 fastest-growing companies for the fourth year in succession in the Deloitte Technology Fast 50 competition.

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Foreword from the Management Board

Dear shareholders,

2008 was a year of consolidation for ecotel. With the B2B mobile communications solution launched in 2008, ecotel has succeeded in evolving over the last three years from a preselection-only provider to a full-service provider for business customers. The acquisitions and equity investments undertaken as a part of the product expansion strategy pursued since the IPO in 2006 have made a major contribution towards this success.

In 2008, ecotel continued to grow at a slightly slower pace, increasing revenues by 13% year on year from € 93.2 million to € 105.5 million. This growth was achieved in the Wholesale Solutions and New Business segments. Revenues were, in contrast, down slightly in the Business Solutions segment due to fierce ongoing competition, especially from Deutsche Telekom AG´s (DTAG) bundle offers such as Call & Surf. In addition, DTAG's decision to stop processing uninterrupted access line orders from January 1, 2008 led to a serious drop in orders.

EBITDA before one-off income and expenses was stable compared with the previous year. EBITDA totaled € 6.0 million in 2008 and was thereby € 3.2 million lower than before one-off effects in 2007. The 2008 EBITDA includes € 0.9 million in one-off expenses, including the cost of legal advice, restructuring expenses, and itemized allowances for bad debts in 2007. Including these one-off effects, adjusted 2008 EBITDA would have amounted to € 6.9 million, or roughly the same as the adjusted EBITDA (excluding income from non-recurring projects) of € 7.0 million in 2007. In 2008, value adjustments and special writedowns – especially in ecotel's portfolio of equity holdings – due to lower anticipated results totaled € 6.1 million. This led to the 2008 EBIT amounting to € -3.7 million in 2008 compared with € 6.0 million for the previous year. Without this € 6.1 million in special writedowns, EBIT would have been € 2.4 million in 2008. Consolidated net income after minority interests was € -4.2 million in 2008 after € 3.3 million the previous year, corresponding to earnings per share of € -1.07 compared with € 0.90 the previous year.

Due to special writedowns, the equity ratio fell from 46% to 41%. Cash flow from day-to-day operating activities was up slightly at € 6.5 million. Of this amount, € 2.5 million were newly invested in infrastructure and systems and € 4.0 million were used to pay interests and repay loans, with the result that net financial liabilities were reduced from € 13.9 million to € 11.7 million. Cash and cash equivalents rose from € 3.9 million to € 4.2 million.

The following is an overview of the most important events in 2008.

To further strengthen growth and profitability, the ecotel Group's business has been based on three segments since January 1, 2008: Business Customers, Wholesale Solutions, and New Business. In addition, the fiscal year 2008 was characterized by consolidation of the Company's subsidiaries. We initiated the centralization of corporate functions at our head office in Düsseldorf in order to complete the merger of nacamar and ADTG with ecotel in the first half of 2009.

Since the launch of B2B mobile communications products at the beginning of 2008, ecotel has been one of the first companies in the industry to offer a complete package of voice, data and mobile services for business customers on a single invoice. Furthermore, over 100,000 mobile subscribers now use the mobile communications platform operated by mvneco, in which ecotel has a 45% shareholding.

ecotel also ranked as one of Germany's 50 fastest-growing technology companies for the fourth year in succession in the Deloitte Technology Fast 50 competition.

For 2009, we anticipate a fundamentally positive course of business. ecotel's main focus is on providing business customers with a wide range of voice, data, internet, and mobile telecommunications services. We anticipate

substantial growth potential in this sector, especially in view of the German Federal Network Agency's ruling against DTAG on uninterrupted access line provision and the further ruling – due shortly – on access resale. In addition, ecotel foresees new B2B growth opportunities from the new ethernet technology.

The Wholesale Solutions and New Business segments are also well positioned for 2009.

There were no specific results of ongoing litigation, especially in connection with Tiscali, in 2008. We expect initial rulings in 2009. In view of the current economic situation and pending regulatory decisions it is, however, difficult to venture an outlook for 2009. This is why, at the time of writing, we anticipate 2009 revenue and EBITDA to remain on par with the previous year.

Finally, we would like to thank all ecotel Group employees for their hard work and their contribution toward the Company's success. We would also like to thank our customers, business partners, and shareholders for placing their trust in us. We are firmly convinced that ecotel will continue to set innovative trends in the German telecommunications market in 2009.

Achim Theis
(CSO, Management Board)

Peter Zils
(CEO, Chairman of the Board)

Bernhard Seidl
(CFO, Management Board)

"An amazing invention – but who would ever want to use one?"

(US president Rutherford B. Hayes on the first telephone, 1877)

ecotel processed over two billion minutes of connections for its customers in 2008

The Business Model

ALL AROUND COMMUNICATION – SUCCESS FOR YOUR BUSINESS!

ecotel is one of the first companies in the industry to offer business customers an integrated product portfolio with all voice, data, and mobile communication solutions as a complete package from a single source and billed on a single invoice. In addition, since January 2009, ecotel has also been one of the first full-service B2B providers in Germany to offer broadband solutions for business customers using innovative ethernet technology at any location anywhere in the country.

Three Business Units

Since January 1, 2008, the ecotel's Group's business has focused on three main sectors: business customers, resellers, and new business.

In its Business Solutions core business unit, ecotel now supplies roughly 40,000 business customers with standard and customized telecommunications solutions in the voice, data, and mobile segments. This business unit combines the B2B business activities of ecotel communication ag, nacamar GmbH, and ADTG GmbH.

In the second business unit, Wholesale Solutions, the ecotel Group distributes pre-market products to other telcos and marketers from outside the industry. By means of modern enabling and communication platforms they gain access to ecotel's entire product portfolio, such as unbundled subscriber and broadband connections or mobile solutions. At the same time, the Company achieves high traffic volumes in this line of business and thereby enhances the added value in the Group's Business Solutions core unit. In addition to ecotel communication ag's wholesale business, i-cube GmbH and mvneco GmbH are assigned to this segment as well.

In the New Business unit, new, high-growth lines of business and niches are pursued by independently operating subsidiaries and partly owned companies. Along with PPRO GmbH and easybell GmbH, nacamar GmbH's New Media segment was assigned to this separate business unit at the beginning of 2008.

The three pillars of the business model

Business report	business customers	wholesale	new business
Mark	ecotel ADTG nacamar	ecotel mvneco i-cube	nacamar ppro easybell
Target group	medium-sized enterprises corporate clients	other telecommunication provider outside marketers	media companies private customer

Continuous Revenue Growth

Compared with other technology companies in the telecommunications market and the IT environment, ecotel was again able to hold its own successfully due to above-average growth rates. In the 2008 Deloitte Technology Fast 50 competition, ecotel was one of Germany's 50 fastest-growing companies for the fourth year in succession.

Deloitte. 2005 Technology Fast 50 Deutschland

Deloitte. 2006 Technology Fast 50 Deutschland

Deloitte. 2007 Technology Fast 50 Deutschland

Deloitte. 2008 Technology Fast 50 Deutschland

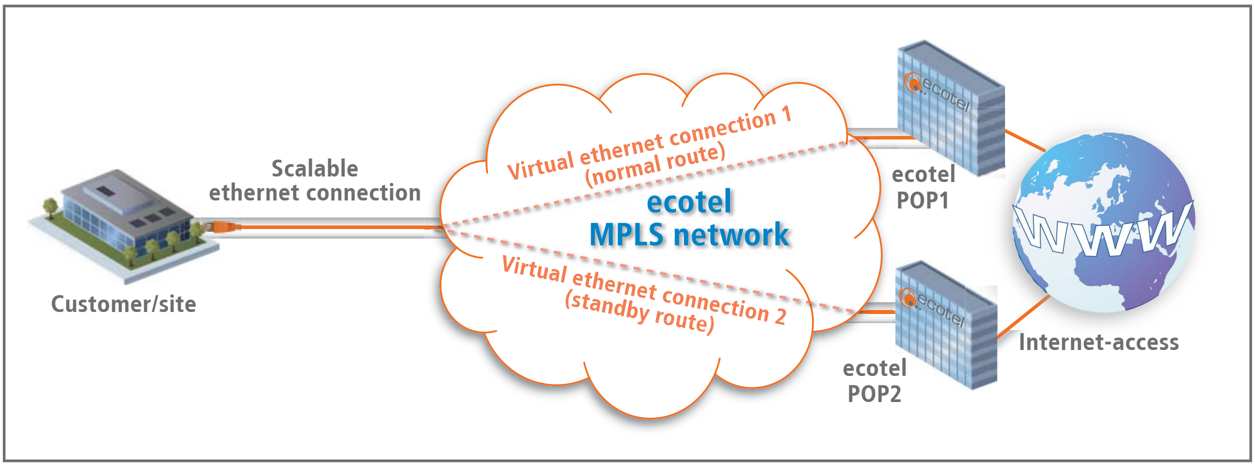
New Growth Driver – Ethernet

In the course of technological change and innovative Next-Generation Network (NGN) expansion, many business customers will be replacing their classic dedicated lines with ethernet technology in the future. According to a study by the research and consulting company Experton Group AG, around 25% of the companies interviewed are planning to use ethernet in addition to or as a replacement for the dedicated lines they now use. Ethernet is, therefore, the transmission technology of the future with the greatest growth potential by far.

In this segment, ecotel positioned itself very well at the beginning of this year by launching an innovative product. As part of its vendor strategy, ecotel offers ethernet data connections nationwide with bandwidths of between 10 Mbit/s and 10 Gbit/s. The line delivery is via a twofold network support to two broadband POP locations. In ecotel's in-house backbone, a redundant line provides additional security.

That makes ecotel the first full-service B2B provider in the German market to offer high-performance broadband connections anywhere in Germany in addition to fixed lines, DSL, and mobile communication solutions.

ecotel provides an ethernet connection with twofold network support.



ecotel Shares

ecotel shares have been listed on the stock exchange since March 29, 2006. On August 6, 2007, the shares were switched from Entry Standard to the Prime Standard segment. The Company's capital stock vests in a total of 3,900,000 shares.

Share Price Variations in 2008

In 2008, the equity market was characterized by a worldwide financial crisis of an unprecedented kind. All indices fell significantly in the course of the year. The DAX index, for example, representing large-cap companies, fell by nearly 40%, while the TecDAX index was down nearly 50% by the year's end. The introduction on January 1, 2009 of the Abgeltungssteuer – Germany's flat-rate tax on income and gains from capital investments – also contributed toward investors pulling out of stocks at the end of the year.

ecotel`s shares were unable to buck this far from welcome trend. After gaining in the first quarter and remaining stable in the second, the share price fell to € 4.00 at the end of Q2 2008, and there it stayed, in volatile markets with low demand, in the third and fourth quarters. The share's year-end price was € 3.65.

Average daily trading in ecotel in 2008 was 4,600 shares, compared with 12,000 the previous year. This trend underscores a marked decline in investor interest in small- and mid-cap stocks in the course of the year. At a share price of € 3.65, ecotel's year-end market capitalization was € 14.2 million.

Investor Relations

ecotel maintains a continuous dialog with investors, analysts and journalists. ecotel was showcased at investors' fairs such as the Close Brothers Forum and the German Equity Forum in Frankfurt. In addition, the Investor Relations section of the ecotel website underwent a total makeover at the end of 2007. All investors now have access to company information updates such as quarterly reports, press releases, the financial calendar, and the latest corporate presentations immediately after publication .

Shareholder Structure

In 2008, there were two material changes to ecotel's shareholder structure. First, the shares held by Information Technologies R&D Holding AG were transferred to Intellect Investment & Management Ltd., which thereby increased its shareholding from 12.5% to 21.33%. Second, IQ Martrade Holding und Managementgesellschaft mbH now holds over 3% of ecotel shares.

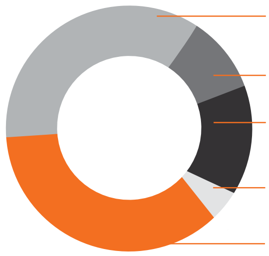
The main investors in the Company are AVW Management Beteiligungs AG with 10.1%, Intellect Investment & Management Ltd with 21.3%, and IQ Martrade Holding und Managementgesellschaft mbH with 3.7%. Peter Zils, ecotel's CEO, continues to be the Company's principal shareholder with 31.1% of voting shares. The free float amounts to around 34%.

Overview of ecotel shares

WKN	585434	Initial listing	29.03.2006
ISIN	DE0005854343	Number of shares*	3,900,000
Symbol	E4C	Average daily trading volume in 2008	4,663
		Share price high 2008 (€)	9.5
Market segment as of 01.07.2007	Prime Standard	Share price low 2008 (€)	2.25
Index	CDAX, Prime All Share, Technology All Share	Market capitalization (€ m)*	14.2
Type	no-par value shares	Designated Sponsor	Close Brothers Seydler

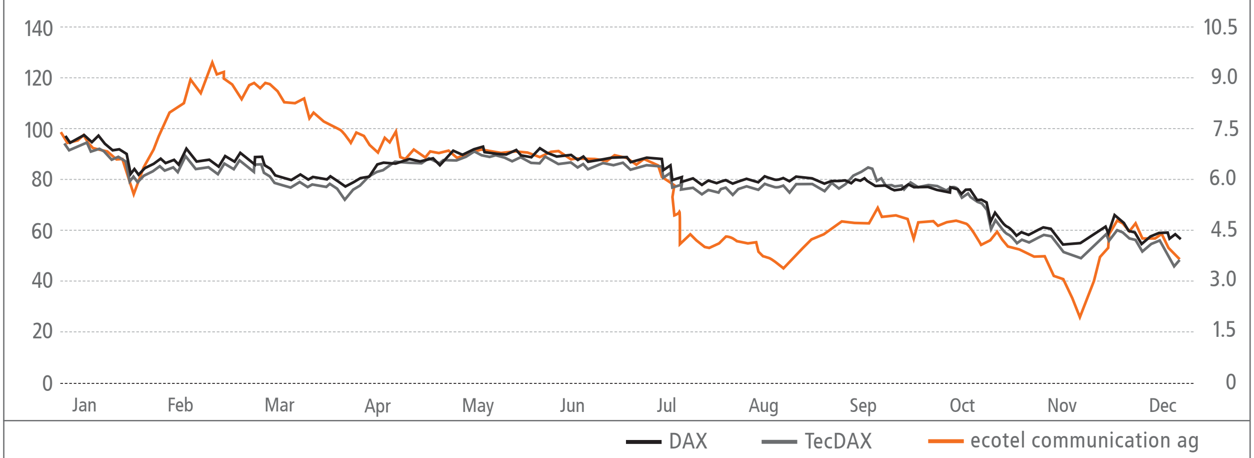
* Based on the closing share price on December 28, 2008 of € 3,65 per share.

Shareholding (31.12.2008) in percent



31.05%	Peter Zils (Management Board)
10.12%	AvW Gruppe AG
21.33%	Intellect Investment & Management Ltd.
3.66%	IQ Martrade Holding und Management-gesellschaft mbH
33.84%	Free Float

Variations in the ecotel share price in percent and Euro



"640 kilobytes ought to be enough for anybody."
(Bill Gates, founder of Microsoft, 1978)

For broadband data transmission, ecotel offers high-performance ethernet connections with bandwidths of 10 Mbit/s to 10 Gbit/s for any site in Germany

BUSINESS AND GENERAL CONDITIONS

1. OVERVIEW OF ECOTEL

The ecotel Group (hereinafter referred to as "ecotel") is a telecommunications company that has been active throughout Germany since 1998 and is specialized in meeting the requirements of business customers. ecotel sells products and services via three business units: Business Solutions, Wholesale Solutions, and New Business.

Business Solutions

In its Business Solutions segment, ecotel provides a full range of telecommunications solutions in the form of voice, data, value-added, and mobile services to small and midrange businesses throughout Germany as well as to large corporations. The Company acts as a one-stop shop and issues a single invoice. This business unit includes, in addition to ecotel communication ag's B2B business, nacamar GmbH and ADTG GmbH.

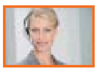
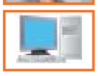
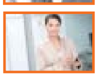
Product portfolio of the ecotel Group's Business Solutions BU

ecotel has now positioned itself as a full-service provider in the B2B market and can offer its business customers a comprehensive bundle of voice, data, internet, and mobile services.

In the voice services segment, ecotel offers a complete portfolio ranging from line connection and telephony to value-added services. Data products range from data connections such as xDSL and ethernet to secure corporate networking via VPN, housing of server farms, and hosting of shared services. Since the beginning of 2008, ecotel has also been marketing its own mobile products and offering business customers voice tariffs combined with mobile data options.

Over the past three years, in the course of the product expansion strategy, the revenue mix in the business customer segment has changed substantially. In 2006, around 96% of business customer revenue was earned from voice and value-added services, while in 2008 this sector was down to 64% of the total. The other product areas voice and data lines (24%), VPN and data services (5%), housing and hosting (6%), and mobile services (1%) increased their share of total business customer revenue to 36%.

product portfolio ecotel

Fixed-line services	Voice	Voice access		• Access line or unbundled local loop line with VoIP
		Telephony		• Per minute rate, minute packages, or flat rate
		Value-added services		• Service numbers (0800, 0180x, 0900)
	Data	Data access		• Via Ethernet Access and xDS
		VPN / security		• Secure business network via MPLS VPN
		Hosting / housing		• Housing of server farms and hosting of shared services at own computing center
Mobile services	Voice			• Attractive mobile tariffs including convergence products (fixed line to mobile)
	Data			• Mobile Data Solutions

Shift in revenue distribution in Business Solutions segment

Depending on the target group, sales in the Business Solutions segment are either realized by direct sales or by distribution partners (a total of 500 active distribution partners). ecotel thereby gains widespread access to its target group of small and midrange business customers. In addition, ecotel has established successful cooperations with over 100 purchasing associations and buying cooperatives.

The Company's Business Solutions unit supplies approximately 40,000 midrange firms from a whole range of sectors throughout Germany with standardized and customized telecommunications solutions.

Wholesale Solutions

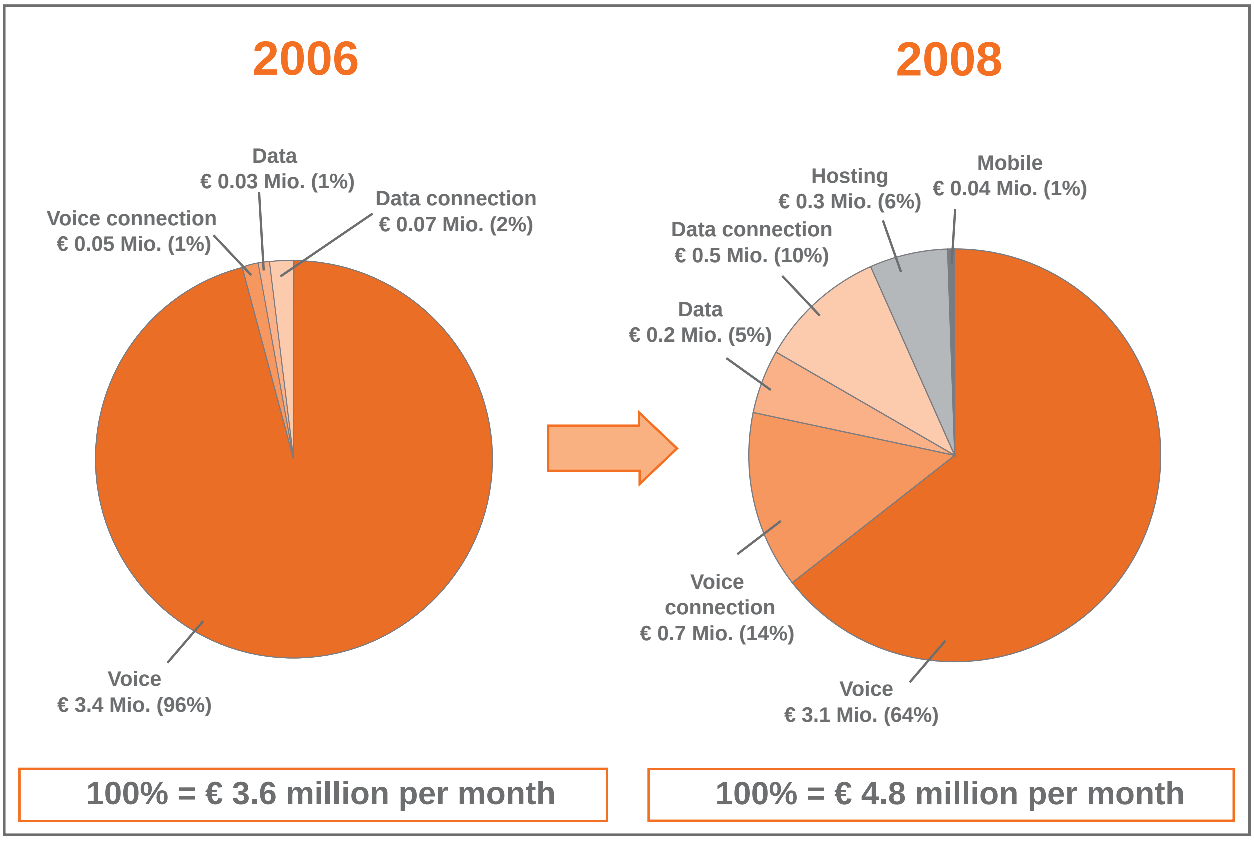
In the Wholesale Solutions business unit, ecotel combines its offerings to other telcos and to outside marketers of telecommunications services. In addition, the Company has since August 2005 been active in cross-network trading in telephone minutes (wholesale) for national and international carriers. It thereby also enhances the added value for its Business Solutions core segment. To do so, ecotel maintains joint network connections with around 100 international carriers.

