



Quarterly Report 2/ 2008
ecotel communication ag



Voice



Data



Mobile

Key Data

All amounts in € million	H1 2008 (IFRS)	H1 2007 (IFRS)	Q2 2008 (IFRS)	Q2 2007 (IFRS)
Revenues	52.9	42.5	26.0	22.0
Business*	29.8	33.0	14.7	17.4
Wholesale	16.0	9.2	8.0	4.5
New Business*	7.1	0.3	3.3	0.1
Gross profit **	13.6	15.4	6.9	8.0
Business*	11.3	14.6	5.7	7.6
Wholesale	0.7	0.5	0.4	0.2
New Business*	1.6	0.3	0.8	0.2
EBITDA **	3.4	5.7	1.7	2.8
as % of revenues	6.4%	13.4%	6.5%	13.6%
EBIT **	1.6	4.5	0.9	2.2
as % of revenues	3.0%	10.6%	3.5%	10.7%
Consolidated net income	0.8	2.8	0.5	1.2
Earnings per share *** (€)	0.19	0.81	0.13	0.34
Excluding deferred taxes ***	0.26	0.98	0.13	0.40
Total assets	59.8	52.3	59.8	52.3
Equity	27.4	24.6	27.4	24.6
as % to total assets	45.8%	47.0%	45.8%	47.0%
Number of shares	3,900,000	3,500,000	3,900,000	3,500,000
Net debt	12.0	9.4	12.0	9.4
Operating Cash Flow	5.6	1.5	3.8	0.5
Free Cashflow	2.5	-18.1	1.1	0.3
Employees as of 30 June	222	219	222	219

* A comparison of revenues and gross profit of the B2B segment with the previous year figures is of limited value due to the fact that New Media revenues and gross profit have been allocated to the New Business segment starting from the first quarter of 2007. In addition, the segment "Others" has been integrated into the New Business Segment as part of the restructuring.

** As a result of the subsequent correction of the financial result figures for the first half of 2007 and the one-time gains received in 2007, a comparison of the figures from 2007 and 2008 is only possible to a limited extent

*** Basic and diluted

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Letter to our shareholders

Dear shareholders,

In the second quarter of 2008, the ecotel Group was again able to maintain its profitable growth path. The Group boosted revenues by 18% compared with the previous year from €22.0 million to €26.0 million. Growth is primarily driven by the Wholesale Solutions and New Business business units. In six-month comparison, revenues rose by 24% from €42.5 million to €52.9 million.

EBITDA in the second quarter amounted to €1.7 million, a decline of €1.1 million from the previous year. However, a comparison with the previous year's figures is only possible to a limited extent since the quarterly and six-month figures from 2007 include significant one-time gains. In addition, during the quarterly and six-month periods inadequate provisions were made for "unexpected" expenses for nacamar GmbH, which was acquired by Tiscali S.P.A. These provisions were subsequently corrected in the third quarter of 2007. Taking into account adjusted quarterly results from the previous year (additional provisions of €0.2 million and one-time gains of €1.0 million), the EBITDA for the second quarter of 2008 was at the same level as in the previous year. Cumulative EBITDA for the first half of 2008 amounted to €3.4 million. This included approximately €0.1 million in one-time expenses for legal advice related to ongoing disputes.

EBIT in the second quarter came to €0.9 million, a decline of €1.3 million from the previous year. Earnings per share were €0.13. Taking into account adjusted figures from the previous year as outlined above, EBIT in the second quarter of 2008 was approximately at the same level as a year earlier despite higher existing customer base losses and the write-downs on investments made in 2007. In the first half of the year, cumulative EBIT amounted to €1.6 million and earnings per share were €0.19, or €0.26 adjusted for deferred taxes.

The equity ratio rose from 45% in the previous quarter to 46%. Cash and cash equivalents (excluding securities) continue to total more than €4 million. Cash flow from operating activities continues to be used to pay off debts and to finance future growth. Since the beginning of the year, net debt was reduced by almost €2 million to €12.0 million.

Further progress has also been made with the consolidation of our subsidiaries during the reporting period, setting the stage for additional synergies from advanced integration measures introduced starting in the second half of the year. As already mentioned in the last quarterly report, on April 2, 2008, the outstanding 10% interest in nacamar GmbH was acquired from its previous management in order to enable an anticipated merger between its corporate segment and ecotel in 2008. In addition, cost reduction measures are continually being implemented in both purchasing and personnel.

For the second half of the year, we remain optimistic that on the revenues side we will be able to achieve an upturn in the Business Solutions business unit, particularly through the continuous marketing of mobile communication solutions. With our bundled products consisting of voice, data, and mobile communication services, we have been able to strengthen our competitive position and attract increasing interest from major SMEs in the marketplace. Moreover, we are continuing to pursue the topic of fixed mobile convergence (FMC), from which we expect additional stimulus for growth.

Furthermore, we see additional growth potential in the Wholesale Solutions and New Business business units, particularly through the marketing of managed services via the CAP servicing platform to other telecommunication companies and non-industry marketing companies.

Letter to our shareholders

Finally, at the Annual General Meeting in July, Mag. Rainer Oblak was elected as a new member of the Supervisory Board. The Supervisory Board is once again complete with six members.

After a solid first half of the year, prospects remain positive. We are convinced that we will be able to continue our revenues growth in the second half of the year and achieve our goals for 2008. Along with revenues in the € 100-110 million range, we are planning to reach an EBITDA, excluding extraordinary expenses and gains, of approximately €7 million.

Düsseldorf, Germany, August 2008



Bernhard Seidl (CFO)



Peter Zils (CEO)



Achim Theis (CSO)

Earnings situation

In the second quarter of 2008, ecotel increased its revenues year-on-year by 18% from € 22.0 million to € 26.0 million, following on € 26.9 million in the previous quarter. Thus, total revenues in the first half of 2008 amounted to € 52.9 million – 24% higher than in the previous year. Gross profit in the second quarter totaled € 6.9 million after € 6.7 million in the previous quarter and € 8.0 million in the second quarter of 2007. A comparison with the previous year's figures is only possible to a limited extent because of the impact of the one-time effects from inadequate provisions and non-repeating gains of € 1.2 million in the first quarter of 2007. Taking these adjustments into account, gross profit in the second quarter of 2008 remained at the same level as the previous year. The gross profit margin of 27% in the second quarter was slightly higher than in the previous quarter.

The Business Solutions business unit accounted for 57% of total revenues and 83% of total gross profit for the ecotel Group in the second quarter. Again, a comparison of revenues for the Business Solutions business unit with the previous year's quarter is only possible to a limited extent as New Media revenues were reassigned to the New Business business unit at the beginning of 2008. Revenues in the Business Solutions business unit amounted to € 14.7 million in the second quarter after € 15.1 million in the previous quarter. Gross profit in the second quarter of 2008 totaled € 5.7 million and was therefore slightly higher than in the previous quarter. The gross margin was 39% after 37% in the previous quarter.

The Wholesale Solutions business unit achieved revenues of € 8.0 million and gross profit of € 0.4 million in the second quarter of 2008, thus contributing 31% of total revenues and 6% of total gross profit. Compared to the previous quarter, revenues remained constant while gross profit rose slightly.

The New Business business unit achieved revenues of € 3.3 million and gross profit of € 0.8 million in the second quarter of 2008. For this business unit no comparison is possible with the previous year's results because New Media was transferred to this business unit only as of the first quarter of 2008, and the easybell and PPRO companies have been consolidated in the ecotel Group only since the third quarter of 2007. In the first half of 2008, revenues totaled € 7.1 million and gross profit was € 1.6 million.

Personnel expenses came in at € 2.5 million in the second quarter of 2008 and as such were about € 0.1 million below both the previous quarter and the second quarter of 2007. The number of employees rose slightly from 220 to 222. Other operating expenses totaled € 2.9 million. The increase of € 0.2 million from the previous quarter resulted primarily from one-time expenses for legal and consulting services related to ongoing legal disputes and specific valuation allowances.

EBITDA amounted to € 1.7 million in the second quarter of 2008, compared with € 2.8 million in the second quarter of 2007 and € 1.7 million in the previous quarter. Taking into account adjusted figures from the previous year, EBITDA is at the previous year's level. Depreciation and amortization totaled € 0.9 million in the second quarter, compared to € 0.6 million in the previous year's quarter. This increase can be explained primarily by higher write-downs attributable to existing customers and write-downs on new investments in 2007.

EBIT amounted to € 0.9 million in the second quarter of 2008, slightly higher than in the previous quarter and € 1.4 million less than in the second quarter of 2007. Taking into account adjusted figures from the previous year, EBIT is at approximately at the same level as in the previous year due to higher write-downs attributable to existing customers. The cumulative EBIT amounted to € 1.6 million for the first half of 2008.