This segment also includes the new associated companies mvneco GmbH, a technical provider of mobile services, and i-cube GmbH, a technical provider of unbundled DSL and VoIP products.

New Business

The New Business BU combines ecotel's new high-growth lines of business. These include nacamar GmbH's New Media segment, PPRO GmbH's internet-based payments system, and easybell GmbH's

Umsatzverteilung im Segment Geschäftskunden



private customer business.

Infrastructure

ecotel maintains a limited telecommunications infrastructure that includes a Germany-wide IP transmission network, its own data center, a voice switch, and central dial-up platforms. For the new media business, the Company operates various server farms. mvneco GmbH has a central mobile communications platform of its own.

On the IT side, ecotel maintains its own order management and billing systems in order to be able to respond swiftly and flexibly to new customer requirements and to implement new products into its systems in a timely manner.

2. LEGAL FRAMEWORK CONDITIONS OF THE COMPANY

Voting shares issued by ecotel communication ag have been admitted to the regulated market of Frankfurt Stock Exchange (Prime Standard segment). The Frankfurt Stock Exchange is an organized market as defined by Section 2 (7) of the German Securities Acquisition and Takeover Act (WpÜG).

Executive Body

The legal body that manages and represents ecotel communication ag is the Management Board. According to Section 5 of the Company's articles of incorporation, the Management Board must consist of at least two people. The number of Management Board members is otherwise decided by the Supervisory Board. The Supervisory Board can appoint a chairman and a deputy chairman of the Management Board. Deputy members of the Management Board may also be appointed. Management Board members are appointed for a maximum term of five years. A repeat appointment or an extension of the period of office, each for a maximum of five years, is permissible. The Supervisory Board may revoke the appointment of a Management Board member or a Management Board chairman for good cause. The articles of incorporation require the Supervisory Board to issue rules of procedure for the Management Board. The Supervisory Board did so in a resolution adopted on February 3, 2006.

According to Section 6 (1) of the articles of incorporation, ecotel is legally represented by either two members of the Management Board or by one Management Board member jointly with an authorized officer (Prokurist). The Supervisory Board has made use of its authority and determined that the members of the Management Board are individually entitled to represent the Company. The Management Board consists at present of Peter Zils (CEO), Bernhard Seidl (CFO), and Achim Theis (CSO).

Remuneration of Members of Executive Bodies

Remuneration of ecotel's Management Board members is based on Section 87 of the German Stock Corporation Law (AktG) and consists of a fixed basic annual salary and, in the case of two Board members, a variable component. The variable component is based on the achievement of targets in respect of EBITDA and overall Group revenue. Targets are set annually by the Supervisory Board. ecotel has taken out appropriate D&O insurance cover for the members of the Management Board. Two members of the Management Board are also taking part in the Company's stock option plan. Board members thereby participate in the long-term growth in enterprise value with the further aim of securing their loyalty to the Company. The members of the Supervisory Board receive fixed and variable annual remuneration. In addition, ecotel has closed an appropriate D&O insurance contact for the members of the Supervisory Board. Total and individual remuneration of Management Board and Supervisory Board members is listed in the notes to the consolidated financial statements

Amendments to the Articles of Incorporation

According to Section 179 of the German Stock Corporation Law (AktG), amendments to the articles of incorporation require a resolution by the Annual General Meeting. Exceptions to this rule are amendments that relate only to the wording of the articles of incorporation. The Supervisory Board is authorized to make amendments of this kind.

Unless expressly forbidden by law, resolutions adopted by the Annual General Meeting are passed by a simple majority of votes cast and, if the law prescribes a majority of the capital in addition to a majority of votes, by a simple majority of the capital stock represented at the time when the resolution was adopted.

Capital Position

Capital Stock

The Company's capital stock amounts to € 3,900,000. It is divided into 3,900,000 bearer common stock shares. Shares are issued as no par value shares that correspond to a proportion of the capital stock amounting to € 1.00. The capital stock, totaling € 3,900,000, is fully paid up. Each no par value share entitles the holder to one vote at the Annual General Meeting. No restrictions on voting rights exist. At present, ecotel holds no treasury stock. No differential voting rights exist where the shares are concerned. The Management Board is not aware of any limitations on voting rights or transfer of shares such as may arise from agreements among stockholders.

Approved Capital

The Annual General Meeting held on July 27, 2007 adopted a resolution authorizing the Management Board, subject to approval by the Supervisory Board, to increase the Company's capital stock by up to € 1,750,000 by issuing new no par value bearer shares in a one-time sale or several sales for contributions in cash or kind by July 26, 2012. The number of shares must be increased by proportionately the same amount as the capital stock. The Management Board made no use of this authorization in fiscal 2008.

Conditional Capital

The Annual General Meeting held on July 27, 2007 approved a conditional increase in capital stock by up to € 1,500,000 by the issue of up to 1,500,000 bearer shares (Conditional Capital I). The conditional capital increase serves the sole purpose of enabling the Company or a directly or indirectly associated company to issue shares to the holders of options and/or convertible bonds based on the authorization by the Annual General Meeting held on July 27, 2007 in return for cash by July 26, 2012. The Management Board made no use of this authorization in fiscal 2008.

In addition, the Annual General Meeting held on July 27, 2007 resolved to create conditional capital to service the 2007 stock option plan. By the terms of this resolution the Company's capital stock may be increased by up to € 150,000 by issuing up to 150,000 bearer shares (Conditional Capital II). The conditional capital increase serves the sole purpose of fulfilling subscription rights granted up to July 26, 2012 by the Annual General Meeting held on July 27, 2007. No stock options were granted to Management Board members or executive officers of ecotel in fiscal 2008.

Authorization to Acquire Treasury Stock

The Annual General Meeting held on July 25, 2008 authorized the Company to acquire treasury stock up to a total of 10% of the capital stock at the time of the resolution. With the new authorization, the July 27, 2007 authorization to acquire treasury stock was revoked. The authorization may not be used by the Company for trading in ecotel shares. In combination with other own shares held by the Company or shares that are to be allocated to it according to Section 71a ff. of the German Stock Corporation Law (AktG), the shares acquired may at no time amount to more than 10% of the capital stock. In fiscal 2008, the Company made no use of its authorization to purchase and make use of treasury stock. In accordance with the contribution agreement with the stockholders in ADTG Allgemeine Telefondienstleistungs GmbH, 100,000 earn-out shares were transferred back to ecotel communication ag free of charge.

Capital Holdings and Control Rights

The following table shows the names of shareholders who owned more than 10% of the Company's capital stock at the end of 2008. No differential voting rights exist with regard to the shares.

Shareholder	Shareholding (in %)
Peter Zils	31.05 %
Intellect Investment & Management Ltd.	21.33 %
AvW Management-Beteiligungs AG	10.12 %
Total	62.50 %

There are no holders of shares with special rights that give controlling authority. There is no control of voting rights in the event of employees holding shares in the Company and not exercising their rights of control directly.

Effects of Potential Takeover Bids

There are no material agreements between ecotel and other persons who would be affected by a change of control as a result of a takeover bid. One member of the Management Board – Bernhard Seidl – has a special right to terminate his contract in the event of a material change of control with a compensation entitlement of € 75,000 for each calendar year between the change of control and August 31, 2010. No such compensation agreements in the event of a takeover bid exist for other Management Board members.

3. STRUCTURE AND HOLDINGS OF THE COMPANY

ecotel communication ag, the parent company, is headquartered in Düsseldorf, Germany. At the end of 2008, the Company had 112 employees – 10 more than at the end of 2007 – including the Management Board and trainees, but excluding its subsidiaries.

ecotel communication ag's subsidiaries are headquartered in Germany, The Ukraine, and Austria and had 110 employees at the end of 2008, including managing directors and trainees. At the end of 2007, they had 115 employees.

ecotel private ag

ecotel private ag is a wholly owned subsidiary of ecotel communication ag. The company was founded in 2003 to market white label services. It mainly markets voice services via outside marketers to around 1,000 private customers at present. ecotel private ag is headquartered in Düsseldorf.

PhaseFive AG

PhaseFive AG is an IT company founded in 2000 and headquartered in Düsseldorf that ecotel took over in full as part of the DSLCOMP merger in May 2006. PhaseFive AG holds 99.6% of the shares in PhaseFive R&D Ltd., an IT subsidiary located in Ukraine that develops supply, portal, and billing software for telecommunications providers, including for parts of the ecotel IT system. The plan is to merge PhaseFive AG with ecotel communication ag at the beginning of 2009.

i-cube GmbH

i-cube GmbH, headquartered in Düsseldorf, was created from RC Communications GmbH in 2008. Via i-cube GmbH and its carrier aggregation platform, ecotel offers other telcos and outside marketers the full portfolio of unbundled DSL services and VoIP. Customers can thereby use telco services from different suppliers, such as Telefonica, QSC, and Deutsche Telekom, via a standardized interface with nationwide availability and no purchasing commitments. ecotel holds 50.2% of the shares in i-cube GmbH.

/bin/done digital solutions GmbH

/bin/done digital solutions GmbH, headquartered in Munich, was fully acquired by ecotel communication ag in September 2006. It is specialized in supply, process automation, and system integration and plays a major role in developing the ecotel supply platform for activating customers' connections for voice, data, and mobile services. At the end of 2008, it had seven permanent employees.

toBEmobile GmbH

ecotel communication ag holds 51% of the shares in toBEmobile GmbH, founded in 2006. The company works as a mobile virtual network operator (MVNO) in the mobile services market and, like Simyo or blau, markets its own prepaid SIM cards at discounted prices. toBEmobile GmbH is headquartered in Düsseldorf and had three employees at the end of 2008

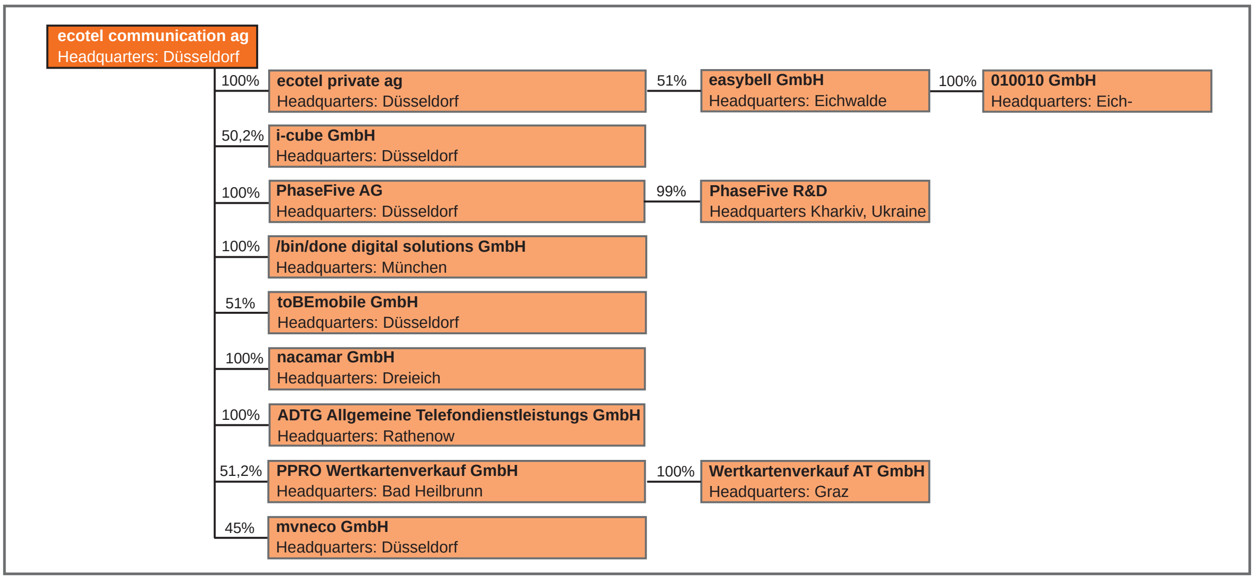
nacamar GmbH

In March 2007, ecotel communication ag first acquired all of the shares in Tiscali Nacamar GmbH (now trading as nacamar GmbH). After buying back the 10% of shares sold in March 2007, nacamar GmbH is now a wholly owned ecotel subsidiary again. The company is headquartered in Dreieich and employed a payroll of 62 at the end of 2008. Via nacamar GmbH, ecotel has access to professional data services such as secure networking of company locations (VPN) and managed services. In addition, nacamar has its own backbone network throughout Germany and its own computing center. The company supplies around 6,000 business customers. The plan is to merge nacamar GmbH's B2B business with ecotel communication ag at the beginning of 2009. nacamar GmbH will retain its New Media division.

ADTG Allgemeine Telefondienstleistungs GmbH

ADTG Allgemeine Telefondienstleistungs GmbH, headquartered in Rathenow, was acquired in June 2007 as part of a capital increase with an additional cash component. The company is a telecommunications service provider active in

Structure and holdings of ecotel



Germany for voice and data services with a focus on small and midrange business customers. It supplies around 5,000 business customers and had 20 employees at the end of 2008. The plan is to merge ADTG Allgemeine Telefondienstleistungs GmbH with ecotel communication ag at the beginning of 2009.

PPRO GmbH

In July 2007, ecotel took over 51.2% of the shares in PPRO Wertkartenverkauf GmbH (now trading as PPRO GmbH), headquartered in Bad Heilbrunn. The company is specialized in internet-based payment processing. Its principal products are a virtual prepaid credit card, the paysafecard, and a commercial interface for the online giropay payment procedure for internet traders. The services of PPRO GmbH are marketed externally and can also be used directly in various ecotel Group business segments. At the end of 2008, the company had four employees.

easybell GmbH

ecotel private ag has, since July 2007, held 51% of the shares in easybell GmbH, headquartered in Eichwalde. At the end of 2008, easybell GmbH had three permanent employees. It offers telecommunications products to price-sensitive and technically oriented private customers. At present, the company is active in narrowband services and DSL. Sales are mainly via telecommunications price portals. In addition, easybell GmbH is the sole shareholder in 010 010 GmbH, which holds the user rights to the call-by-call number 010 010.

mvneco GmbH

Along with other consortium partners, ecotel founded mvneco GmbH, headquartered in Düsseldorf, in April 2007 and has since held a 45% stake in the company. At the end of 2008, mvneco GmbH had ten employees. It functions as a technical service provider and as a mobile virtual network enabler (MVNE), enabling other telcos, such as ecotel communication ag, to gain access to the mobile services market. In the process, mvneco GmbH's technical platform is connected to the network of a mobile network provider such as E-Plus, thereby allowing customers to offer mobile services of their own.

4. CORPORATE MANAGEMENT OF THE GROUP

ecotel manages its three business units on the basis of the Group's overall strategic ambition. Overall budget planning includes the annual budgets of the business units and those of the Group companies. Planning is undertaken at product level on the basis of the total cost method. Using this method, the direct variable costs per product are allocated to the various types of revenue, and a gross margin per product is determined. Cross-product indirect costs are budgeted separately. Reporting is undertaken monthly for revenue, earnings, and cash flow with a detailed analysis of deviations from planning and from the previous year, and a regularly updated outlook for the end of the fiscal year. In addition, continuous management of liquidity and working capital is undertaken. Specific key performance indicators for each area, such as minute volumes, price per minute, and purchase margin, are used to manage development and are mapped in a reporting system.

5. RESEARCH AND DEVELOPMENT

ecotel's development spending consists mainly of software solutions, which are developed in house. At ecotel communication ag, they are primarily the order processing system for fixed-line, data, and mobile services. At nacamar GmbH, it contains mainly developments in connection with the media delivery network.

6. MARKET AND COMPETITIVE ENVIRONMENT

The financial crisis in 2008 brought the economic growth of previous years to an abrupt halt. In the fourth quarter, gross domestic product fell by 2.1%. Over the full year, the economy grew by 1.3 %, but only by virtue of an outstanding first quarter. Germany has since been in the grip of a recession.

Telecommunications Market Volume Falls Slightly

In 2008, the overall market for telecommunications services in Germany fell by 4.1% from € 63.2 billion to € 60.6 billion (VATM Market Analysis 2008, p. 5). The overall market share of alternative competitors rose slightly from 52 to 53%.

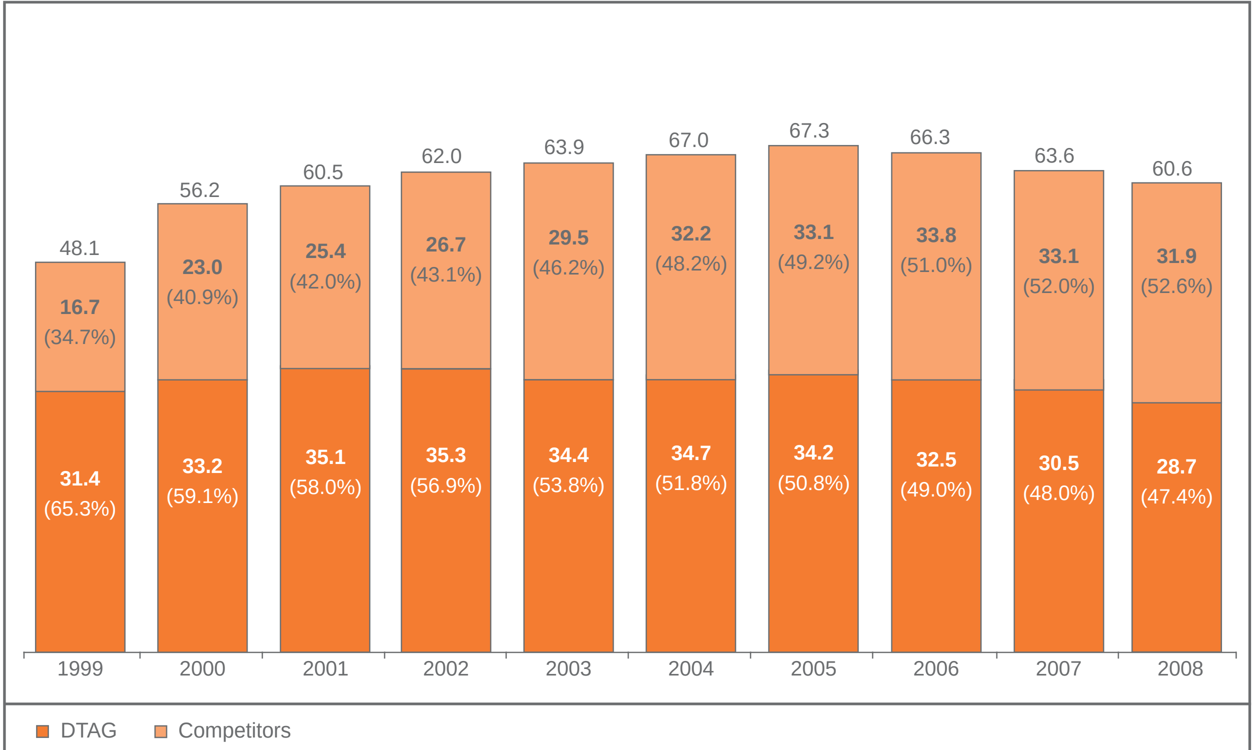
The fixed-line network market, consisting of lines, voice, and data services, accounts with external revenue of € 35 billion for 58% of the overall telecommunications services market.

Alternative competitors now have over nine million telephone subscribers of their own, including voice access via cable TV networks, and, thereby, account for 37 million telephone lines and a 24% market share. The majority of these lines are basic ISDN connections.

At the end of 2008, there were nearly 24 million broadband connections, a growth rate of 21% compared with 2007. Around 92% of broadband connections were based on DSL technology. Of these, 8.2 million connections (34%) were unbundled local loop subscribers, 2.9 million (12%) were resale and wholesale DSL, 10.8 million (45%) were Deutsche Telekom AG (DTAG) customers, and 2.0 million (8%) were other forms of access such as cable TV. Deutsche Telekom's competitors, therefore, have a market share of 55 %.

Deutsche Telekom AG competitors' share of traffic volume for voice services has risen significantly in recent years, especially in the full-access segment.

Overall market for telecommunications services in Germany (in € billion)



Source: VATM-Marktanalyse 2008, p. 5

Volumes for call-by-call and preselection have, in contrast, declined (see chart). In addition, the fixed-line network is tending to be replaced by mobile services and the PSTN (Public Switched Telephone Network) voice network by VoIP (Voice over IP). träge.

Mobile services revenue fell slightly in terms of the total market volume of telecommunications services in 2008 from € 26.4 billion to € 25.6 billion. Since 2008, there have been over 100 million mobile phone contracts in Germany.

Trends in the B2B Market

There was also a slight decline of around two percent in the German B2B telecommunications market. In addition, classic separate telco services are increasingly being replaced by bundle packages consisting of line, voice, and DSL, while traditional voice technology is being replaced by Voice over IP.

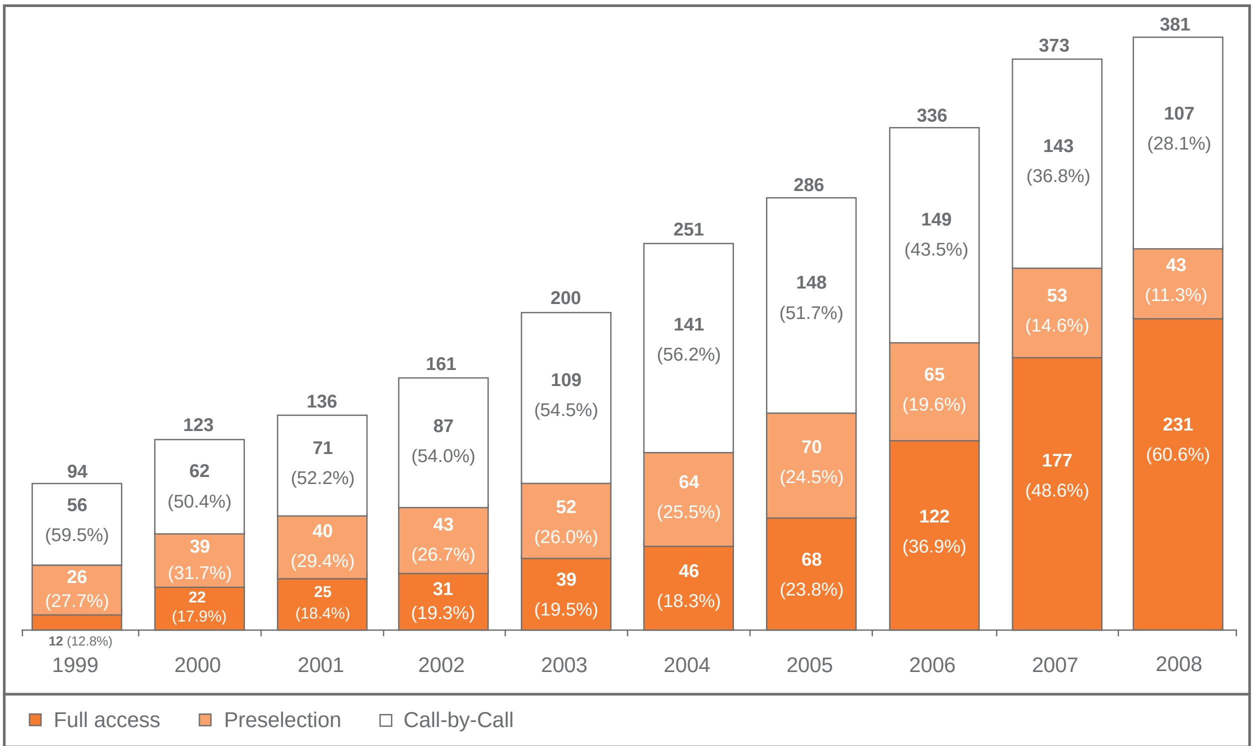
Possible future trends are a shift of the telephone system to the internet (IP Centrex), broadband internet access, and secure connections between corporate locations based on ethernet and internet services such as Software as a Service (SaaS) and Server-based Computing (SbC).

In addition, it must be assumed that convergent fixed-line and mobile products will play a much larger role in the B2B market in the future, both in the voice and in the data segment.

Regulatory Trends

ecotel as a telecommunications company is subject to supervision by the German Federal Network Agency for Electricity, Gas, Telecommunications, Post, and Railroads (BNetzA). The BNetzA continues to promote deregulation and market liberalization in the telecommunications industry. In the fixed-line network sector, the German Telecommunications

Overall market for competing voice service providers in Germany by product (in millions of minutes per day)



Source: VATM-Marktanalyse 2008, p. 12

Act (TKG) has, since 2008, required Deutsche Telekom AG to provide IP bitstream access and PSTN resale as upstream products. Provision of these products is an important prerequisite for ecotel's future product offering. Deutsche Telekom AG has yet to make PSTN resale available, but a ruling by the German Federal Network Agency is expected shortly.

In mobile services, regulation of data roaming charges and a further reduction in termination charges are to be expected in 2009.

7. BUSINESS DEVELOPMENT IN 2008

The following is a brief overview of the most important events for ecotel in the 2008 fiscal year.

Launch of the Third Pillar in the ecotel Business Model

Since the beginning of 2008, ecotel's business has consisted of three segments: Business Solutions, Wholesale Solutions, and New Business. In the Business Solutions core segment, ecotel is one of the first companies in the industry to offer an integrated product portfolio of voice, data, and mobile communications solutions as a complete package from a single source. In its second business unit, Wholesale Solutions, ecotel markets preliminary products to other telcos and marketers from outside of the industry. The recently added New Business segment consists of high-growth ecotel lines of business. In addition to the business of PPRO GmbH and easybell GmbH, this segment includes nacamar GmbH's New Media division.

Start of Mobile Services Marketing

Since February 2008, ecotel has sold B2B mobile products of its own based on minutes for an unlimited numbers of SIM cards. Minutes volumes include all national minutes and minutes to fixed-line networks in a further 36 countries.

Takeover of the Remaining 10% of Shares in nacamar GmbH

In April 2008, ecotel communication ag bought back the outstanding 10% of shares in nacamar GmbH, of which it is now the sole owner. This is the precondition for total integration of nacamar GmbH's B2B activities into ecotel communication ag.

Sale of 49.8% of Shares in i-cube GmbH

In April 2008, ecotel communication ag sold 49.8 percent of the shares in i-cube GmbH to infinity GmbH, headquartered in Bielefeld, and now owns only a 50.2 percent stake in the company.

Deloitte Technology Fast 50

For the fourth year in succession, ecotel ranked among Germany's 50 fastest-growing technology firms in 2008.

Over 100,000 Mobile Customers with mvneco GmbH

In November 2008, the number of mvneco GmbH customers passed the 100,000 mark.

Concentration of Corporate Functions in Düsseldorf

As a part of the upcoming merger of nacamar GmbH's B2B business with ecotel communication ag, nacamar GmbH's corporate functions were transferred to ecotel's Düsseldorf headquarters at the end of 2008. In addition, by the end of 2008, all of nacamar GmbH's billing systems were migrated to the billing system of ecotel communication ag.

EARNINGS, FINANCAL, AND ASSET SITUATION

1. EARNINGS POSITION

In 2008, consolidated annual revenue reached € 105.5 million, a 13% increase on the previous year's € 93.2 million. Gross profit (sales revenue less cost of materials) was down 11% on the year from € 29.6 million to € 26.4 million. The gross profit margin fell from 32% to 25%.

Business Solutions Retains the Lion's Share of Revenue

Business Solutions accounted for 55% of total revenue and 82% of the ecotel Group's gross profit. Segment revenue totaled € 58 million compared with € 67 million the previous year. Revenue and gross profit in the Business Solutions segment can be compared with the previous year's figures only to a limited extent as new media revenue and gross profit have been reported in the New Business segment only since 2008 yet. Even the adjusted figures show a fall of around 7% in Business Solutions revenue, especially in the preselection sector. This decline is due to continued fierce competition and, in addition, to inadequate processing of access line orders by Deutsche Telekom AG. Gross profit in the segment amounted to € 21.6 million after € 27.1 million the previous year. That corresponds to a gross profit margin of 37% (previous year: 40%). The fall in gross profit margin was caused especially by the decline in high-margin preselection business.

Continued Growth in the Wholesale Solutions Segment

The Wholesale Solutions business unit contributed 30% toward total revenue and 6% toward total gross profit. Segment revenue rose by 63% from € 20.7 million to € 31.9 million, while gross profit was € 1.7 million compared with € 1.5 million the previous year.

Strong Growth in New Business Too

The New Business segment contributed 15% toward total revenue and 12% toward total toward total revenue and 12% toward total gross profit. In this segment too, revenue and gross profit can only be compared with the previous year's figures to a limited extent as new media revenue has since 2008 been stated in the New Business segment, and PPRO GmbH and easybell GmbH were not included in the ecotel consolidation group until July 1, 2007. Yet, even the adjusted figures show a significant growth in New Business revenue. It rose from € 5.1 million to € 15.6 million, while gross profit rose from € 1.0 million to € 3.2 million.

Lower Personnel Expenses

Personnel expenses were down slightly by € 0.3 million in 2008 from € 10.5 million to € 10.2 million for a headcount that was largely unchanged at 222 (previous year: 217 employees).

The cost of other operating expenses rose by eight percent from € 10.5 million to € 11.3 million due mainly to higher unscheduled expenses.

Result Stable Compared with Previous Year in Terms of One-Time Income and Expenses

Earnings before interest, taxes, depreciation, and amortization (EBITDA) in 2008 fell by 35% from € 9.2 million to € 6.0 million, corresponding to an EBITDA margin of 5.7 percent. 2008 EBITDA includes one-time expenses totaling € 0.9 million. They consist of € 0.4 million in legal advice costs for the three ongoing lawsuits, € 0.3 million in expenses and provisions for restructuring nacamar GmbH, and € 0.2 million in aperiodic individual value adjustments for 2007, especially at nacamar GmbH and easybell GmbH.

Bearing in mind these one-time effects, adjusted 2008 EBITDA would have been € 6.9 million, roughly corresponding to the adjusted EBITDA (excluding revenue from non-recurrent projects) of € 7.0 million in 2007.

Periodic depreciation charges in 2008 rose from € 3.2 million to € 3.6 million, including € 0.8 million in periodic depreciation on existing customer bases at acquired companies. Then comes € 6.1 million in value adjustments consisting of a € 2.3 million special write-offs of intangible assets at nacamar GmbH (right of use for backbone), a € 0.5 million special write-offs of the existing customer base at nacamar GmbH, and a € 3.3 million special goodwill depreciation due to deterioration of future growth expectations at nacamar GmbH, ADTG Allgemeine Telefondienstleistungen GmbH, and PPRO GmbH. Cumulative depreciation thereby totals € 9.7 million.

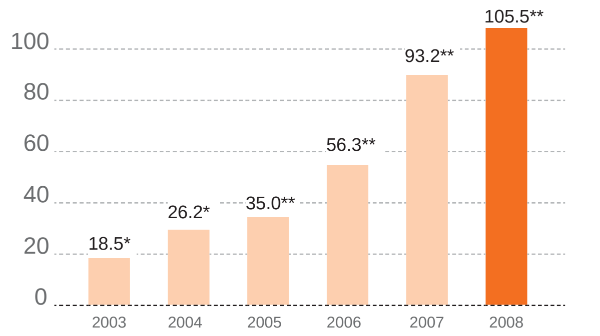
Due to these extraordinary ,effects, earnings before interest and taxes (EBIT) were € -3.7 million after € 6.0 million the previous year. Excluding the € 6.1 million in special writedowns, EBIT in 2008 would have been € 2.4 million. Taking further into account the one-time expenses in 2008 and one-time income in 2007, the operating result was around € 0.5 million less than the adjusted figure for the previous year.

The financial result was € -0.7 million. Of this figure, € -0.9 million was interest expenses, € -0.1 million financial expenses incurred in capital markets management, -€ 0.1 million in lower market valuation of the interest rate swap, and € 0.4 million in earnings from the retransfer of 100,000 earn-out shares to ecotel communication ag free of charge.

Tax income for 2008 was € 0.1 million.

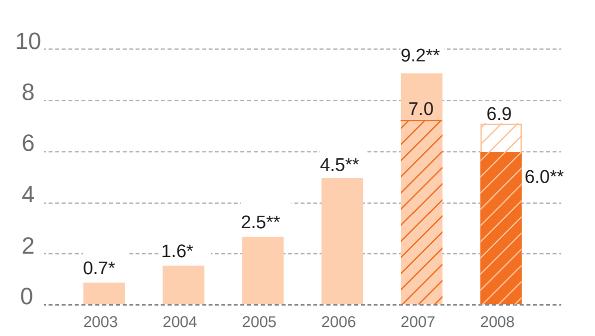
Consolidated net income for 2008 after minority interests amounted to € -4.2 million after € 3.3 million the previous year. That corresponds to earnings per share of € -1.07 after € 0.90 in the previous year.

Revenues in million €



* individual financial statements according to HGB
** consolidated financial statements according to IFR

EBITDA in million €



* individual financial statements according to HGB
** consolidated financial statements according to IFR
before extraordinary effects

2. FINANCIAL POSITION

Cash flow from ordinary business activities in 2008 totaled € 6.5 million, compared with € 6.5 million the previous year. Working capital (the difference between receivables and liabilities) was down by € 0.4 million.

Cash flow from investment activities in 2008 amounted to € -2.5 million. Investments in fixed and intangible assets came in at € 2.5 million and consist of € 0.7 million in development costs, € 0.5 million in setup costs for using mvneco GmbH's mobile services platform, € 0.4 million investment in network and computing center infrastructure, € 0.4 million investment in development of the CAP platform, and € 0.5 million investment in other intangible assets. Additioned € 0.1 million was invested for buying back the outstanding 10 percent of shares in nacamar GmbH and the simultaneous repayment of the outstanding sweet equity loans. Interest received amounted to € 0.1 million.

Cash flow from financing activities totaled € -4.4 million. It consists of € 0.1 million in payments into i-cube's capital reserve by the company's minority shareholder, € 3.4 million in payments to redeem financial debts, and interest payments amounting to € 1.1 million.

Cash and cash equivalents declined slightly in the course of the year from € 3.9 million at the beginning of 2008 to € 3.5 million at the year's end.

The Company was able, as in previous years, to fulfill its payment obligations in completeness and on time.

Primary Cash Flow Data Amounts in € million	2006	2007	**2008**
Financial funds as of 01/01	1.5	9.4	3.9
Cash flow from operating activities	2.6	6.5	6.5
Cash flow from investing activities	-9.3	-28.9	-2.5
Free cash flow	-6.7	-22.4	4.0
Cash flow from financing activities	14.6	16.9	-4.4
Financial funds as of 12/31	9.4	3.9	3.5

3. ASSET POSITION

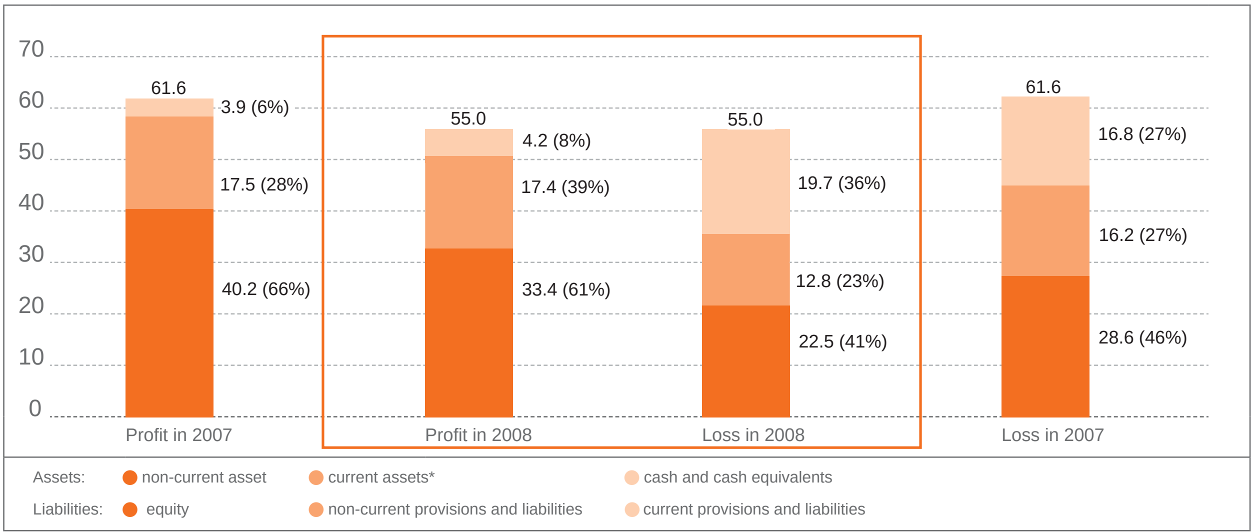
The balance sheet total as of December 31, 2008 was € 55.0 million, or 11 percent less than the € 61.6 million at the end of 2007. This was mainly due to € 6.1 million in special write-offs.

On the assets side, non-current assets were down 17 percent from € 40.2 million to € 33.4 million. Goodwill was reduced from € 16.7 million to € 13.5 million due to value adjustments. The value of customer relationships fell from € 8.2 million to € 6.8 million due to scheduled depreciation and unscheduled depreciation of € 0.5 million. Current assets, excluding cash and cash equivalents, were down slightly from € 17.5 million to € 17.4 million.

On the liabilities side, equity capital was down by 21 percent from € 28.6 million to € 22.5 million due to special writedowns. The equity ratio was thereby reduced from 46 percent at the end of 2008 to 41 percent at the end of 2008. Non-current liabilities were also down, from € 16.3 million to € 12.8 million. They include € 11.3 million for acquisition loans originally totaling € 18 million and raised in 2007. The remainder consists of infrastructure leasing and deferred income taxes. Current provisions and liabilities rose from € 16.8 million to € 19.7 million.

The Company's net working capital, or the difference between current assets, including cash and cash equivalents, and current provisions and liabilities, is positive.

Assets and liabilities in million €



SUPPLEMENTARY REPORT

Since the end of the fiscal year, there have been no material changes in underlying conditions. Neither the economic environment changed sufficiently to have any real effect on ecotel's business activities nor did the industry's situation differ from what it had been on December 31, 2008.

RISK REPORT

1. RISK MANAGEMENT

By the terms of the German Control and Transparency in Business Act (KonTraG) of May 1, 1998, ecotel communication ag's Management Board is required to maintain an appropriate system for monitoring risks that pose a threat to the Company's continued existence as a going concern. ecotel uses a suitable risk management system for early identification, evaluation, and accurate handling of entrepreneurial risks.

The Management Board has general, Group-wide responsibility for early recognition of risks and taking countermeasures against them. The Board is supported by the managing directors of subsidiaries and by ecotel executives in the ongoing identification and evaluation of risks to the Company. Risk assessment is updated quarterly in the form of a risk report.

2. RISKS TO FUTURE GROWTH

As part of its business activity, ecotel is exposed to operating risks, financing risks, strategic risks, and market environment risks.

Operating Risks

Operating risks tend to be short term by nature and at ecotel are concentrated mainly on possible outages of infrastructure (such as backbone, computing center, communication technology, and server farms) and on the correct execution of business-critical processes such as billing, receivables management, and customer service. Ensuring maximum availability by means of appropriate system redundancies is one of the most important measures to combat risks, and ecotel does so consistently. After the modernization measures undertaken at the computing center in 2007, the focus in 2008 was on measures to upgrade and concentrate backbone infrastructure and server farms. They are likely to continue until mid-2009. ecotel also seeks to share the expertise on handling business-critical processes among several employees in order not to become too dependent on individual key personnel.

Financial Risks

Financial risks at ecotel comprise credit risks, liquidity risks, and interest rate risks. As part of its acquisition financing, ecotel has agreed standard financial covenants with its banks that relate to the relationship between specific key financial figures. With its current key figures, ecotel is still well within the bounds set by the financial covenants. A breach of the covenants might lead to termination and early repayment of investment loans and short-term operating credit and, thereby, usher in a significant worsening of the Company's liquidity position if no agreement can be reached on adjusting the financial covenants or refinancing the loans.