The finance result turned out relatively well at € -0.1 million due to the appreciation of interest hedging instruments; the finance result for the first half of the year was € -0.3 million. This encompasses interest payments of € 450 thousand, expenses for IR activities of € 68 thousand, and the revaluation of interest hedging instruments of € 193 thousand.

Tax expenses in the second quarter of 2008 were € 0.3 million. For the first half of the year, tax expenses totaled € 0.7 million, of which € 0.3 million were deferred taxes.

Consolidated net income amounted to € 0.5 million in the second quarter of 2008 after € 0.3 million in the first quarter. Thus, consolidated net income for the first half of the year totaled € 0.8 million. This corresponds to earnings per share of € 0.19, or € 0.26 adjusted for deferred taxes.

Financial situation

Cash flow from operating activities totaled € 3.8 million in the second quarter. Of this amount, approximately € 0.8 million was attributable to the optimization of working capital, € 1.7 million to the elimination of a claim related to the buyback of the remaining 10% interest in nacamar, and € 0.5 million to accrued prepayments for the mobile communications venture.

Cash flow from investing activities in the second quarter amounted to € 2.6 million, which encompassed costs of € 2 million for the buyback of the 10% interest in nacamar and investments of € 0.6 million in the CAP platform and additional intangible assets.

Cash flow from financing activities in the second quarter totaled € -1.1 million. This consisted primarily of the repayment of loans totaling € 0.9 million and interest payments of € 0.3 million. These were partially offset by payments received from minority shareholders as a result of the capital increase of i-cube GmbH of € 0.1 million.

In the second quarter of 2008, cash and cash equivalents increased from € 4.2 million to € 4.3 million.

Asset situation

On June 30, 2008, total assets amounted to € 59.8 million, representing a decline of 6% from € 63.6 million as of March 31, 2008.

Non-current assets declined despite investments of € 0.6 million as a result of ongoing depreciation and amortization from € 39.5 million to € 39.3 million. Current assets fell by 15% from € 24.2 million to € 20.5 million. The decrease results primarily from a decline in trade receivables to third parties of € 2.3 million, the elimination of receivables from the former nacamar management as part of the 10% interest buyback, and an increase in prepayment and accrued income of € 0.5 million in connection with the mobile communications venture.

On the equity and liabilities side, equity declined by € 1.5 million to € 27.4 million as a result of purchase of the 10% interest in nacamar. Despite the balance sheet contraction, ecotel's equity ratio rose from 45.4% to 45.8%. Non-current provisions and financial liabilities declined from € 15.4 million to € 14.4 million due to the redemption of debt. Current provisions and liabilities fell from € 19.4 million to € 18.0 million. Net financial liabilities (financial liabilities minus cash and cash equivalents, and securities) amounted to € 12.0 million at the end of the second quarter, € 0.8 million lower than at the end of the first quarter 2008.

Risk report

Corporate activity at ecotel continues to be subject to the opportunities and risks associated with the telecommunications market as well as Company-specific risks. For the early identification, assessment, and proper handling of these risks, ecotel employs an appropriate risk management system.

In this context, we refer to the comments made in the 2007 annual report, which still apply with regard to the risk situation.

Outlook

ecotel considers itself well equipped for the future after a solid first half of 2008, which was characterized by a steady reduction in net liabilities, systematic restructuring, and substantial investments in attractive new products. For the current fiscal year, the Management Board expects revenues of € 100-110 million and EBITDA, excluding extraordinary expenses and gains, of approximately € 7 million.

Investor Relations

ecotel shares

The ecotel share began the second quarter at €6.9 and moved sideways in the following months at around €6.5. Towards the end of the quarter, the share price dropped below the €6 mark, ending the quarter with a price of €4.99. At the end of July, it continued to decline to €4. The most recent drop in the share price is neither explainable nor comprehensible in the view of management.

The average daily trading volume of the share totaled 3,700 shares in the second quarter of 2008, compared with 5,900 shares in the previous quarter and 12,000 shares in 2007.