At the end of 2008, ecotel held cash and cash equivalents, including securities, totaling € 4.3 million. Its net year-end liabilities amounted to € 11.7 million (after € 13.9 million the previous year), or 1.9 times its 2008 EBITDA. The marketing of new products and the associated investments in what continues to be an aggressive competitive environment could make it necessary to refinance some of ecotel's non-current financial debts. The Company anticipates, however, that existing cash on hand and the expected inflow of capital from current business activity will be sufficient to finance its corporate strategy. As an additional liquidity reserve, ecotel has a € 9 million revolving credit facility with two banks. At the end of 2008, € 3.3 million of this facility had been used as a line of collateral and € 0.7 million as a bank debt, leaving € 5 million still available. There is a risk that parts of this credit facility might be terminated or reduced at short notice. ecotel considers the likelihood of termination or reduction to be slight.

At present, three lawsuits initiated by ecotel are under way. In 2008, they involved extraordinary expenses amounting to € 0.4 million. Judgment was not given on any of the three cases in 2008. In 2009, similar one-time operating expenses may be incurred in connection with the lawsuits.

Possible interest payment fluctuations due to interest rate changes are limited as ecotel has agreed interest swaps and interest caps for a large part of the outstanding loan amounts.

Strategic Risks

Strategic risks tend to be medium term in nature and are based on the Company's strategic alignment with regard to procurement, products, sales, technology, and IT.

Dependence on suppliers is reduced by keeping to a two-supplier strategy for all material products. In view of Deutsche Telekom's market dominance, that is not possible in all product areas, however.

One strategic risk in particular stems from the high degree of readiness on the part of preselection customers to switch to bundled products from other providers, especially Deutsche Telekom, and the resulting decline in the customer base. If ecotel fails to retain its customers more strongly by means of, for example, competitive bundle offers of its own, thereby ensuring a lower rate of customer attrition, this could have significant detrimental effects on its asset, financial, and earnings position.

For two years, ecotel has been offering its customers an attractive complete package that bundles connection, voice, and data services and, since February 2008, it has been providing mobile services as well. This reduces the Company's reliance on the declining preselection business. To provide access lines for business customers, ecotel remains dependent on the cooperation of Deutsche Telekom AG (DTAG). On February 2, 2009, the German Federal Network Agency ruled against DTAG on the unimpeded provision of telephone lines as a general product. DTAG was told that it must provide customer telephone lines to competitors such as ecotel without a service interruption. The Agency has still to rule on resale PSTN, or the provision of telephone lines to competitors with a discount.

In addition, ecotel is working intensively on alternative solutions, including unbundled subscriber access via alternative service providers and IP bitstream access via DTAG.

On the IT system side, the subsidiaries acquired by ecotel use different order management and billing systems. In view of ecotel's limited resources and the strategic focus on mobile services and unbundled local loop lines, delays can occur in the migration of existing systems and in IT system development and the development of further new products.

Market Environment Risks

Other material risks that might lead to a significant deterioration in ecotel's economic position lie in the market and industry environment.

The telecommunications industry in which ecotel does business is characterized by fierce competition and intensive price cutting. The existing strong competition in the private customer segment that focuses on price wars and crowding out competitors might spread in the future to the business customer segment. Sharp consolidation in the telecommunications industry might have negative effects on ecotel's asset, financial, and earnings position by making the Company more dependent on individual suppliers.

In addition, ecotel sees a risk of more bad debts as a result of the current financial crisis and the resulting economic slowdown. The Company is trying to minimize a possible increase in the number of bad debts in its Wholesale and Business Solutions segments by means of consistent receivables management, but it does not yet have any experience of how effective this is.

The company only sees limited risks in conjunction with the financial crisis and a fall in revenue because telecommunications services are seen as “basic requirements” and tend to be independent of cyclical trends.

Furthermore, Deutsche Telekom is redoubling its efforts to persuade as many telephone customers as possible to migrate to long-term contracts by means of customer loyalty and retention measures and to prevent them from switching to a competitor, thereby making sales activities by the competition, including ecotel, more difficult, not to say impossible.

Entirely new products and business models are taking shape as a result of the swift pace of technological change. It cannot therefore be ruled out that this may result in ecotel products becoming less competitive and, thereby, less sought after. This is why ecotel is constantly observing the market environment in order to be able to react swiftly and effectively to changes in technology.

Existing regulatory conditions might also change to the detriment of ecotel’s business activity, leading to negative changes affecting its business. A negative German Federal Network Agency ruling on the introduction of resale PSTN could, especially, weaken the Company’s competitive capability considerably.

Overall Risk is Calculable

To summarize, ecotel is convinced that the material risks identified above neither individually nor in their totality threaten its continued existence as a going concern. We are confident that, in 2009, the Company will continue to be able to identify possible risks quickly by means of its flexible business model and monitoring system and subsequently respond to them by initiating countermeasures.

3. OPPORTUNITIES FOR FUTURE DEVELOPMENT

Alongside the risks, there is a wealth of opportunities that may have a significant and sustainable impact on the ecotel Group’s business development.

Growth by Means of Bundled Products

ecotel sees considerable growth potential in continually increasing average revenue per customer by bundling voice, internet, and mobile services. For one, ecotel sees the German Federal Network Agency’s ruling on the provision of Deutsche Telekom AG lines without a service interruption and a PSTN resale decision soon as opportunities for growth in bundling connections and voice. For another, the fixed-line bundle offering is flanked by the new mobile service offering that makes ecotel one of the first industry providers able to offer its business customers all telecommunications services on a single invoice and from a single source.

Growth in the Data Products Sector

ecotel is currently migrating a large proportion of its leased lines to innovative ethernet products that are characterized by high availability, easy integration into corporate networks, and high bandwidths of 10 Mbps to 10 Gbps. ecotel will increasingly offer this product to new customers in 2009 and expects commensurate growth. For business customers with classic bandwidth requirements, ecotel continues to rely on its SHDSL product.

DSL Services for Other Carriers, Resellers, and Outside Marketers

Via the newly developed standardized CAP service platform (short for Carrier Aggregation Platform), ecotel offers complete provision and billing of DSL and voice products from different upstream suppliers to other telcos, resellers, and outside marketers without the need for customers to maintain a complex and expensive IT environment.

Growth in the New Business Sector

At the end of 2008, a new large customer was recruited for the New Media sector's streaming business. The New Media server farm was given a retread and the team was further enlarged to cater for increasing customer requirements. We anticipate further growth in this area in the years ahead.

One-Time Earnings

ecotel is currently engaged in three legal disputes. The outcome of all lawsuits is still open and could lead in 2009 to substantial other operating income.

4. NOTES ON FORECASTS

This Management Report includes forward-looking statements and information – statements, that is, about events that lie in the future. These forward-looking statements can be recognized by terms such as expect, intend, plan, estimate, or the like. They are based on current expectations and specific assumptions. They are, therefore, subject to a number of risks and uncertainties. A large number of factors, many of which are beyond the control of the ecotel Group, influence ecotel's business activities, success, business strategy, and results. As a result of these factors, the actual results, profit, and performance of the ecotel Group may deviate significantly from the forward-looking statements expressly or implicitly contained in the information on results, profit, or performance.

OUTLOOK

ecotel's focus continues to the provision of a wide range of voice, data, internet, and mobile telecommunications services to business customers. Most of the forecasts made in the 2007 Annual Report remain therefore valid.

Integration of nacamar B2B and ADTG

The integration of nacamar GmbH's B2B segment and ADTG Allgemeine Telefondienstleistungs GmbH into ecotel's Business Solutions unit will probably be completed at the end of the first half of 2009. This will be accompanied by a consolidation of IT systems and a concentration of corporate functions at the Company's Düsseldorf headquarters. A large part of the synergies kicked in at the beginning of 2009 with savings of around € 80,000 a month.

In the first half of 2009, the backbone network infrastructure will also be converted to the Next-Generation Network (NGN) standard. This includes especially the central connection of customer lines via ethernet VPN. Along with an improvement in quality, service parameters, and greater bandwidths, ecotel anticipates a cost base improvement in the second half of the year.

Outcome of Lawsuits Still Undecided

There was nothing specific to report on the three lawsuits (against Tiscali, T-Systems, and ancotel) in 2008. We expect the first rulings to occur in 2009. Further developments will be published in the quarterly reports for 2009 and in ad-hoc announcements.

New Business as a New Growth Area

In the New Business segment, independently operating subsidiaries and associated companies will occupy and take up new, high-growth niches and lines of business.

They include especially, along with PPRO GmbH (internet-based payment systems) and easybell GmbH (telecommunications products for private customers), the New Media segment separated from nacamar GmbH. New Media offers a wide range of media and streaming applications, markets advertising mainly by way of barter business, and cooperates with well-known content providers. Customers include well-known German media enterprises and over 60 radio stations.

Mobile Services and Data for New B2B Revenue

To boost market share in the Business Solutions segment, ecotel is planning new sales activities in 2009. They will include a new sales concept with its associated company synergyPLUS – an exclusive sales partnership for mobile services with up to 100 sales representatives. The sales rep concept can also keep fixed costs low, yet ecotel will still have access to a sales force that it can control directly.

In the data sector, ecotel anticipates growth stimuli especially from the marketing of broadband ethernet products and SHDSL products.

Forecast for 2009 Shaped by Various One-Time Events

For 2009, the Company anticipates revenue of € 100 million to € 110 million.

Also in 2009, the result on both income and cost will depend on a variety of one-time events such as the outcome of legal disputes. We expect that EBITDA in 2009 – adjusted for one-time income and expenses – will be in the region of € 6 million.

Responsibility Statement According to Section 37y of the German Securities Trading Act (WpHG)

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the Group's asset, financial, and earnings position, and the Group 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 principal opportunities and risks associated with the expected development of the Group.

Düsseldorf, Germany, March 25, 2009
ecotel communication ag

The Management Board
Peter Zils Bernhard Seidl Achim Theis


PWR
MUT
CLR
FCN
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RCL
QZ 1
ABC 2
DEF 3
SPM
AUX
TONE
GHI 4
JKL 5
MNO 6
HORN
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PRS 7
TUV 8
WXY 9
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VOLUME
SND
END

"People thought I was crazy thinking about a phone you can just put in your pocket."
(Martin Cooper, inventor of the mobile telephone, 1983)

With over 100 million mobile phone contracts, there were more mobile contracts than people in Germany in 2008

ecotel communication ag

Consolidated Balance Sheet as of December 31, 2008

Assents Amount in €	(Notes)	31/12/2007	31/12/2008
A. Non-current assets			
I. Goodwill and other intangible assets	(1)	29,611,345.57	23,614,060.67
II. Fixed assets	(2)	6,870,875.21	6,116,326.30
III. Financial assets	(3)	107,529.19	107,529.19
IV. Non-current receivables	(4)	2,176,941.48	2,282,823.80
V. Deferred tax assets	(7)	1,410,288.57	1,274,788.61
Total non-current assets		**40,176,980.02**	**33,395,528.57**
B. Current assets			
I. Inventories	(5)	23,796.00	77,926.15
II. Trade receivables	(6)	12,865,934.51	14,387,678.98
III. Other receivables and current assets	(6)	4,288,001.22	2,777,055.00
IV. Current income tax assets	(7)	351,675.21	134,907.60
V. Cash and cash equivalents	(8)	3,879,398.62	4,188,387.27
Total current assets		**21,408,805.56**	**21,565,955.00**
Total assets		**61,585,785.58**	**54,961,483.57**

Liabilities Amount in €	(Notes)	31/12/2007	31/12/2008
A. Equity			
I. Subscribed capital	(9)	3,900,000.00	3,900,000.00
II. Capital reserve	(9)	17,826,159.25	17,914,406.41
III. Other reserves	(9)	4,746,959.71	46,506.01
Total equity attributable to Group stockholders		**26,473,118.96**	**21,860,912.42**
IV. Minority interests	(9)	2,093,763.87	594,207.23
Total equity		**28,566,882.83**	**22,455,119.65**
B. Non-current provisions and liabilities			
I. Deferred income tax liabilities	(10)	1,396,248.73	1,332,142.82
II. Non-current loans	(11)	14,750,000.00	11,250,000.00
III. Other financial liabilities	(11)	106,573.97	261,380.90
Total non-current provisions and liabilities		**16,252,822.70**	**12,843,523.72**
C. Current provisions and liabilities			
I. Income tax liabilities	(10)	752,082.32	353,782.59
II. Other provisions	(10)	148,760.00	0.00
III. Financial liabilities	(11)	3,406,635.47	4,470,805.40
IV. Trade liabilities	(11)	11,187,217.19	13,919,859.82
V. Liabilities of associated companies	(11)	0.00	1,852.80
VI. Other liabilities	(11)	1,271,385.07	916,539.59
Total current provisions and liabilities		**16,766,080.05**	**19,662,840.20**
Total equity and liabilities		**61,585,785.58**	**54,961,483.57**

ecotel communication ag

Consolidated Income Statement for fiscal year 2008

Amounts in €	(Notes)	1/1–12/31/2007	1/1–12/31/2008
1. Sales revenue	(14)	93,178,080.03	105,451,433.05
2. Other operating revenue	(15)	424,793.02	554,965.52
3. Other own work capitalized		129,308.40	542,748.22
4. Total revenue		**93,732,181.45**	**106,549,146.79**
5. Cost of materials and consumables			
Cost of purchased services	(16)	-63,571,808.22	-79,012,584.60
6. Personnel expenses	(17)		
6.1 Wages and salaries		-9,067,244.07	-8,899,045.90
6.2 Social security costs and retirement benefit plans		-1,478,313.13	-1,339,868.73
7. Scheduled depreciation and amortization	(18)	-3,152,083.84	-3,624,035.04
8. Unscheduled depreciation and amortization	(18)		
8.1 of fixed assets		0.00	-5,954,205.63
8.2 of current assets		0.00	-100,000.00
9. Other operating expenses	(19)	-10,451,325.78	-11,270,129.29
10. Earnings before interest and taxes (EBIT)		**6,011,406.41**	**-3,650,722.40**
11. Financial income		257,670.45	584,381.13
12. Financial expenses		-1,268,489.84	-1,296,164.68
13. Financial result of companies valued at equity		-233,980.66	0.00
14. Financial result	(20)	-1,244,800.05	-711,783.55
15. Result of ordinary business activity before income taxes		**4,766,606.36**	**-4,362,505.95**
16. Taxes on corporate income and business profits	(21)	-1,391,372.65	94,695.61
17. Consolidated net income from continuing operations		3,375,233.71	-4,267,810.34
18 Net income attributable to minority interests	(22)	-62,970.01	79,008.90
19 . Net income attributable to ecotel communication ag stockholders		**3,312,263.70**	**-4,188,801.44**
Basic earnings per share	(23)	0.90	-1.07
Diluted earnings per share		0.90	-1.07

ecotel communication ag

Consolidated Cash Flow Statement for fiscal year 2008

Amounts in €	(Notes)	2007	2008
Consolidated net income for the year before taxes and minority interests	(24)	4,766,606.36	-4,362,505.95
Net interest income	(24)	639,061.27	957,196.15
Depreciation and amortization (+)/write-ups (-) on fixed assets	(24)	3,152,083.84	9,576,465.17
Cashflow	(24)	**8,557,751.47**	**6,171,155.37**
Other non-cash expenses (+) and income (-)	(24)	413,165.88	88,247.15
Increase (-)/decrease (+) in trade receivables	(24)	-5,091,990.40	-1,597,366.45
Increase (+)/decrease (-) in receivables and other assets	(24)	-271,722.47	-387,561.92
Increase (+)/decrease (-) in other provisions	(24)	46,980.07	-148,760.00
Increase (+)/decrease (-) in trade payables	(24)	2,941,600.24	2,732,642.67
Increase (+)/decrease (-) in liabilities (excl. financial liabilities)	(24)	842,999.59	-352,992.69
Income taxes paid	(24)	-968,286.87	-15,442.46
Cash flow from operating activities	(24)	**6,470,497.51**	**6,489,921.67**
Inflow from disposals of tangible and intangible assets	(24)	3,913.11	18,402.98
Outflow from investments in tangible and intangible assets	(24)	-4,769,910.23	-2,548,980.53
Outflow/inflow from acquisition/disposal of holdings from/to minority shareholders	(24)	0.00	-111,800.00
Outflow for the acquisition of subsidiaries and companies accounted for at equity	(24)	-22,835,025.16	0.00
less cash assumed	(24)	582,903.29	0.00
Outflow for loans granted to companies accounted for at equity	(24)	-2,151,323.57	0.00
Inflow for interest	(24)	257,670.45	116,315.80
Cash flow from investing activities	(24)	**-28,911,772.11**	**-2,526,061.75**
Inflow from capital increase (less capital procurement costs)	(24)	-97,336.66	0.00
Inflow from minority companies	(24)	0.00	99,600.00
Inflow for assumed credit facilities	(24)	17,949,937.31	0.00
Outflow to redeem financial loans	(24)	0.00	-3,399,255.51
Outflow for interest	(24)	-896,731.72	-1,077,450.93
Cash flow from financing activities	(24)	**16,955,868.93**	**-4,377,106.44**
Cash-related changes in cash and cash equivalents	(24)	**-5,485,405.67**	**-413,246.52**
Cash and cash equivalents at beginning of period	(24)	**9,364,804.29**	**3,879,398.62**
Cash and cash equivalents at end of period	(24)	**3,879,398.62**	**3,466,152.10**

Statement of Changes in Consolidated Equity

Amounts in € thou. Notes (9)	Subscribed capital	Capital reserve
As of January 1, 2007	**3,500**	**14,073**
Equity acquisition costs	0	-97
Equity changes due to consolidation group	0	0
Equity changes not recognized in income	**0**	**-97**
Transfer of previous year's result	0	0
ecotel communication ag capital increase	400	3,760
Stock option plan	0	90
Consolidated net income 2007	0	0
Equity changes recognized in income	0	90
As of December 31, 2007	**3,900**	**17,826**
Change due to acquisitions and disposals	0	0
Reclassification due to easybell GmbH profit and loss transfer agreement	0	0
Equity changes not recognized in income	**0**	**0**
Transfer of previous year's result	0	0
Stock option plan	0	88
Consolidated net income 2008	0	0
Equity changes recognized in income	0	88
As of December 31, 2008	**3,900**	**17,914**

Retained profits		Equity attributable to ecotel communication ag stockholders	Minority interests	**Total**
Other retained profits	Consolidated net income			
-686	**2,121**	**19,008**	**225**	**19,233**
0	0	-97	0	-97
0	0	0	1,806	1,806
0	**0**	**-97**	**1,806**	**1,709**
2,121	-2,121	0	0	0
0	0	4,160	0	4,160
0	0	90	0	90
0	3,312	3,312	63	3,375
0	3,312	3,402	63	3,465
1,435	**3,312**	**26,473**	**2,094**	**28,567**
-553	0	-553	-1,380	-1,933
41	0	41	-41	0
-512	**0**	**-512**	**-1,421**	**-1,933**
3,312	-3,312	0	0	0
0	0	88	0	88
0	-4,188	-4,188	-79	-4,267
0	-4,188	-4,100	-79	-4,179
4,235	**-4,188**	**21,861**	**594**	**22,455**

Notes to the Consolidated Financial Statements

Accounting Principles

General Information

ecotel communication ag is headquartered in Germany (Prinzenallee 9–11, 40549 Düsseldorf); it is active throughout the country as a telecommunications company specialized in the needs of small and midrange businesses in three business segments.

In the Business Solutions core business unit, the ecotel Group is one of the first companies in the industry to provide an integrated product portfolio of voice, data, and mobile solutions as a complete, single-source package. Across Germany ecotel supplies around 40,000 business customers with standardized and customized telecommunications solutions. Along with the B2B business of ecotel communication ag and nacamar GmbH, ADTG GmbH is allocated to this business unit.

In the second business unit, Wholesale Solutions, the ecotel Group markets upstream products to other telcos and marketers from outside of the sector. Via modern enabling and procurement platforms, they gain access to the Group's entire product portfolio, such as unbundled local loop and broadband connections or mobile solutions. At the same time, the Company achieves high traffic volumes in this segment and, thereby, enhances the value added for the Business Solutions core area. Along with the wholesale business of ecotel communication ag, i-cube GmbH, and mvneco GmbH are allocated to this business unit.

The New Business segment comprises new, high-growth lines of business and niches of independently operating subsidiaries and associated companies. Along with PPRO GmbH, easybell GmbH, ecotel private ag, and toBEmobile GmbH, nacamar GmbH's New Media segment was transferred to this unit at the beginning of 2008.

All applicable and required standards as of the balance sheet date have been used. In addition, the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) have been observed.

In the 2008 fiscal year, IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction" was accordingly to be applied for the first time. In addition, IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions" and IAS 39 "Financial Instruments: Recognition and Measurement – Reclassification of Financial Assets (Amendment)" had to be used for the first time. Due to the circumstances, these provisions had no influence on the presentation of the asset, financial or earnings position, or the cash flow of the ecotel Group as of December 31, 2008.

Prior to preparation of the consolidated financial statements as of December 31, 2008, the following new and amended standards and interpretations were approved. They do not come into force until later, however, and were not applied prematurely in these consolidated financial statements. Their repercussions on ecotel communication ag's consolidated financial statements have yet to be analyzed in full, so the anticipated effects as noted at the foot of the table are merely an initial estimate.

Standard/interpretation		FN	To be used for fiscal years from	Planned first us from
IFRS 1	First-Time Adoption of IFRS (Amendment)	1,3	January 1, 2009	January 1, 2009
IFRS 2	Share-Based Payment (Amendment)	1	January 1, 2009	January 1, 2009
IFRS 3	Business Combinations	1,3	July 1, 2009	January 1, 2010
IFRS 7	Financial Instruments – Disclosures (Amendment)	1,2,3	January 1, 2009	January 1, 2009
IFRS 8	Operating Segments	2	January 1, 2009	January 1, 2009
IAS 1	Presentation of Financial Statements	1	January 1, 2009	January 1, 2009
IAS 23	Borrowing Costs (Revised)	1	January 1, 2009	January 1, 2009
IAS 27	Consolidated and Separate Financial State ments to IFRS	1,2,3	July 1, 2009	January 1, 2010
IAS 32	Financial Instruments: Presentation (Revised)	1	January 1, 2009	January 1, 2009
IAS 39	Financial Instruments: Recognition and Mea-surement – Exposures Qualifying for Hedge Accounting (Amendment)	1,3	July 1, 2009	1. Januar 2010
IAS 39	Financial Instruments: Recognition and Mea-surement – Reclassification of Financial Assets (Amendment)	1,3	July 1, 2008	January 1, 2009
IFRIC 12	Service Concession Arrangements	1,3	January 1, 2008	January 1, 2009
IFRIC 13	Customer Loyalty Programmes	1	July 1, 2009	January 1, 2009
IFRIC 15	Agreements for the Construction of Real Estate	1,3	January 1, 2009	January 1, 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1,3	October 1, 2008	January 1, 2009
IFRIC 17	Distribution of Non-Cash Assets to Owners	1,3	July 1, 2009	January 1, 2010
IFRIC 18	Transfers of Assets from Customers	1,3	July 1, 2009	January 1, 2010

FN

1 No repercussions worth mentioning are expected on the consolidated financial statements of ecotel communication ag
2 Additional/modified notes to the consolidated financial statements of ecotel communication ag are mainly anticipated
3 Pronouncement by the IASB/IFRIC has yet to be adopted by the EU

In addition to the balance sheet and the income statement, a cash flow statement and schedule of changes in equity have been drawn up.

To improve the clarity of presentation, various items in the consolidated balance sheet and consolidated income statement have been combined. These items are broken down and explained in the notes. The income statement was drawn up according to the total cost method.

The fiscal year used by ecotel communication ag and its fully consolidated subsidiaries corresponds to the calendar year. The consolidated financial statements are denominated in Euro. All figures, including those for the previous year, are stated in thousands of Euro (€ thou.).

The audited consolidated financial statements and Group Management Report will be filed in the electronic version of the German Federal Gazette (Bundesanzeiger), and the consolidated financial statements are due to be released for publication on March 26, 2009 by ecotel communication ag's Supervisory Board.

Basis of Consolidation

For subsidiaries included in the consolidated financial statements for the first time, capital consolidation is carried out in accordance with the acquisition method using the purchase method of accounting (IFRS 3). Using this method, the acquisition costs of the shares acquired are offset against the newly assessed share of equity in the subsidiaries. Any difference between the acquisition costs and the newly acquired share of equity is allocated to the assets and liabilities of the subsidiary. Subsequently, any positive differences are recognized as goodwill under intangible assets in fixed assets. Negative differences are recognized immediately in income. As part of the final consolidation, the remaining carrying amounts of the goodwill and the negative differences are taken into account in the calculation of the final result.

Intra-Group earnings and expenses, receivables, and liabilities or provisions are set off against one another. The results of intra-Group transactions are eliminated unless they are not of minor importance.

Shares in joint ventures and in associated companies are stated in the balance sheet in accordance with the equity method. According to this method, shares in an associated company or joint venture are stated in the balance sheet at cost of acquisition plus any post-acquisition changes in the Group's share of the company's net worth. The goodwill attributable to the associated company or joint venture is included in the share's carrying amount and is not subject to scheduled depreciation. The income statement shows the Group's share in the profits of the associated company or joint venture. Any changes shown directly in the equity of the associated company or joint venture are stated by the Group in accordance with its shareholding and are, therefore, shown accurately in the statement of changes in equity. With one exception, the financial statements of the associated company or joint venture are drawn up to the same balance sheet date as those of the parent company. Wherever necessary, adjustments are made to bring them into line with the uniform accounting and valuation methods for the Group.

Consolidated Group

In addition to ecotel communication ag, the consolidated financial statements include, as in the previous year, all but two of the domestic and foreign subsidiaries in which ecotel communication ag directly or indirectly controls the majority of voting rights. A Ukrainian subsidiary of fully consolidated PhaseFive AG, Düsseldorf, and the German subsidiary of fully consolidated easybell GmbH, 010 010 Telecom GmbH, were not included in the consolidated financial statements on grounds of materiality. The initial or final consolidation takes place at the time of acquisition or sale of the shares.

ecotel communication ag held the following direct and indirect holdings during the reporting and comparison periods:

	Share of capital in %2)	Equity in € thousand 2)	Earnings in € thousand 2)	Earnings in € thousand 2)	Employees* (average) 1)
ecotel private ag	100.0	721 (640)	80 (-9)	64 (130)	0 (0)
easybell GmbH	50.98	437 (471)	48 (77)	4.771 (1,471)	3 (2)
010010 Telecom GmbH	100.0	30 (24)	1 (5)	218 (0)	0 (0)
i-cube GmbH (formely RC communications GmbH)	50.2 (100.0)	222 (82)	-60 (136)	14 (536)	0 (11)
PhaseFive AG	100.0	135 (150)	-15 (-28)	124 (162)	0 (2)
PhaseFive Ukraine	99.0	30 (36)	6 (0.1)	95 (120)	1 (1)
/bin/done digital solutions GmbH	100.0	64 (43)	21 (14)	480 (226)	6 (1)
toBemobile GmbH	51.03	197 (415)	-219 (-45)	427 (511)	1 (3)
nacamar GmbH	100.0 (90,0)	12,441 (16,382)	-3,608 (781)	17,087 (20,652)	62 (70)
ADTG Allgemeine Telefon-dienstleistungen GmbH	100.0	1,509 (1,358)	586 (275)	5,980 (2,930)	15 (14)
PPRO GmbH (formerly PPRO Wertkartenverkauf GmbH)	51.2	355 (230)	70 (55)	5,965 (2,744)	2 (0)
Werkartenverkauf AT GmbH/Austria	100.0	184 (110)	83 (50)	5,515 (2,642)	0 (0)
mvneco GmbH	45.0	-726 (-346)	-380 (-766)	1,951 (718)	7 4

1) Excluding Board members, Managing Directors, and trainees
2) Previous year's figures in brackets

In this presentation, the previous year's earnings and revenues for the companies acquired in 2007 are stated pro rata in relation to the length of time they have belonged to the Group. The balance sheet cutoff date for preparing consolidated financial statements is December 31, which is also the reporting date for the parent company's individual financial statements and those of all fully consolidated subsidiaries.

Acquisitions and Disposals of Equity Holdings

The following transactions were undertaken in the fiscal year 2008 with regard to existing equity holdings in fully consolidated subsidiaries:

nacamar GmbH, Dreieich

By the terms of a contract of purchase dated April 2, 2008, the 10% minority interest in nacamar GmbH was reacquired. In view of the controlling interest that prevailed prior to the acquisition, the original purchase price allocation was not adjusted to include the goodwill acquired. Instead, the acquisition was treated as an equity transaction, leading in fiscal 2008 to a € 526,000 reduction in reserves and a € 1.520 million reduction in minority interests.

i-cube GmbH, Düsseldorf (formerly RC Communications GmbH)
By the terms of a contract dated May 5, 2008, 49.8% of the i-cube GmbH equity was sold to third parties outside the Group for a purchase price of € 14,000. As ecotel communication ag's controlling interest that prevailed prior to the sale continues to apply, this partial disposal was treated as an equity transaction and the original purchase price allocation from the acquisition of this subsidiary was not changed. Instead, the transaction led to a € 14,000 increase in the reserves in fiscal 2008.

The two following subsidiaries were not consolidated as of December 31, 2008 on grounds of materiality (they were not consolidated in the previous year either):

PhaseFive R&D, Ukraine, held assets worth € 33,000 (previous year: € 36,000) as of December 31, 2008, and its debts totaled € 3,000 (previous year: € 1,000). The company's full-year revenue in 2008 was € 95,000 (previous year: € 120,000) and its net profit for the year was € 6,000 (previous year: € 0).

010 010 Telecom GmbH, acquired by sole partner easybell GmbH, held as of December 31, 2008 assets totaling € 214,000 (previous year: €29,000) and debts of € 184,000 (previous year: € 1,000). Its 2008 full-year revenue amounted to € 218,000 (previous year: € 0).

toBEmobile GmbH, Düsseldorf
toBEmobile GmbH has been fully consolidated since 2006. Since the acquisition, ecotel has continued to hold an unchanged 51.03% shareholding and an option to buy the 48.97% minority interest. This also applied as of the balance sheet date December 31, 2008. The purchase option could not be exercised before December 31, 2008 at the earliest, and the option purchase price would only be determined then, based on the total enterprise value as of this cutoff date and on toBEmobile GmbH's net profit for the year. ecotel made no use of this option before the consolidated financial statements for 2008 were drawn up. As of December 31, 2008, it was not possible to state a material price for the option because toBEmobile did not have any positive results to report.

Accounting and Valuation Methods
The annual financial statements of the German and international companies consolidated in the Group are prepared according to uniform accounting and valuation methods. The values stated in the consolidated financial statements are not affected by tax regulations except insofar as determined by IFRS regulations governing the presentation of the assets, financial, and earnings situation.

In addition, the supplementary provisions of Section 315a of the German Commercial Code

(HGB) are observed in the consolidated financial statements.

Assets are recognized when the Group is entitled to all substantial risks and rewards associated with their use. Assessment occurs on the basis of historical cost of acquisition or manufacture, with the exception of specific financial assets.

Acquisition costs include all considerations completed in order to acquire an asset and to put it into operational condition. Manufacturing costs include all costs that can be directly allocated to the manufacturing process and appropriate parts of the overhead costs association with production. Financing costs for the acquisition or the period of manufacture are not recognized, but are expensed as incurred.

Acquired **intangible assets** are recognized at cost of acquisition; self-provided intangible assets from which the firm will probably derive future use and that can be reliably assessed are recognized at cost of manufacture and amortized using the straight-line method over the period of their presumed useful lives unless another amortization method better pertains to the course of their use, as in certain exceptional cases.

Research and development costs are treated as current expenses. **Development costs** are recognized and written down on a straight-line basis if a newly developed product or process can be clearly distinguished, is technically feasible and is planned for own use or sale. Furthermore, recognition requires that a clear allocation of costs is possible and that the costs will with sufficient probability be covered by future inflows of income.

Goodwill resulting from consolidation is subject to an annual impairment test.

The following service lives are regularly used as the basis for assessment:

Concessions and commercial property rights	3–5 years
Development costs	5 years
Software	3 years

If there are grounds for impairment and the recoverable amount is less than the historical cost of acquisition or manufacture, the intangible assets are written down in an accelerated fashion. The recoverable amount of an asset corresponds to the higher of the net sales proceeds or the cash value of future cash flows that can be allocated to the asset (value in use).

Fixed assets are valued at the cost of acquisition or manufacture, depreciated or, if necessary, impaired. Fixed assets are depreciated using the straight-line method over their presumed useful lives, unless another depreciation method better corresponds to the useful life, as can happen in exceptional cases. As a rule, fixed assets are depreciated over the following useful lives:

Other plant, operating, and office equipment	3–7 years

If specific reasons for impairment exist and the recoverable amount is less than the historical cost of acquisition or manufacture, the fixed assets are recognized as impaired. If the reasons for impairment recognized in previous years cease to apply, appropriate write-ups are carried out. For reasons of simplicity and materiality, low-value fixed assets are written down in full in the year of acquisition and recognized as disposals.

Inventories are stated either at cost of acquisition or at net sale value.

Receivables and other assets are initially shown at cost of acquisition, taking account of any transaction costs, and carried forward correspondingly. Receivables bearing no or little interest with lifetimes of over a year are discounted. All identifiable individual risks and general default risks based on experience are carried at appropriately impaired values. Receivables denominated in a foreign currency are shown at the selling rate on the balance sheet date.

Prepaid rent and insurance premiums are stated as **prepayment and accrued income** under other assets.

Borrowing costs are shown as expenses in the period in which they are incurred.

Other **provisions** comprise all identifiable liabilities as of the balance sheet date that are based on past transactions or other past events and for which the amount or date of settlement is unclear. Provisions are stated at the probable settlement value. They are not offset against positive profit contributions. Provisions are only formed if a legal or actual liability to a third party exists. Non-current provisions are carried at their discounted settlement value as of the balance sheet date insofar as the interest effect resulting from discounting is material. The settlement value also includes any cost increases to be accounted for in accordance with IAS 37 as of the balance sheet date.

Liabilities are stated at the time when they are incurred at the amount of the consideration received, taking any transaction costs into accounts. Subsequently, liabilities are valued at historical cost of acquisition. Non-current liabilities are discounted. Liabilities denominated in a foreign currency are valued at the buying rate on the balance sheet date.

Deferred taxes are created for differences between the amounts stated for assets and debts in the consolidated balance sheet and in the tax balance sheets of the individual companies if these different amounts may lead in the future to higher or lower taxable income than would have been the case according to the consolidated balance sheet. Deferred tax assets also include claims for tax reductions that result from the expected future use of current tax loss carryforwards and whose realization is assured with reasonable certainty. Deferred taxes are determined on the basis of tax rates that are applicable or are expected in the various countries at the time of realization. Deferred taxes on corporate tax loss carryforwards of domestic companies were calculated at 15%, as in the previous year, plus 5.5% solidarity surcharge, and on trade tax loss carryforwards at 11 to 17%. These rates were used to report deferred taxes on temporary differences if these differences are to be reversed in the future.

Derivative financial instruments are used in the ecotel Group to a limited extent and solely to hedge interest rate risks run in operative business. In accordance with IAS 39, derivatives are valued at their fair value; changes in values are recognized in income in the results of financing activity. Fair value is determined on the basis of publicly listed prices in the capital market on the balance sheet date that can be established by asking the banks. Financial derivatives with a positive fair value are recognized under other financial assets just as those with a negative fair value are recognized under other financial liabilities. Initial booking-in is on the settlement date, which is usually a few days after the trading day on which the debt was incurred. The interest rate swap agreements that ecotel communication ag uses come in the held-for-trading category of financial instruments (IAS 39.9) and are stated until they are booked out in the case of expiration or redemption in accordance with their market values as financial assets or financial liabilities.

Securities are held as current assets in cash or cash equivalents and are assigned to the held-for-trading category. They are therefore carried at fair value on the balance sheet date and recognized as income.

Equity investments are considered to be held-to-maturity financial investments and are therefore stated at cost of acquisition.

The ecotel Group's **other financial instruments** come in the category of loans and receivables. At the time of their initial inclusion in the balance sheet, they are stated at fair value including directly allocable transaction costs. They are then carried at historical cost of acquisition using the effective interest method.

Revenue and other operating income is recorded when the service has been provided or the assets have been supplied and the transfer of risk has, therefore, been completed. Provisions for warranties are made when the corresponding revenue is realized. If the conditions according to IAS 18.20 ff. for the realization of service revenues according to the percentage of completion are fulfilled as of the balance sheet date, the corresponding revenue is recorded using this method according to the percentage of completion.

Operating expenses are recognized as an expense when the service is utilized or at the time when the service comes into being.

Interest income and expenses are recorded in the period in which they occur. Dividends are collected when the claim legally originates. Costs of capital acquisition that cannot be offset against equity, such as the cost of supporting the share price, are posted in the f**inancial result**. The results of companies assessed using the equity method are shown separately as a part of the financial result.

During the preparation of the consolidated financial statements, **assumptions** are made and **estimates** are used that have an effect on the amount and the identification of recorded assets and liabilities, income and expenses, and on contingent liabilities. These assumptions and estimates relate primarily to the Group's uniform definition of useful lives, the reporting of provisions, and the possible realization of future tax relief. The assumptions on which the estimates are based are explained under the individual items of the balance sheet and income statement. The actual values may in some cases deviate from the assumptions and estimates made. Such deviations are recorded reported through profit and loss at such time as improved knowledge makes this necessary.

NOTES TO THE CONSOLIDATED BALANCE SHEET

(1) Goodwill and other instanglible assets

Intangible assets developed in the 2008 fiscal year as follows:

Development 2008 Amounts in € thou.	Goodwill	Concessions, industrial property rights, and other rights and assets	Development costs	Customer relations	Total
Acquisition and manufacturing costs as of 1/1/2008	**16,711**	**4,402**	**1,538**	**9,168**	**31,819**
Additions	0	1,164	646	0	1,810
Disposals	0	-1	-1	-283	-285
Balance as of 12/31/2008	**16,711**	**5,565**	**2,183**	**8,885**	**33,344**
Writedowns as of 1/1/2008	**0**	**1,162**	**39**	**1,007**	**2,208**
Scheduled additions	0	627	382	798	1,807
Unscheduled additions	3,240	2,139	75	500	5,954
Disposals	0	0	0	-239	-239
Balance as of 12/31/2008	**3,240**	**3,928**	**496**	**2,066**	**9,730**
Carrying amounts as of 12/31/2007	16,711	3,240	1,499	8,161	29,611
Carrying amounts as of 12/31/2008	**13,471**	**1,637**	**1,687**	**6,819**	**23,614**

In the previous year (2007), intangible assets developed as follows:

Development 2007 Amounts in € thou.	Goodwill	Concessions, industrial property rights, and other rights and assets	Development costs	Customer relations	Total
Acquisition and manufacturing costs as of 1/1/2007	**5,973**	**877**	**363**	**2,164**	**9,377**
Additions	0	484	1,175	119	1,778
Change in consolidation group	10,738	3,041	0	6,885	20,664
Disposals	0	0	0	0	0
Balance as of 12/31/2007	**16,711**	**4,402**	**1,538**	**9,168**	**31,819**
Writedowns as of 1/1/2007	**0**	**489**	**2**	**117**	**608**
Scheduled additions	0	661	37	890	1,588
Change in consolidation group	0	12	0	0	12
Disposals	0	0	0	0	0
Balance as of 12/31/2007	**0**	**1,162**	**39**	**1,007**	**2,208**
Carrying amounts as of 12/31/2006	5,973	388	361	2,047	8,769
Carrying amounts as of 12/31/2007	**16,711**	**3,240**	**1,499**	**8,161**	**29,611**

Development costs in the 2008 fiscal year totaled € 646,000 (previous year: € 1.175 million). They relate for the most part (€ 418,000) to the order processing system for fixed-line, data, and mobile services that was taken into service in 2008 and is being written off over five years using straight-line depreciation. In 2008, development costs of € 17,000 were charged to capital at nacamar in connection with the media delivery network. The system is scheduled to become operational in the course of 2009.

Intangible asset additions at ecotel consisted of € 500,000 in initial setup fees for using the mvneco mobile platform, at i-cube of € 362,000 in initial usage feels for the DSL service platform, and at toBEmobile of € 98,000 in license costs for a video platform.

In addition, customer bases acquired in 2007 at nacamar (€ 4.297 million, previous year: € 5.164 million) and ADTG (€ 1.013 million, previous year: € 1.238 million) were entered in the balance sheet. The ADTG customer base is being written off over a useful life of six years; that of nacamar, depending on the customer segment, over a scheduled period of between ten and 18 years. Customer relations at DSLCOMP, acquired in 2006, are stated as of the balance sheet date at € 1.483 million (previous year: € 1.683 million); they are to be written off over ten years using the straight-line method. Other customer relations and an internet domain were entered in the balance sheet as of the cutoff date at easybell (€ 26,000, previous year: € 32,000) and at PPRO (€ 25,000, previous year: € 42,000); they are being written off over useful lives of six and three years, each using the straight-line method.