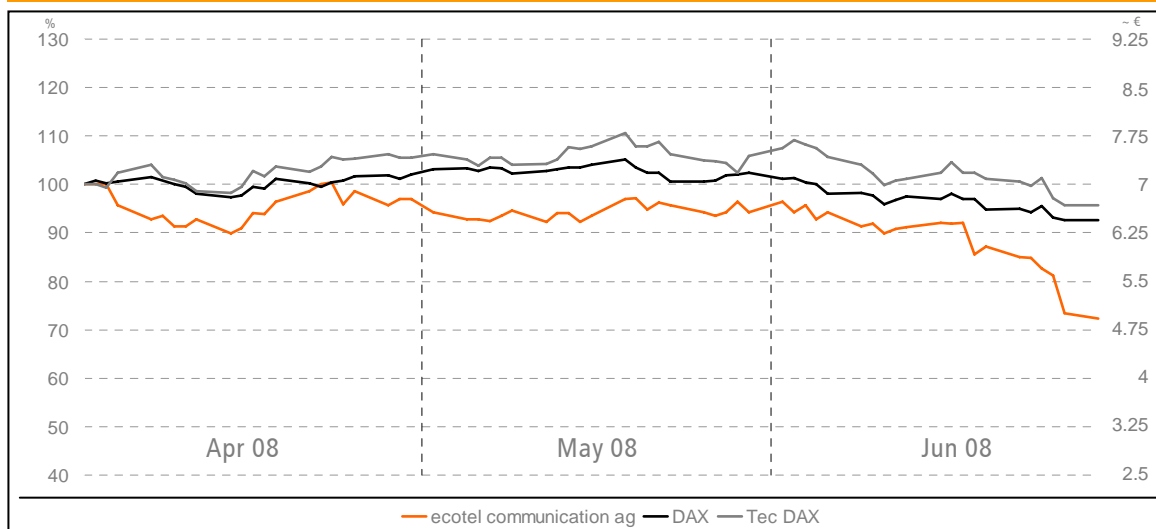
At the end of the quarter, ecotel had a market capitalization of € 19.5 million based on a share price of €4.99.

Overview of ecotel shares			
WKN	585434	Initial listing	29.03.2006
ISIN	DE0005854343	Number of shares as of 31.03.2008	3,900,000
Symbol	E4C	Average daily trading volume in Q2 2008	3,655
Market segments as of 01.07.2007	Prime Standard	Share price high / share price low in Q2 2008 (€)	6.93 / 4.99
Index	CDAX, Prime All Share, Technology All Share	Market capitalization as of 30.06.08 (€ m)*	19.5
Type	No-par value shares	Designated Sponsor	Close Brothers Seydler