Unscheduled writedowns of intangible assets (excluding goodwill) comprise € 2.139 million relating to usage rights for backbone capacities, plus € 75,000 for capitalized development costs (evolution contracts), and € 500,000 for capitalized customer relations at nacamar. Last year there were no unscheduled writedowns.

Stated goodwill, taking into consideration the unscheduled 2008 writedowns due to lower future expectations (reduced growth rates and margins), is as follows:

Cash-Generating Unit Amounts in € thou.	Carrying amount as of 12/31/2007	Unscheduled depreciation in 2008	Carrying amount as of 12/31/2008
ecotel B2B (DSLCOMP / nacamar B2B / ADTG)	10,732	-2,000	8,732
nacamar New Media	3,234	0	3,234
toBEmobile	240	-240	0
bin/done	294	0	294
i-cube (formely RC)	25	0	25
PPRO	2,062	-1,000	1,062
easybell	124	0	124
Total	**16,711**	**-3,240**	**13,471**

In the previous year there was no unscheduled goodwill depreciation.

Goodwill impairment tests in accordance with IAS 36 were carried out using the discounted cash flow method. They were based on the corporate planning data (over an eight-year forecasting period). The composition of ecotel's cash-generating units, or CGUs, was adjusted last year to the newly aligned business activity of the ecotel Group. The New Media segment at nacamar GmbH was identified as a separate CGU, while all activities relating to business customer solutions were merged into a joint CGU.

Calculations were based on the following discount rate assumptions: a capitalization interest rate of 8.6% (previous year: 7.5%) after taxes or 11.7% (previous year: 10.6%) before taxes; a beta factor of 1.3 (previous year: 1.3), and a debt ratio of 40% (previous year: 40%). Growth rates for individual companies were set at between -10% and 5% (previous year: between 0 and 5%). The income tax rate used was 31% (previous year: 31%).

(2) Fixed Assets

Fixed assets developed as follows in the 2008 fiscal year:

Development 2008 Amounts in € thou,	Land, leasehold rights, and buildings, incl. buildings on third-party land	Other plant, operating, and office equipmen	Payments on account and assets under construction	**Total**
Acquisition and manufacturing costs as of 1/1/2008	**2,144**	**5,346**	**2,390**	**9,880**
Additions	530	407	0	937
Transfers	2,281	0	-2,281	0
Disposals	-29	-103	0	-132
Balance as of 12/31/2008	**4,926**	**5,650**	**109**	**10,685**
Writedowns as of 1/1/2008	**347**	**2,662**	**0**	**3,009**
Additions	527	1,149	0	1,676
Disposals	-13	-103	0	-116
Balance as of 12/31/2008	**861**	**3,708**	**0**	**4,569**
Carrying amounts as of 12/31/2007	1,797	2,684	2,390	6,871
Carrying amounts as of 12/31/2008	**4,065**	**1,942**	**109**	**6,116**

In fiscal 2007, the development of the Group's fixed assets was as follows:

Development 2007 Amounts in € thou,	Land, leasehold rights, and buildings, incl. buildings on third-party land	Other plant, operating, and office equipment	Payments on account and assets under construction	Total
Acquisition and manufacturing costs as of 1/1/2007	**117**	**2,850**	**64**	**3,031**
Additions	15	651	2,326	2,992
Change in consolidation group	2,012	1,861	0	3,873
Disposals	0	-16	0	-16
Balance as of 12/31/2007	**2,144**	**5,346**	**2,390**	**9,880**
Writedowns as of 1/1/2007	**87**	**1,358**	**0**	**1,445**
Additions	260	1,305	0	1,565
Change in consolidation group	0	11	0	11
Disposals	0	-12	0	-12
Balance as of 12/31/2007	**347**	**2,662**	**0**	**3,009**
Carrying amounts as of 12/31/2006	30	1,492	64	1,586
Carrying amounts as of 12/31/2007	**1,797**	**2,684**	**2,390**	**6,871**

No impairments were necessary in either the reporting period or the comparison period.

Future Operating Lease Payments

As of December 31, 2008, the outstanding lease obligations from operating lease contracts were as follows:

Amounts in € thou.	Up to 1 year	From 1 to 5 years	Over 5 years	Total as of 12/31/2008
Operating and office equipment (leasing)	309	314	0	623
Other lease contracts	2,028	5,289	520	7,837
	2,337	**5,603**	**520**	**8,460**

Lease obligations resulted mainly from operating lease contracts for technical equipment and software, company vehicles, and lease obligations on leased office equipment. The other lease contracts primarily include the rent for office space and the computing center, and frame contract for line deliveries.

As of December 31, 2007, the following financial obligations existed as a result of operating lease contracts:

Amounts in € thou.	Up to 1 year	From 1 to 5 years	Over 5 years	Total as of 12/31/2007
Operating and office equipment (leasing)	908	373	0	1,281
Other lease contracts	1,692	3,240	1,901	6,833
	2,600	**3,613**	**1,901**	**8,114**

(3) Financial assets

Financial assets totaling € 107,000 (previous year: € 107,000) as of the balance sheet date consist of € 51,000 in acquisition costs relating to PhaseFive AG's equity investment in its Ukrainian subsidiary (which is not consolidated), and € 56,000 of equity investment by easybell GmbH in 010 010 Telecom GmbH, which is also not consolidated on grounds of materiality.

The carrying amount of the holding in mvneco GmbH, which is held at equity, was € 0 as of December 31, 2008 as the original acquisition cost of this equity holding (€ 234,000 at the time of acquisition in 2007) had to be written off in full due to the company's net loss for the year in 2007, which was the result of high startup costs, and the net loss for 2008 – totaling € -516,000 (previous year: € -345,000) pro rata. As of the reporting date, the company had € 3.723 million in assets and € 4.449 million in debts. The negative equity value, which is not shown in the balance sheet, of the holding in mvneco GmbH was, therefore, € -282,000 (previous year: € -170,000) as of December 31, 2008.

(4) Non-current receivables

The € 2.257 million (previous year: € 2.151 million) in non-current receivables consists mainly of a loan granted by ecotel communication ag to mvneco GmbH, a company valued at equity. The loan runs until September 2010 and bears 5 percent annual interest.

(5) Inventories

Inventories totaling € 78,000 consist mainly of terminal devices and SIM cards.

Last year, ecotel communication ag SIM cards in storage were listed at € 18,000 and easybell GmbH routers at € 6,000.

(6) Trade receivables and other receivables and assets

Amounts in € thou.	Remaining period of over 1 year	Total as of 12/31/2007	Remaining period of over 1 year	Total as of 12/31/2008
Trade receivables				
from third parties	0	12,866	0	14,388
Other receivables and assets				
Securities	0	403	0	155
Accruals	0	54	0	91
Other receivables and assets	3	3,831	0	2,531
	3	**4,288**	**0**	**2,777**

The securities are short-term investments by two (previous year: three) subsidiaries. The effect on results of the increase in the provision for losses on trade receivables is stated in other operating expenses, that of the dissolution of adjustments in other operating earnings. The receivables do not bear interest and are therefore not subject to any risk of interest rate changes. The carrying amounts correspond to the fair values.

(7) Current and deferred income tax assets

Amounts in € thou.	12/31/2007	12/31/2008
Deferred income tax assets	1,410	1,275
Current income tax assets	352	135
	1,762	**1,410**

Deferred income tax assets are deferred tax entitlements totaling € 467,000 (previous year: € 364,000) as a result of corporation and trade tax loss carryforwards at three (previous year: four) subsidiaries and € 808,000 (previous year: € 1.046 million) in deferred tax entitlements due to temporary differences at subsidiaries. The actual income tax assets are refund entitlements in connection with trade tax, corporation tax, and withholding tax credits.

(8) Cash and cash equivalents

Amounts in € thou.	12/31/2007	12/31/2008
Cash on deposit at banks	3,878	4,186
Cash on hand and checks	1	2
	3,879	**4,188**

(9) Equity

The development of the Group's equity is presented in the statement of changes in equity.

The number of ecotel communication ag shares in circulation as of December 31, 2008 was 3,900,000. They are no-par value share certificates, each with a € 1.00 pro rata share in the Company's capital stock.

The capital reserve amounts to € 17.914 million (previous year: € 17.826 million). The increase is the result of proportional consideration of EUR 88,000 in expenses relating to a stock option plan.

Share-Based Remuneration

The stock option plan is based on a resolution by the ecotel communication ag Annual General Meeting held on July 27, 2007. For 45,000 options granted before 2007, the exercise price for an ecotel share was € 13.45 or the 30-day average share price before the allocation date. The option plan runs for five years and stock options may only be exercised after a waiting period of two years from the day on which they were granted. Once this waiting period is over, one third of the options can be converted per annum. Options can only be exercise once the waiting period is over if the average price of the share has risen by at least five percent per year compared with the exercise price and if it has performed at least two percentage points better than the HDAX, a share index that includes all 110 companies in the DAX, MDAX, and TecDAX indices.

The fair price of the commitment arising from the share-based remuneration pledge was calculated on the basis of a binomial model using the following parameters:

Dividend yield	0,00 %
Risk-free interest rate	3,90 %
Volatility of the ecotel share	35,97 %
Volatility of the HDAX index	15,96 %

The exercise price for an ecotel share also corresponds to the 30-day average share price prior to the October 1, 2007 allocation date of a further 100,000 share options – € 12.27. According to IFRS 2, an exercise price of € 13.45 was retained for the valuation of the 45,000 old share options. The underlying volatilities are based for all options on historic annualized volatilities noted by Bloomberg over a 260-day period. The expected exercise period is three to five years.

The 145,000 stock options outstanding at the end of 2008 were granted to two Management Board members (120,000 options with a total market value of € 282,000 when they were issued) and a further ecotel communication ag officer, for whom the cost of contributing toward the capital reserve is € 13,000 (previous year: € 3,000) for 25,000 options with a market value of € 36,000 when they were issued. See note 29 for an individual breakdown of the market values. The characteristics of the new options are identical to those of the previous issue. Due to the proportionate values on the issue date, October 1, 2007, however, the following parameters were established using a binomial model to identify the fair value:

Dividend yield	0,00 %
Risk-free interest rate	4,15 %
Volatility of the ecotel share	36,00 %
Volatility of the HDAX index	15,13 %

The underlying volatilities are based on historic annualized volatilities noted by Bloomberg over a 260-day period. The expected exercise period is three to five years.

The pro rata addition to the capital reserve (€ 88,000; previous year: € 90,000) is recorded under personnel expenses. As per December 31, 2008, the capital surplus includes € 178,000 (previous year: €90,000) for existing stock options

Minority Interests

The shares held by other shareholders relate to minority interests in the equity of toBEmobile (€ 96,000; previous year: € 203,000), PPRO (€ 173,000; previous year: € 139,000), easybell (€ 214,000; previous year: € 231,000), and i-cube (€ 110,000; previous year: € 0). In the previous year, nacamar had a € 1.520 million share due to its 10 percent minority holding.

Share Ownership

The following own more than 10 percent of the Company's shares:

	%
Peter Zils	31.05%
Intellect Investment & Management Ltd.	21.33%
AvW Management-Beteiligungs AG	10.12%

During the fiscal year 2008, the following notifications were received that – in combination with Section 20 (1) or (4) of the German Stock Corporation Law (AktG) or in combination with Section 21 (1) or (1a) of the German Securities Trading Law (WpHG) – led to statements in accordance with Section 160 (1) (8) of the German Stock Corporation Law (AktG):

February 18, 2008
Notification received from Intellect Investment & Management Ltd., Tortola, British Virgin Islands, that its voting shares in ecotel communication ag on February 13, 2008 exceeded 3, 5, and 10 % to reach 12.82% (number of shares: 499,799; capital stock: 3,900,000 shares). The voting rights are held by Andrey Morozov from Finland, who owns over 3% of voting shares in the Company.

February 18, 2008
Notification received from Information Technologies R&D Holding AG, Zug, Switzerland, that its holding of voting shares in ecotel communication ag on February 13, 2008 fell below 10, 5, and 3% and is now down to zero.

November 18, 2008
Notification received from Intellect Investment & Management Ltd., Tortola, Britsh Virgin Islands, that its voting shares in ecotel communication ag on November 17, 2008 exceeded 15% to reach 15.62% (number of shares: 608,999; capital stock: 3,900,000 shares). The voting rights are held by Andrey Morozov from Finland, who owns over 3% of voting shares in the Company.

December 5, 2008
Notification received from IQ Martrade Holding und Managementgesellschaft mbH, Düsseldorf, that its voting shares in ecotel communication ag on December 2, 2008 exceeded 3% to reach 3.66% (number of shares: 142,886; capital stock: 3,900,000 shares). The voting rights are held by the following companies that hold more than 3% of voting rights: (1) MARTRADE Logistic GmbH & Co. Kommanditgesellschaft, Düsseldorf, (2) MARTRADE Logistic Verwaltungs GmbH, Düsseldorf, and (3) Günther Hahn, Germany.

December 30, 2008
Notification received from Intellect Investment & Management Ltd., Tortola, British Virgin Islands, that its voting shares in ecotel communication ag on December 29, 2008 exceeded 20 % to reach 21.33% (number of shares: 831,896; capital stock: 3,900,000 shares). The voting rights are held by Andrey Morozov from Finland, who owns over 3% of voting shares in the Company.

(10) Current and deferred income taxes, other provisions, and stock option plan

Amounts in € thou	Initial amount on 1/1/2008	Utilized	Dissolved	Allocated	Transferred	Final amount on 12/31/2008
Actual income taxes	752	400	0	2	0	354
Deferred income taxes	1,396	0	178	114	0	1,332
Provisions for income taxes	**2,148**	**400**	**178**	**116**	**0**	**1,686**
Of which with a term to maturity of up to 1 year	752	400	0	2	0	354
Provisions for personnel	77	77	0	0	0	0
Audit costs	58	58	0	0	0	0
Supervisory Board remuneration	14	14	0	0	0	0
Other provisions	**149**	**149**	**0**	**0**	**0**	**0**
Of which with a term to maturity of up to 1 year	149	149	0	0	0	0

Unlike last year, the provisions for audit costs and Supervisory Board remuneration were shown under other current liabilities.

(11) Other financial liabilitier, trade payables, and other liabilities

Amounts in € thou.	Remaining period of up to 1 year	Total as of 12/31/2007	Remaining period of up to 1 year	Total as of 12/31/2008
Borrowings	3,407	18,157	4,471	15,721
Other	0	106	0	261
Financial liabilities	**3,407**	**18,263**	**4,471**	**15,982**
Trade payables	**11,187**	**11,187**	**13,920**	**13,920**
Other taxes	822	822	525	525
Social security	37	37	52	52
Wages and salaries outstanding	0	0	2	2
Accrued vacation	199	199	143	143
Final audit/Supervisory Board	0	0	86	86
Other	213	213	109	109
Other liabilities	**1,271**	**1,271**	**917**	**917**

The financial liabilities are owed to banks. Financial liabilities of € 154,000 (previous year: € 52,000) resulted from the valuation of an interest swap at fair value. The change in fair value is included in the financial result.

The short-term indebtedness to banks is mainly the repayment of the two acquisition loans raised in 2007 which are due for redemption in 2009. The long-term credit liabilities are the sum outstanding of the two loans raised in 2007 by ecotel communication ag, one of € 14 million, the other of € 4 million. They have a five-year term and bear interest at a reference rate plus a margin.

(12) Disclosure of financial instruments

In the normal course of business, the Group is exposed to risks associated with currency fluctuations, interest rate changes, and changes in the cost of credit, all of which may have an effect on the asset, financial, and earnings situation.

Foreign currency risk: Foreign currency risks arise from receivables, liabilities, cash and cash equivalents, and planned transactions that occur or will occur in a currency that is not the Company's functional currency. The Company is examining the use of derivative financial instruments to hedge against foreign currency risks. Since the currency risk has been low in past fiscal years, no financial derivatives have been used to hedge currency rate risks.

Interest rate risk: In the ecotel Group, interest rate risks arise mainly in connection with the Group's financial liabilities and its interest-bearing investments. Hedging is undertaken by means of primary and derivative financial transactions against negative value changes that result from unexpected interest rate movements. At the end of 2008, there were two interest rate derivatives, each with a nominal volume of € 5.750 million in the form of a swap and a cap contract. All financial derivatives are stated as financial assets or financial liabilities at their fair value on the reporting date. When interpreting the positive or negative fair values of derivative financial instruments, it should be noted that underlying transactions as a rule balance them out via compensating risks. The term of interest rate derivatives concluded is geared to that of the underlying transactions and is thus primarily short to medium term.

Credit risk: A credit risk exists for the Group if transaction partners do not meet their obligations in the standard payment periods. The maximum default risk is presented on the balance sheet by the carrying amount of the particular financial asset. The development of the total receivables is monitored constantly in order to be able to identify potential default risks as soon as possible and to initiate corresponding countermeasures.

Value adjustments for Group receivables have accordingly developed as follows under the following balance sheet items:

Value adjustments for receivables in 2008 Amounts in € thou.	Trade receivables	Other receivables and other assets	**Total as of 12/31/2008**
As of 1/1/2008	202	10	212
Adjustments in the reporting year	333	100	433
Disposals	-32	0	-32
As of 12/31/2008	**503**	**110**	**613**

Value adjustments for receivables in 2007 Amounts in € thou.	Trade receivables	Other receivables and other assets	**Total as of 12/31/2007**
As of 1/1/2007	125	0	125
Additions/disposals due to changes in the consolidation group	65	10	75
Adjustments in the reporting year	46	0	46
Disposals	-34	0	-34
As of 12/31/2007	**202**	**10**	**212**

As of December 31, 2008, overdue unadjusted receivables existed as follows:

Overdue unadjusted receivables Amounts in € thou.	Gross value as of 12/31/2008	Overdue adjusted receivables	Overdue unadjusted receivables due as follows:				
			Up to 30 days	31–60 days	61–90 days	91–120 days	Over 120 days
Financial receivables	2,283	0	0	0	0	0	0
Trade receivables	14,781	393	532	742	835	508	1,411
Other receivables and other assets	2,887	110	0	0	0	0	0
	19,951	**503**	**532**	**742**	**835**	**508**	**1,411**

Individual adjustments are made to overdue financial assets threatened by default if their fair value is lower than the stated carrying amount due to irrecoverability or impairment.

Of the unadjusted trade receivables shown as overdue by more than 120 days, € 1.057 million (previous year: € 1.136 million) are for services provided by ecotel communication ag as of the balance sheet date that have yet to be invoiced. This relates to undisputed but not yet billed work for the access lines product (€ 153,000; previous year: € 232,000) and commission receivables (€ 904,000, unchanged on the year). The commission receivables were calculated on the basis of a valid contract, but the debtor has yet to make a payment. ecotel communication ag has accordingly taken legal action. nacamar GmbH has € 139,000 of open items with Tiscali for which corresponding amounts are still outstanding. A further € 48,000 (previous year: € 250,000) consists of nacamar GmbH barter business as a part of which provisions were created for the amount corresponding to outstanding invoices from missing counter-claims.

As of December 31, 2007, the situation was as follows:

Overdue unadjusted receivables Amounts in € thou.	Gross value as of 12/31/2007	Overdue adjusted receivables	Overdue unadjusted receivables due as follows:				
			Up to 30 days	31–60 days	61–90 days	91–120 days	Over 120 days
Financial receivables	2,177	0	0	0	0	0	0
Trade receivables	13,068	202	359	444	98	237	1,688
Other receivables and other assets	4,298	10	10	0	0	0	0
	19,543	**212**	**369**	**444**	**98**	**237**	**1,688**

The financial assets and liabilities can be subdivided into valuation categories with the following carrying amounts:

Financial assets as of 12/31/2008 Amounts in € thou.	Fair Value	Carrying amounts				
		Cash and cash equiva-lents	Loans and receivables	Financial instruments reported at fair value through pro-fit and loss	Financial assets available for sale	**Total carrying amounts**
Cash and cash equivalents	4,188	4,188	0	0	0	4,188
Securities	155	0	0	155	0	155
Trade receivables	14,382	0	14,382	0	0	14,382
Other current receivables and assets	2,628	0	2,628	0	0	2,628
Financial investments	108	0	0	0	108	108
Non-current financial assets	2,283	0	2,283	0	0	2,283
Total	**23,744**	**4,188**	**19,293**	**155**	**108**	**23,744**

Financial liabilities as of 12/31/2008 Amounts in € thou.	Fair Value	Carrying amounts		
		Other debts	Financial instruments reported at fair value through profit and loss	**Total carrying amounts**
Current financial liabilities	4,473	4,319	154	4,473
Trade liabilities	13,920	13,920	0	13,920
Other current liabilities	917	917	0	917
Non-current loans	11,250	11,250	0	11,250
Other non-current financial lia-bilities	261	261	0	261
Total	**30,821**	**30,667**	**154**	**30,821**

As of December 31, 2007, the breakdown was as follows:

Financial assets as of 12/31/2007 Amounts in € thou.	Fair Value	Carrying amounts				
		Cash and cash equivalents	Loans and receivables	Financial instruments reported at fair value through profit and loss	Financial assets available for sale	**Total carrying aamounts**
Cash and cash equivalents	3,879	3,879	0	0	0	3,879
Securities	403	0	0	403	0	403
Trade receivables	12,866	0	12,866	0	0	12,866
Other current receivables and assets	3,885	0	3,885	0	0	3,885
Financial investments	108	0	0	0	108	108
Non-current financial assets	2,177		2,177	0	0	2,177
Total	**23,318**	**3,879**	**18,928**	**403**	**108**	**23,318**

Financial assets as of 12/31/2007 Amounts in € thou.	Fair Value	Carrying amounts		
		Other debts	Financial instruments reported at fair value with effect on net income	**Total carrying aamounts**
Current financial liabilities	3,407	3,355	52	3,407
Trade liabilities	11,187	11,187	0	11,187
Other current liabilities	1,271	1,271	0	1,271
Non-current loans	14,750	14,750	0	14,750
Other non-current financial liabilities	107	107	0	107
Total	**30,722**	**30,670**	**52**	**30,722**

From the fair valuation of financial derivatives held for trading, expenses totaling € -102,000 (previous year: € -46,000) were recorded in the income statement on the balance sheet date. These effects result solely from the interest rate swap, because the interest rate cap both last year and this year has had a current value of nil.

Liquidity risk: As a rule, the refinancing of ecotel Group companies is carried out centrally by ecotel communication ag. There is a risk here that the liquidity reserves may not be sufficient to fulfill financial obligations on time. That is why capital management aims to ensure that the sum total of equity and long-term borrowing exceeds long-term assets. In 2009, repayments are due with a nominal volume of € 3.5 million. To meet the liquidity requirement, cash and cash equivalents totaling € 4.2 million are available. In addition, ecotel communication ag has at two banks a contractually agreed credit line of € 9.0 million that after subtracting € 3.3 million in bank guarantee debts and other liabilities to banks totaling € 0.7 million as of December 31, 2008 still leaves the Group with € 5.0 million (previous year: € 6.0 million). Financial covenants exist in respect of the bank loans totaling € 18 million that ecotel communication ag has taken out and the credit line that it has at its disposal. They specify the following: (1) equity must amount to at least 25 percent of the balance sheet total; (2) the ratio of debt to EBITDA must be no more than 2.5; and (3) EBITDA must be at least 5 percent of sales revenue. A breach of the financial covenants could possibly lead to termination and early repayment of the loan and the credit line if no agreement can be reached on adjusting the financial covenants or on refinancing. Furthermore, the credit line could be reduced or canceled at short notice. In all, however, the liquidity risk is estimated to be low.

The following financial liabilities are expected to result in the following (undiscounted) payments in the years ahead:

Redemption and interest pay ments for financial liabilities Amounts in € thou.	Carrying amounts as of 12/31/2008	Redemption payments			Interest payments		
		2009	**2010 to 2013**	From 2014	**2009**	2010 to 2013	**From 2014**
Owed to banks	14,750	3,500	11,250	0	393	504	0
Liabilities arising from finance leases	247	95	152	0	11	7	0
Derivative financial liabilities	154	0	0	0	224	254	0
Other financial liabilities	831	831	0	0	0	0	0

Redemption and interest pay ments for financial liabilities Amounts in € thou.	Carrying amounts as of 12/31/2007	Redemption payments			Interest payments		
		2008	**2009 to 2012**	From 2013	**2008**	2009 to 2012	**From 2013**
Owed to banks	18,000	3,250	14,750	0	691	1,252	0
Liabilities arising from finance leases	97	97	0	0	16	0	0
Derivative financial liabilities	52	0	0	0	277	472	0
Other financial liabilities	114	114	0	0	0	0	0

(13) Contingent receivables and liablities, and other financial obligations

Contingencies due to possible liabilities not shown on the balance sheet as of December 31, 2008 totaled € 3.274 million (previous year: € 3.387 million) in bank guarantee debts. The shares in nacamar GmbH were assigned to the lending bank as collateral for the € 18 million acquisition loan.

Contingent liabilities result from two unresolved lawsuits. One is a claim for damages from ancotel GmbH for damage done to ecotel IT equipment at ancotel GmbH's computing center. In the second suit, ecotel is trying to secure a purchase price reduction for nacamar GmbH from Tiscali Business GmbH for failure to achieve profit targets. In both proceedings, future entitlements are deemed likely, but cannot yet be quantified reliably.

Other financial obligations result solely from the operating leases outlined above.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS STATEMENT

(14) Revenues

Amounts in € thou.	2007	2008
Domestic	81,343	86,809
Foreign	11,835	18,642
	93,178	**105,451**

The breakdown of revenues into the business units Business Solutions, Wholesale Solutions, and New Business are taken from the segment reports. Revenues are obtained solely through the performance of services.

15) Other operating revenue and other internally produced and capitalized assets

Amounts in € thou.	2007	2008
Vehicle use	110	51
Re-charging of fees and expenses	110	141
Earnings from the retransfer of adjustments on receivables	7	8
Earnings from the retransfer of provisions	13	117
Currency gains	0	68
Earnings from insurance payments for damages	0	7
Other	185	163
	425	**555**

As in the previous year, the other internally produced and capitalized assets reported in 2008 refer to programming work allocated within the Group.

(16) Raw materials and consumables used

The expense for raw materials and consumables used relates exclusively to outside services

(17) Personal expenses

Amounts in € thou.	2007	2008
Wages and salaries	9,067	8,899
Social security contributions	1,478	1,340
- of which for pensions and support	757	700
	10,545	**10,239**

During the fiscal year, the average number of staff employed in the consolidated companies

Staff	2007	2008
Employees	195	187
	195	**187**

In addition, there were eight (previous year: eight) Management Board members or managing directors in the consolidated companies and 17 trainees (previous year: 22). In 2008, the unconsolidated associated companies had two employees (previous year: one) and one managing director. mvneco GmbH, assessed using the equity method, had eight (previous year: three) employees and two managing directors.

(18) Scheduled depri-cation and non-scheduled impair ment of assets

A list of depreciation and amortization of intangible assets and of fixed and financial assets may be found in the notes to the particular item.

In the 2008 fiscal year, after carrying out impairment tests, € 3.240 million (previous year: € 0) in unscheduled depreciation was applied to goodwill of the cash-generating units and a further € 2.714 million (previous year: € 0) to other intangible fixed assets.

In addition, unscheduled depreciation amounting to € 100,000 was applied to other assets in 2008.

(19) Other operating expenses

Amounts in € thou.	2007	2008
Cost of delivering goods	4,026	4,631
Legal and consulting costs	834	1,506
IT costs	1,799	1,427
Rents, leases, space costs	1,052	1,008
Other administrative costs	442	587
Change in provision for losses on receivables	159	433
Vehicle costs	279	389
Marketing expenses	760	231
Insurance premiums	186	197
Leasing	300	131
Repairs and maintenance	28	42
Other taxes	3	1
Other	583	687
	10,451	**11,270**

(20) Finance result

Amounts in € thou.	2007	2008
Interest income		
Income earned from credit balance at bank/fixed-term deposits	0	27
Other interest and similar earnings	258	192
	258	**219**
Interest expense		
Interest on credit liabilities	-779	-1,021
Net result from derivative financial instruments	-46	-102
Other interest and similar expenses	-118	-53
	-943	**-1,176**
Net interest income	-639	-957
Other financial expenses and income		
Compensation claim arising from former ADTG acquisition	0	365
Results of companies carried at equity	-234	0
Cost of stock price maintenance	-326	-120
	-560	**245**
Financial result	**-1,245**	**-712**

(21) Taxes on income and earnings

Amounts in € thou	2007	2008
Actual income taxes	-724	166
Deferred income taxes	-606	-71
Income taxes from offsetting equity procurement costs (IAS 32.35)	-61	0
Income tax expense/income	**-1,391**	**95**

There follows a reconciliation of anticipated and actually reported tax expense. To determine the anticipated tax expense, the result before income taxes is multiplied by a Group-defined flat tax rate of 32 percent (previous year: 40 percent) on earnings. This consists of corporation tax of 15 percent (previous year: 25 percent) plus a 5.5 percent solidarity supplement and business tax of 16 percent (previous year: 18 percent). The anticipated tax expense is compared with the actual tax expense.

The reconciliation of anticipated to actual income tax expense for the reporting year and the previous year is as follows:

Amounts in € thou.	2007	2008
Result before taxes	4,767	-4,363
Group tax rate	40.0%	32.0%
Anticipated tax expense/income	**-1,907**	**1,396**
Differences due to tax rates differing from Group tax rate	55	-93
Differences due to statutory change in tax rate	36	0
Tax reductions due to tax-exempt earnings	367	210
Tax increases due to non-tax-deductible expenditure	-71	-1,255
Previous year's taxes	0	54
Adjustment to deferred tax assets on losses brought forward	0	-134
Earnings from equity holdings	-93	0
Other tax effects	223	-83
Tax expense according to the income statement (expense [-]/income [+])	**-1,391**	**95**
Effective tax rate in percent	**29.2%**	**-2.2%**

Deferred taxes are calculated using the balance sheet-oriented liability method. Accordingly, tax relief and charges that are likely to come to bear in the future are entered in the balance sheet to account for temporary differences between the book values listed in the consolidated financial statements and the taxable amounts of assets and debts that are stated. If the temporary differences relate to items that directly increase or reduce equity, the deferred taxes associated with these are directly set off against equity. No set-offs were taken directly to equity as of December 31, 2008 or December 31, 2007.

The deferred taxes are attributable to the following items:

Amounts in € thou.	2007 asset	2007 liability	2008 asset	2008 liability
Losses carried forward	364	0	467	0
Fixed assets/intangible assets	1,144	1,374	1,116	1,532
Trade receivables	0	132	0	37
Other financial assets	0	0	0	114
Financial liabilities	10	0	48	0
Other items	4	2	0	5
Balance of assets and liabilities	-112	-112	-356	-356
Valuation adjustment	0		0	
	1,410	**1,396**	**1,275**	**1,332**

Deferred tax assets in a single tax jurisdiction are offset against deferred tax liabilities in the same jurisdiction if the terms when they fall due correlate.

With the exception of one subsidiary, all income tax losses carried forward as of the balance sheet date were taken into account in recognizing deferred income tax assets, since in subsequent years there will probably be sufficient taxable earnings available to utilize them. For 2008, the corporation tax loss of € 1.096 million at ecotel communication ag and the business tax loss of € 734,000 for the joint tax entity with nacamar were fully taken into account in the statement of deferred tax assets. At toBEmobile no deferred tax assets were taken into account for the existing tax loss of € 425,000 carried forward since it is unlikely that this can be utilized for tax purposes in the foreseeable future.

No deferred taxes are stated on taxable temporary differences in connection with shares in subsidiaries and participations valued at equity, as long as the IAS 12.39 exemption conditions are fulfilled.

(22) Net income attributable to other shareholders

The earnings of € -79,000 (previous year: € 63,000) attributable to other shareholders comprise the pro rata annual surpluses of PPRO GmbH (€ 34,000; previous year: € 47,000) and easybell GmbH (€ 24,000; previous year: € 38,000), and the pro rata losses of toBEmobile GmbH (€ -107,000; previous year: € -22,000) and i-cube GmbH (€ -30,000; previous year: € 0).

In accordance with IAS 33, basic earnings per share are calculated as a quotient of the consolidated annual result attributable to ecotel communication ag and the weighted average number of no par value bearer shares in circulation during the fiscal year.

(23) Earnings per share

Earnings per share are diluted when the average number of shares is increased by including the issue of potential shares from options and convertible financial instruments. As of December 31, 2007 and December 31, 2008, the existing 145,000 stock options must as a matter of principle be considered as diluting equity instruments. However, based on the values as of December 31, 2008 and the previous year's cutoff date, the exercise price of these options was well above the recorded average stock market price of the ecotel share for the corresponding period. According to IAS 33.47, therefore, these options had no diluting effect as of December 31, 2008 or the previous year's cutoff date. As a result, the basic and diluted results are identical.

	2007	2008
Actual consolidated annual result (in €)	3,312,263.70	-4,188,801.44
Weighted average number of shares	3,698,904.11	3,900,000.00
Basic earnings per share (in €)	**0.90**	**-1.07**
Diluted earnings per share (in €)	**0.90**	**-1.07**

Adjusted for deferred taxes, earnings per share for the fiscal year 2008 were € -1.05 (previous year: € 1.08).

NOTES TO THE CASH FLOW STATEMENT

(24) Cash flow calculation

The cash flow statement is drawn up in accordance with IAS 7 regulations and is broken down into cash flows from day-to-day business, investing, and financing activities. The effects on cash and cash equivalents of changes in the consolidation group and exchange rate fluctuations are shown separately.

The cash and cash equivalents shown in the cash flow statement match the item “cash and cash equivalents” shown in the consolidated balance sheet less short-term current account liabilities amounting to € 722,000.

In the reporting period, the outstanding 10 percent of shares in nacamar GmbH were acquired. This acquisition for the sum of € 126,000 was paid for using cash and cash equivalents and by foregoing the repayment of loans to the existing minority shareholders. No additional cash was transferred because this subsidiary had already been fully consolidated. The sale of 49.8% in i-cube GmbH and the subsequent capital increase resulted in an inflow of € 114,000 into the company. In the previous year, a total of € 22.545 million was paid for acquisitions of subsidiaries.

OTHER NOTES

(25) Events after the balance sheet date

According to Section 58 (2) of the German Stock Corporation Law (AktG), the balance sheet result shown in ecotel communication ag's annual financial statements according to German GAAP is definitive for dividends to ecotel communication ag stockholders; it amounts to € -9.855 million (previous year: € -5.229 million).

(26) Information on dealing with associated companies and related parties

The volume of services supplied to or received from associated companies is as follows:

	Volume of services rendered		Volume of services utilized	
Amounts in € thou.	2007	2008	2007	2008
PhaseFive AG				
- goods and services	0	0	125	131
PhaseFive Ukraine				
- goods and services	125	131	0	0
ecotel communication ag				
- goods and services	216	181	134	1,580
mvneco gmbh				
- goods and services	134	1,580	216	181

As in the previous year, there were no transactions with the unconsolidated subsidiary 010 010 Telecom GmbH in 2008. There were no receivables from or liabilities to this subsidiary on the balance sheet date.

As the previous year, on December 31, 2008 the Group had no receivables from or debts to PhaseFive Ukraine (an unconsolidated subsidiary of PhaseFive AG, Düsseldorf).

Receivables of € 2.263 million (previous year: € 2.151 million) from mvneco GmbH, which is assessed using the equity method, are included in the consolidated balance sheet.

The ecotel Group maintained service relationships with the following associated persons and companies in 2008:

Agreements with QITS GmbH

QITS GmbH, Quality Information Technology Services (QITS), of which the managing director is the Supervisory Board Chairman Johannes Borgmann, has supplied various services to ecotel communication ag since 1999. In addition to services under the frame contract for software – and in particular the company billing system – this affected postal charges, printing services, IT services, data protection, and financial accounting. In the fiscal year 2008, approximately € 638,000 (previous year: € 758,000) was paid to QITS.

Agreements with Nörr Stiefenhofer Lutz

Nörr Stiefenhofer Lutz, a partnership of attorneys, accountants, and auditors, has supplied consulting services for the company since November 2005. Dr. Thorsten Reinhard, a member of the Supervisory Board, is an attorney and partner in Nörr Stiefenhofer Lutz. In the fiscal year 2008, € 81,000 (previous year: € 536,000) was paid to Nörr Stiefenhofer Lutz.

Agreements with MPC Service GmbH

A business representation agreement has existed since August 2002 between MPC Service GmbH and ecotel communication ag. Under this contract, MPC Service GmbH receives a closing commission for monthly order acquisition and a commission on the monthly revenues of all customers supplied by MPC which varies by product. This agreement is comparable to the agreements with other sales partners of the Company. Supervisory Board member Mirko Mach is a managing director and shareholder of MPC Service GmbH and a former shareholder of ADTG GmbH. In the fiscal year 2008, € 396,000 (previous year: € 303,000) was paid to MPC as sales commission, and also 13,571 shares from the trust stock.

Transactions with Former Managing Directors of nacamar GmbH

In April 2008, the Company acquired the outstanding 10 percent of shares in nacamar GmbH and, therefore, owns 100 percent of shares again. The purchase contract was closed with the respective equity investment companies of the former managing directors, who in May 2007 had purchased 10 percent of the shares in nacamar GmbH by way of a management buyout. In the context of the buyback, the sweet equity loan of € 1.836 million granted by ecotel was repaid to the Company.

Consulting Contract between toBEmobile GmbH and Etzel Consulting/Borutta Consulting GmbH

A consulting contract has existed since 2006 between toBEmobile GmbH and Etzel Consulting GmbH/Borutta Consulting GmbH. Alexander Etzel and André Borutta are managing directors and shareholders of toBEmobile GmbH and of Etzel Consulting GmbH or Borutta Consulting GmbH respectively. In the fiscal year 2008, a total of € 80,000 each (previous year: € 120,000) was paid to Etzel Consulting GmbH and to Borutta Consulting GmbH as consulting fees.

For further information, please see note 29 below.

(27) Segment reporting

The internal organization and management structure and internal reporting to the Management Board and the Supervisory Board form the basis for defining the segmentation criteria at ecotel communication ag.

Primary segmenting occurs in accordance with internal reporting by business units, which can be distinguished as follows:

- In the **Business Solutions** segment (operative core area), ecotel offers complete packages comprising voice, data, and mobile communications solutions, as well as direct connections for voice and data traffic, from a single source to small and medium-sized enterprises.

- In the **Wholesale Solutions** segment, ecotel markets products and complete solutions for other telecommunications companies (including resellers and call shops) and for out side marketers.

- The **New Business** segment comprises high-growth fields of business and subsidiaries, and new media activities.

	Business Solutions		Wholesale Solutions		New Business		Consolidated		Group	
Amounts in € thou.	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**
External revenue	67,391	58,003	20,719	31,856	5,068	15,592	0	0	93,178	105,451
Intersegment revenue	0	0	458	1,971	0	0	-458	-1,971	0	0
Annual result	5,921	-3,349	-2	390	92	-692	-2,636	-617	3,375	-4,268
Gross profit	27,102	21,601	1,457	1,678	1,047	3,160	0	0	29,606	26,439
Write-downs	-2,510	-7,645	-343	-224	-299	-1,807	0	0	-3,152	-9,576
Segment assets	44,363	32,160	4,124	7,285	9,052	11,715	4,047	3,801	61,586	54,961
Segment liabilities	8,465	9,557	2,635	4,151	1,664	2,101	20,255	16,697	33,019	32,506
Investments in intangible assets and fixed assets	27,277	1,990	140	362	2,045	491	0	0	29,462	2,843

The earnings in fiscal year 2008 in the Business Solutions and New Business segments can only be compared to a limited extent with the earnings in 2007, since from 2008 the revenues and expenses of the New Media segment, which have risen sharply, are reported in the New Business segment.

Intersegment transactions are carried out at market prices.

With regard to the classification of sales revenues by sales region (secondary segmenting), please see the notes to sales revenues. The segment assets and segment investments of the secondary segments are attributable entirely to Germany.

(28) Declaration of compliance with § 161 of the German Stock Corporation Law (AktG) regarding the german corporate governance codex

The Management Board and Supervisory Board of ecotel communication ag have issued the declaration prescribed by Section 161 of the German Stock Corporation Law (AktG) and have made it available to stockholders on the ecotel communication ag website.