* Based on a closing share price on June 30, 2008 of € 4.99

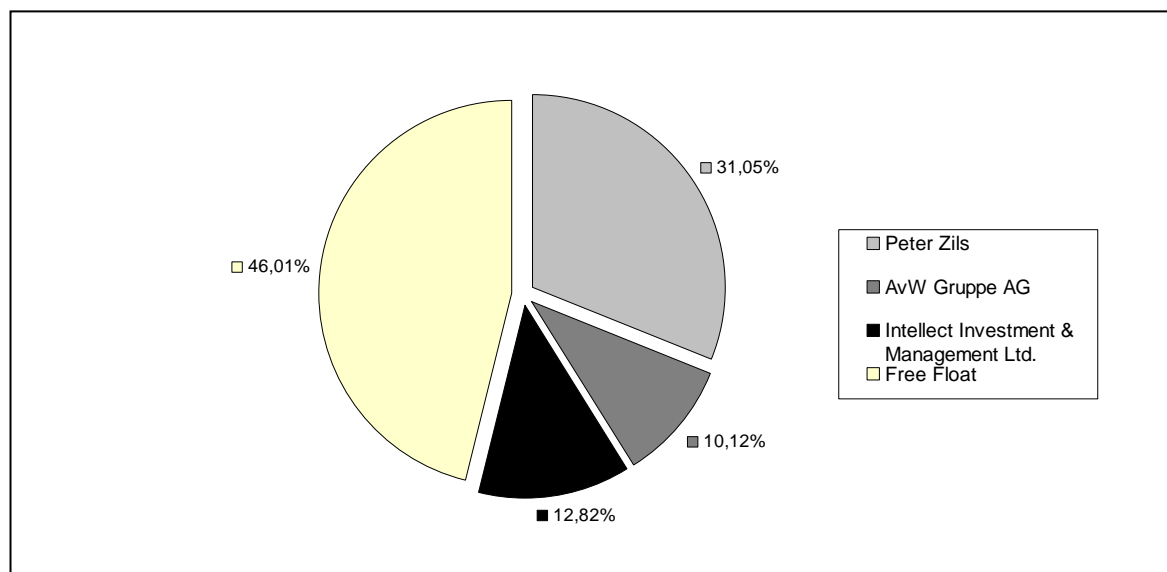
Investor Relations

Variations in the ecotel share price in percent



Shareholders structure

In the second quarter of 2008, there was no major change in the shareholder structure. As of June 30, 2008, the capital stock of ecotel communication ag amounted to 3,900,000 shares. Major investors in the Company continue to be AVW group AG with 10.1% of the voting rights and Intellect Investment & Management Ltd. (previously Information Technologies R&D Holding AG) with 12.8% of the voting rights. Peter Zils (CEO of ecotel) remains ecotel's main shareholder with 31% of the voting shares. Shares in free float total approximately 46%.



Consolidated balance sheet as of June 30, 2008 (unaudited)

Assets	Amounts in €	30.06.2008	31.03.2008	31.12.2007
A. Non-current assets				
I. Goodwill and other intangible assets		29,486,152.51	29,423,963.69	29,611,345.56
II. Fixed assets		6,296,568.98	6,571,318.09	6,870,875.21
III. Financial assets		107,529.19	107,529.19	107,529.19
IV. Non-current receivables		2,229,882.62	2,139,730.04	2,176,941.48
V. Deferred tax assets		1,130,170.36	1,216,448.16	1,410,288.57
Total non-current assets		39,250,303.66	39,458,989.17	40,176,980.02
B. Current assets				
I. Inventories		72,611.46	60,309.56	23,796.00
II. Trade receivables		13,012,963.97	15,296,316.62	12,865,934.51
II. Other receivables and current assets		3,048,630.92	4,294,292.32	4,288,001.22
III. Current income tax assets		144,458.15	284,490.73	351,675.21
IV. Cash and cash equivalents		4,259,092.54	4,222,576.48	3,879,398.62
Total current assets		20,537,757.04	24,157,985.71	21,408,805.56
Total assets		59,788,060.70	63,616,974.88	61,585,785.58

Consolidated balance sheet as of June 30, 2008 (unaudited)

Equity and liabilities	Amounts in €	30.06.2008	31.03.2008	31.12.2007
A. Equity				
I. Share capital		3,900,000.00	3,900,000.00	3,900,000.00
II. Reserves		17,870,282.83	17,848,221.04	17,826,159.25
III. Retained earnings		4,948,600.90	5,007,815.19	4,746,959.71
IV. Shares held by other shareholders		671,222.78	2,100,350.19	2,093,763.87
Total equity		27,390,106.51	28,856,386.42	28,566,882.83
B. Non-current provisions and liabilities				
I. Deferred tax liabilities		1,359,838.30	1,435,036.01	1,396,248.73
II. Other provisions		0.00	0.00	0.00
III. Non-current liabilities		13,000,000.00	13,875,000.00	14,750,000.00
IV. Other financial liabilities		75,158.30	78,291.79	106,573.97
Total non-current provisions and liabilities		14,434,996.60	15,388,327.80	16,252,822.70
C. Current provision and liabilities				
I. Income tax liabilities		582,172.58	538,113.83	752,082.32
II. Other provisions		104,860.00	117,630.00	148,760.00
III. Financial liabilities		3,526,098.42	3,567,185.83	3,406,635.47
IV. Trade liabilities		12,890,772.57	13,540,943.80	11,187,217.19
V. Other liabilities		859,054.02	1,608,387.20	1,271,385.07
Total current provisions and liabilities		17,962,957.59	19,372,260.66	16,766,080.05
Total equity and liabilities		59,788,060.70	63,616,974.88	61,585,785.58

Consolidated profit and loss statement as of June 30, 2008 (unaudited)