(29) Remuneration of governing bodies

In 2008, the **Management Board** of ecotel communication ag consisted of the following:

- Peter Zils, engineer, Düsseldorf (Chairman)
- Bernhard Seidl, engineer, Munich
- Achim Theis, businessman, Düsseldorf

In 2008, the following were appointed as members of the **Supervisory Board**:

- Johannes Borgmann, businessman, Düsseldorf (Chairman)
- Mirko Mach, businessman, Heidelberg (Deputy Chairman)
- Brigitte Holzer, businesswoman, Murnau
- Stephan Brühl, businessman, Düsseldorf
- Dr. Thorsten Reinhard, attorney, Berlin

Remuneration paid to the Management Board and Supervisory Board consisted of the following:

Amounts in € thou.	Fixed remuneration	Performance-related remuneration	Stock option plan	Total	Stock options – number	Stock options – fair value at issue
Bernhard Seidl	210.9	0	59.7	270.6	90,000	239
Achim Theis	213.7	0	15.6	229.3	30,000	43
Peter Zils	313.6	0	0	313.6	0	0
Johannes Borgmann	4.1	0	0	4.1	0	0
Brigitte Holzer	2.7	0	0	2.7	0	0
Dr. Thorsten Reinhard	2.6	0	0	2.6	0	0
Baldur Lücke	1.5	0	0	1.5	0	0
Enrico Karolzcak	1.5	0	0	1.5	0	0
Mirko Mach	1.4	0	0	1.4	0	0
Stephan Brühl	1.3	0	0	1.3	0	0
Reinhold Oblak	0	0	0	0	0	0

In 2007, remuneration consisted of the following:

Amounts in € thou.	Fixed remunera-tion	Perfor-mance-related remunera-tion	Stock option plan	Total	Stock options – number	Stock options – fair value at issue
Bernhard Seidl	206.8	0	62.1	268.9	90,000	239
Achim Theis	199.0	0	3.9	202.9	30,000	43
Peter Zils	313.6	0	0	313.6	0	0
Tobias Schreyer *)	0	0	0	0	0	0
Johannes Borgmann	3.8	0	0	3.8	0	0
Brigitte Holzer	2.5	0	0	2.5	0	0
Dr. Thorsten Reinhard	2.5	0	0	2.5	0	0
Baldur Lücke	2.5	0	0	2.5	0	0
Enrico Karolzcak	2.5	0	0	2.5	0	0

*) Mr. Schreyer did not take his remuneration in 2007.

(30) Audit expenses

In fiscal year 2008, the fees paid to the auditors of the consolidated financial statements of ecotel communication ag for audits of the consolidated financial statements and the individual financial statements of the parent company and the consolidated subsidiaries amounted to € 63,000 (previous year: € 50,000). No expenses were recorded for the Group auditors for other certification or evaluation services, or for other consulting services.

(31) Exemption from publishing individual financial statements

In accordance with Section 264 (3) of the German Commercial Code (HGB), use is made of the exemption from publishing individual financial statements for the two subsidiaries ADTG Allgemeine Telefondienstleistungs GmbH and nacamar GmbH.

Düsseldorf, Germany, March 25, 2009

The Management Board

Auditor's Report

We have audited the consolidated financial statements prepared by ecotel communication ag, Düsseldorf, comprising of the balance sheet, income statement, statement of changes in equity, cash flow statement, and the segment reporting and notes, along with the Group Management Report for the fiscal year from January 1 to December 31, 2008. Preparation of the consolidated financial statements and the Group Management Report in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the further requirements of Section 315a (1) of the German Commercial Code (HGB), are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and the Group Management Report on the basis of our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB) and with the German generally accepted standards for the proper audit of financial statements. Those standards require that the audit be planned and performed such that misstatements and irregularities materially affecting the presentation of the asset, financial, and earnings situation in the consolidated financial statements – taking into account applicable financial reporting principles – and in the Group Management Report are detected with reasonable certainty. 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 determining the audit procedures. As part of the audit, the effectiveness of the internal accounting control system and evidence supporting the disclosures in the consolidated financial statements and the Group Management Report are examined primarily on the basis of random sampling. The audit includes assessing the annual financial statements of companies included in the consolidation, the definition of the basis of consolidation, the accounting and consolidation principles applied, and the significant estimates made by the company's Management Board, as well as an evaluation of 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 gave rise to no reservations.

Based on the knowledge gained in the audit, in our judgment, the consolidated financial statements of ecotel communication ag, Düsseldorf, are in accordance with the IFRS as adopted by the EU and with the additional requirements of Section 315a (1) of the German Commercial Code (HGB) and convey under observance of these regulations a true and fair picture of the asset, financial, and earnings situation of the Group. The Group Management Report is consistent with the consolidated financial statements, provides an accurate overall picture of the situation of the Group, and presents accurately the opportunities and risks inherent in future development.

Düsseldorf, Germany, March 25, 2009

Deloitte & Touche GmbH
Auditing company

Heinz Dieter Schlereth	Christian Frank
Auditor	Auditor

Corporate Governance

ecotel communication ag (ecotel) is guided by international and national standards of value-oriented and responsible company management. Using open information and transparent decision-making structures, we aim to build confidence among investors, customers, employees, and the interested public. In doing so, ecotel sees corporate governance as an ongoing process.

In the following section, ecotel's Management Board and Supervisory Board report on corporate governance in accordance with Section 3.10 of the German Corporate Governance Code in the version published on June 6, 2008 and explain deviations from the Code's recommendations. The report that follows also incorporates the remuneration report required by Section 4.2.5 of the Code.

The Management Board and Supervisory Board collaborate closely in the best interrest of the company with the common goal of a sustainable increase in enterprise value. The Management Board reports regularly to the Supervisory Board verbally and in writing. It does so in a timely and comprehensive manner, reporting on the situation of the Company, the development of its business, the Company planning, and the risk situation.

The Supervisory Board meets regularly to fulfill its supervisory and advisory function. It has set up a three-member Audit Committee to deal more efficiently with accounting, risk management, and compliance issues in particular. The Supervisory Board has also set up a three-member Nomination Committee to prepare voting proposals for the Annual General Meeting.

The central information event for shareholders is the Annual General Meeting. At the Annual General Meeting, the Management Board presents the annual and consolidated financial statements as approved by the Supervisory Board. Annual financial statements are deemed approved by the Supervisory Board unless the Management Board and Supervisory Board decide to leave the decision to the Annual General Meeting. The Annual General Meeting decides on the use of any balance sheet profit, formally approves the actions of the Management Board and Supervisory Board, votes on the appointment of Supervisory Board members, and determines the choice of auditor. It also decides on the articles of incorporation and any other matters for which its approval is a statutory requirement. Shareholders can inform themselves about the decisions to be made before the Annual General Meeting begins by using the Annual Report and the agenda for the Annual General Meeting. All documents and information are also available on the ecotel website.

Corporate communications aim to provide true, complete, regular, and timely information. Shareholders are informed about important dates regularly in the quarterly reports and continuously on the Company's website. Presentations at roadshows or at other information events are published without delay and in full on the ecotel website in the Investor Relations section. The Company's annual and quarterly reports, press releases, and ad-hoc announcements are also to be found under that heading.

Remuneration received by members of the Supervisory Board is commensurate with their tasks and responsibilities. It consists of a fixed and a variable component. For details, see the articles of incorporation. For fiscal 2008, Supervisory Board members are entitled only to a fixed remuneration component.

Remuneration received by Management Board members is also commensurate to their tasks and responsibilities. Two of the three Management Board members receive remuneration consisting of fixed and variable components; the third member receives fixed remuneration. The variable component is subject to achieving EBITDA and consolidated revenue targets. The three members of the Management Board are entitled to company cars. In addition, a stock option plan is in place for ecotel Management Board members and executive personnel on the basis of a resolution adopted by the Annual General Meeting held on July 27, 2007. This plan replaces a previous virtual stock option plan for one member of the Management Board. Further information about the stock option plan is available at www.ecotel.de under the heading Investor Relations/Corporate Governance and in the notes to the annual or consolidated financial statements.

For information on remuneration received by individual members of the Management Board and Supervisory Board, see the notes to the consolidated financial statements.

The following table shows the shares of the Company's capital stock held by members of the Management Board and Supervisory Board at the end of 2008:

Body	Shares of stock (in %)
Management Board	31.3 %
Supervisory Board	1.2 %
Total	**32.5 %**

Details of dealings in ecotel shares by members of the Management Board and Supervisory Board and other executive personnel and related parties (directors' dealings) are also to be found at www.ecotel.de under the heading Investor Relations/Corporate Governance.

In addition, ecotel has taken out appropriate liability insurance cover (D&O insurance) for members of the Management Board and Supervisory Board.

ecotel has followed the Code's recommendations since January 1, 2008 with the following exceptions and has no intention of changing its practice at this time:

Section 3.8 (2)

The D&O policy does not provide for a deductible for directors and officers of ecotel. ecotel is not of the opinion that a deductible would improve the motivation and sense of responsibility of members of the Management Board and Supervisory Board.

Section 4.2.1

The rules of procedure for the Management Board were amended by the Supervisory Board on March 26, 2009 to include arrangements for departmental responsibilities.

Section 4.2.3

Two of the three Management Board members receive remuneration consisting of fixed and variable components; the third member receives fixed remuneration. The Supervisory Board intends to include variable compensation components in all Management Board contracts that are newly concluded or due for renewal in the future. The Supervisory Board acted on this intention after the end of the reporting year by including a variable remuneration component in the contract that was due for renewal for the Management Board member who had previously received fixed remuneration.

Section 5.1.2

The Management Board and Supervisory Board regularly discuss the development of executive personnel at ecotel. Issues of long-term succession planning were not, however, discussed in 2008.

Section 5.4.3

The Supervisory Board considers it neither practicable nor pertinent to disclose to stockholders the names of candidates proposed to chair the Supervisory Board.

ecotel communication ag's declaration of conformity in accordance with Section 161 of the German Stock Corporation Law (AktG) can be found on the Company's website at www.ecotel.de. The Code is available in full on the internet at www.corporate-governance-code.de.

ecotel communication ag

The Management Board The Supervisory Board

Report by the Supervisory Board

The Supervisory Board of ecotel communication ag (ecotel) regularly monitored and advised the work of the Management Board in the fiscal year 2008. Extensive written and oral reports made by the Management Board provided the basis for this work. In addition, the Chairman of the Supervisory Board regularly exchanged information and ideas with the Chairman of the Management Board.

The Supervisory Board of ecotel held a total of seven meetings during the reporting year, of which three were held as conference calls. In addition, four resolutions were adopted via the circulation procedure. No member of the Supervisory Board participated in fewer than half of the meetings.

During the meetings, in accordance with statutory requirements, the Management Board of ecotel advised the Supervisory Board on fundamental questions of corporate planning, the economic viability of the Company, the course of business, and the situation of the Company, and deliberated on these questions in conjunction with the Supervisory Board. The Supervisory Board was also involved in major decisions, and examined and approved in particular those actions of the Management Board that require such approval under the Management Board's rules of procedure. This applied inter alia to the filing of an arbitration action against Tiscali Business GmbH and Tiscali S.p.A. in connection with the acquisition of nacamar GmbH, the buyback of a 10 percent management participation in this company, the setting up of a joint venture to run a carrier aggregation platform (i-cube GmbH), the setting up of a further joint venture with which ecotel is implementing a new marketing concept in the field of mobile communications (synergyPLUS GmbH), and various intra-Group restructurings.

1. Focus of Supervisory Board Deliberations

Along with the abovementioned business requiring approval, the Supervisory Board concerned itself mainly with the following topics during the reporting year:

- Restructuring nacamar GmbH
  At its meetings on July 25, 2008, September 4, 2008, and December 11, 2008, the Supervisory Board addressed the Management Board's restructuring program to reduce costs and increase efficiency at nacamar GmbH. This program included relocating corporate functions of nacamar GmbH to the ecotel head office in Düsseldorf. The Management Board gained the support of the Supervisory Board for this project after the Supervisory Board had subjected it to critical examination. It subsequently tracked the successful implementation of the restructuring measures.

- Risk Management
  At its meetings on July 25, 2008, September 25, 2008, and December 11, 2008, the Supervisory Board reviewed the Management Board's risk report and updates, discussed the subject with the Management Board, and made suggestions for risk management. The Supervisory Board assured itself that the Management Board paid due attention to monitoring risk, prioritized identified risks comprehensibly, and made efforts to take appropriate action to reduce them.

- Financial Statements
  The meetings on March 20 and March 31, 2008 focused mainly on the financial statements. In addition, at its meeting on March 20, 2008 the Supervisory Board took the precaution of approving various contracts between ecotel and companies in which members of the Supervisory Board have an interest (see below for details).

2. Dealing with Conflicts of Interest in the Supervisory Board
As a matter of principle, all Supervisory Board members are obliged to gear their decisions solely to the corporate interest of ecotel. Insofar as conflicts of interest or concern about conflicts of interest arose when deliberating or making decisions, these were dealt with within the Supervisory Board. The respective Supervisory Board member abstained from voting and in individual cases where it appeared opportune also refrained from participating in the preceding discussion. In addition, the remaining Supervisory Board members questioned the Management Board to obtain sufficient assurance that the Management Board's actions had not been influenced by the (potential) conflict of interests of the Supervisory Board member concerned. These principles were only applied in the reporting year when the Supervisory Board approved contracts between ecotel and companies in which members of the Supervisory Board have an interest. This applies to QITS GmbH, Ratingen, in which Johannes Borgmann has an interest, MPC Service GmbH, Heidelberg, in which Mirko Mach has an interest, and the Nörr Stiefenhofer Lutz partnership of lawyers, tax advisers, and auditors in Munich, in which Dr. Thorsten Reinhard has an interest.

3. Annual Financial Statements and Consolidated Financial Statements
The Management Board drew up the ecotel annual financial statements and the Management Report in accordance with the rules of the German Commercial Code (HGB) and the consolidated financial statements and Group Management Report in accordance with IFRS principles. The ecotel auditors Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, have reviewed the annual financial statements, the consolidated financial statements, the Management Report, and the Group Management Report. They have given the annual financial statements and the consolidated financial statements their unconditional approval.

The financial statements and the auditor's reports were available to all members of the Supervisory Board to examine. Representatives of Deloitte participated in the Supervisory Board discussion of these documents and reported on the essential findings of their audit.

The Supervisory Board reviewed in detail the annual financial statements, the consolidated financial statements, the Management Report, and the Group Management Report presented by the Management Board and discussed them with the auditor. The Supervisory Board concurs with the results of the auditor's examination of the annual financial statements and the consolidated financial statements.

After concluding its review, the Supervisory Board raised no objections to the annual financial statements drawn up by the Management Board or the consolidated financial statements drawn up by the Management Board for the fiscal year 2008. It approved the financial statements and the consolidated financial statements in a resolution on March 26, 2009. The ecotel financial statements for the fiscal year 2008 are thereby completed.

4. Changes in the Supervisory Board During the Reporting Year
In the reporting year, the Düsseldorf district court, in a resolution dated March 27, 2008 pursuant to Section 104 of the German Stock Corporation Law (AktG), appointed at the Company's Management Board's request Reinhold Oblak as a member of the Supervisory Board to fill the vacancy that arose when Tobias Schreyer resigned in December 2007. The Company's Annual General Meeting on July 25, 2008 then ratified Mr. Oblak as a member of the Supervisory Board until the end of the Annual General Meeting in 2010.

5. Committees
The Supervisory Board formed a three-person Audit Committee that deals in particular with questions of accounting, risk management, and compliance. The Audit Committee held five meetings during the reporting year at which it concerned itself especially with the quarterly reports and the annual financial statements for 2007.

The Supervisory Board also formed a three-person Nomination Committee that prepares election proposals for the Annual General Meeting. This committee held one meeting in fiscal 2008 in the run-up to the Annual General Meeting in order to discuss a proposal for a by-election to the Supervisory Board.

The Supervisory Board would like to thank the members of the ecotel Management Board and all employees of the companies in the ecotel Group for their great commitment to the Company and for their hard work during the reporting year 2008.

Düsseldorf, Germany, March 31, 2009
For the Supervisory Board:

Johannes Borgmann
Chairman of the Supervisory Board

Glossary

ARPU
Average revenue per user.

Backbone Network
A backbone is a high-performance or central network that connects local subnetworks, geographically distributed end devices, or centrally managed networks. As a rule, the backbone has a higher transfer capacity than the devices and networks connected to it and connected to each other.

Broadband Access
Broadband access is the broadband network connection at the customer's end. Connection is possible by wire via the existing biaxial cable using DSL or ISDN, via fiber-optic cable or via the broadband cable network.

Carrier
A carrier/network operator is a company that operates telecommunications networks. A carrier/network operator has its own networks or essential transmission devices, or network management systems. Among network operators a distinction is drawn based on territorial coverage between global, national, regional, and city – or city network – carriers. Global carriers are active worldwide or internationally, national carriers offer their services and their network infrastructure in a specific geographic area within a country, and city carriers operate in a city or within a metropolitan area.

Customer Relationship Management (CRM)
Customer relationship management aims to address customer needs individually in order to increase customer satisfaction and keep customers loyal to the company in the long term. Customer-oriented departments of a company, such as sales, marketing, and customer support, are geared systematically to cater for customer requirements with this in mind.

DSL
DSL, or digital subscriber line, is a digital technology that enables broadband transmission on copper wires and is capable of reaching transfer speeds of up to several megabits per second via standard telephone networks (copper cable).

Entry Standard
The market segment of the Frankfurt Stock Exchange that is based on the open market.

Ethernet
A wired data network technology used mainly in local area networks (LANs) to exchange data between the devices (PCs, printers, etc.) that are connected to a LAN. In its traditional form a LAN is limited one building. Today, ethernet connects devices across wide areas and can be used to transfer large amounts of data.

HGB
Short for Handelsgesetzbuch, the German Commercial Code.

Housing/Hosting
Allocation of storage space and computing capacities in a computing center by an internet service provider for connection to the internet.

IFRS
International Financial Reporting Standards.

IP Bitstream Access
Deutsche Telekom AG's IP Bitstream Access product enables suppliers without an access infrastructure of their own to carry out their own marketing of DSL connections without the telephone line previously required.

Media Streaming
Audio and video data received by and sent from a computer network simultaneously.

MVNE
While the Mobile Virtual Network Operator (MVNO, see below) develops, operates and sells its own services as a virtual network operator, the Mobile Virtual Network Enabler (MVNE) is a partner of the MVNO which operates the infrastructure required to connect the MVNO's services to a mobile communications infrastructure.

MVNO
The Mobile Virtual Network Operator (MVNO) is a new form of business in mobile communications between the actual network operator and the service provider or reseller. Unlike a network operator, the MVNO does not operate its own access network and its own base stations. The MVNO is, however, able to operate by itself or to lease from the network operator core network services such as transmission, IN platform, customer administra-

tion, home location register, and billing. The MVNO is, thereby, able to provide the same services as the network operator. The service provider's options are limited to implementing pricing models and charging for services on the basis of the call data supplied by the carrier.

Network Operation Center (NOC)
The Network Operation Center (NOC) is the technical operating site for a network and is responsible for monitoring the network.

Prepaid Card
This concept is used to denote services provided in return for prepaid credit – a widespread practice in the telecommunications sector.

Preselection
Long-term preselection of a carrier network operator to handle calls for a network provider's subscriber. As a rule, preselection requires a contractual agreement with the desired network operator. The network provider implements preselection for the connection.

Prime Standard
The Prime Standard is the segment for companies listed on the Frankfurt Stock Exchange that want to position themselves internationally. Prime Standard stock corporations must fulfill more extensive international transparency requirements than companies in the General Standard segment.

PSTN
A public switched telephone network (PSTN) is a telephone network designed for handling telephone calls.

Reseller
Resale and billing under one's own name of telecommunications services supplied by other telcos. Switch-based resellers have their own connection technology. Resellers without their own transmission computers are called rebillers or switchless resellers.

Roaming
Enables telephone calls over networks operated by different providers, such as international roaming in the pan-European GSM system.

Virtual Network Operator (VNO)
Virtual network operators do not have their own network infrastructures. Instead, they put together a network from other suppliers' infrastructures and connect them with their own components into a virtual network using, for example, their own switch technology.

VoIP
Voice over IP – voice services (VoIP services) based on the internet protocol that are comparable in product quality and design to traditional telephone services. VoIP services are characterized by their users being able to telephone on the basis of a packet-transmitted data network (either the internet or a managed IP network).

VPN
Virtual private networks are company networks used for closed networking of company sites.

White Label Service
White label products are marketed to customers not under their own brand name but as other companies' brands.

Wholesale
Cross-network bulk trading (sale and purchase) in telephone minutes.

Financial Calendar

May 15, 2009	Publication of Q1 quarterly report
July 31, 2009	Annual General Meeting
August 14, 2009	Publication of Q2 quarterly report
November 13, 2009	Publication of Q3 quarterly report

Credits

Photography Peter Boettcher, Köln

Notes

ecotel communication ag
Prinzenallee 11
40549 Düsseldorf
Telefon: +49 (0) 211 55 007 - 0
Telefax: +49 (0) 211 55 007 - 222
info@ecotel.de
www.ecotel.de