Amounts in €	01.01.-30.06. 2008	01.01.-30.06. 2007	01.04.-30.06. 2008	01.04.-30.06. 2007
1. Revenues	52,904,542.59	42,524,350.08	26,053,541.01	21,973,837.96
2. Other operating revenues	280,051.88	73,886.56	87,133.07	65,425.13
3. Other own work capitalized	191,074.19	0.00	117,950.19	0.00
4. Total revenue	53,375,668.66	42,598,236.64	26,258,624.27	22,039,263.09
5. Raw materials and consumables used	-39,280,316.28	-27,150,143.20	-19,134,354.45	-13,979,486.59
6. Personnel expenses	-5,126,038.88	-5,213,320.33	-2,528,331.31	-2,633,454.75
7. Other operating expenses	-5,538,678.24	-4,549,602.84	-2,854,642.46	-2,586,798.00
8. EBITDA	3,430,635.26	5,685,170.27	1,741,296.05	2,839,523.75
9. Scheduled depreciation and amortization	-1,781,605.78	-1,147,429.08	-858,210.07	-636,998.21
10. Earnings before interest and tax (EBIT)	1,649,029.48	4,537,741.19	883,085.35	2,202,525.54
11. Financial result	-325,375.99	-166,767.94	-114,006.62	-83,972.56
12. Operating result before tax	1,323,653.49	4,370,973.25	769,078.73	2,118,552.98
13. Taxes on income	-612,353.38	-1,380,203.58	-325,220.43	-774,561.52
14. Group net income from ongoing operations	711,300.11	2,990,769.67	443,858.30	1,343,991.46
15. Net income attributable to minority interests	42,912.04	-145,716.71	49,498.36	-158,362.17
16. Net income attributable to ecotel communication ag shareholders	754,212.15	2,845,052.96	493,356.66	1,185,629.29
Undiluted earnings per share / Diluted earnings per share	0.19	0.81	0.13	0.34

Consolidated cash flow statement as of June 30, 2008 (unaudited)

Amounts in €	01.01.-30.06. 2008	01.01.-30.06. 2007	01.04.-30.06. 2008	01.04.-30.06. 2007
Consolidated net income for the year before taxes and minority interests	1,323,653.49	4,370,973.25	769,078.73	2,118,552.98
Net interest income	450,572.22	198,654.81	230,962.52	163,379.89
Depreciation (+) / write-ups (-) on fixed assets	1,781,605.78	1,147,429.08	858,210.70	636,998.21
Cashflow	3,555,831.49	5,717,057.14	1,858,251.95	2,918,931.08
Other non-cash expenses (+) and income (-)	44,123.57	0.00	22,061.78	0.00
Profit (-) / loss (+) on disposals of fixed assets	0.00	0.00	0.00	0.00
Increase (-) / decrease (+) in trade receivables	-207,762.66	-6,897,957.58	2,232,674.95	-1,629,393.02
Increase (+) / decrease (-) in other receivables and assets	1,251,288.08	-2,236,611.80	1,193,884.60	-20080,627.88
Increase (+) / decrease (-) in other provisions	-43,900.00	12,056.46	-12,770.00	15,183.00
Increase (+) / decrease (-) in trade liabilities	1,703,555.39	4,187,511.82	-650,171.23	787,912.97
Increase (+) / decrease (-) in liabilities (excl. financial liabilities)	-412,331.05	1,159,146.73	-749,333.15	893,089.53
Taxes paid	-331,338.28	-454,835.07	-130,049.01	-433,945.14
Cash flow from operating activities	5,559,466.54	1,486,367.70	3,764,549.89	471,150.54
Inflow from disposals of tangible and intangible assets	11,862.62	340.99	10,364.73	340.99
Outflow for investments in tangible and intangible assets	-1,093,969.12	-2,658,696.86	-656,015.14	-1,854,034.25
Outflow for the acquisition of subsidiaries	0.00	-17,086,085.06	0.00	1,923,611.91
less cash assumed	0.00	25,000.00	0.00	0.00
Outflow/inflow from the purchase/sale of shares from/to minority shareholders	-2,031,800.00	0.00	-2,031,800.00	0.00
Inflow for interest	60,939.41	112,876.08	11,426.75	68,936.34
Cash flow from investing activities	-3,052,967.09	-19,606,564.85	-2,639,553.07	138,854.99
Inflow from capital increase (less related charges)	0.00	29,865.38	0.00	-29,865.38
Inflow from payments from minority shareholders	99,600.00	0.00	99,600.00	0.00
Outflow from distributing the dividend to shareholders of ecotel communication ag and minority interests	0.00	0.00	0.00	0.00
Inflow for assumed credit facilities	0.00	13,931,604.41	0.00	0.00
Outflow from the repayment of financial loans	-1,661,952.72	0.00	-919,220.90	-30,124.78
Outflow for interest	-564,452.81	-311,530.89	-268,859.86	-232,316.23
Cash flow from financing activities	-2,126,805.53	13,590,208.14	-1,088,480.76	-292,306.39
Cash-related changes in cash and cash equivalents	379,693.92	-4,529,989.01	36,516.06	317,699.14
Changes in posting cash and cash equivalents	0.00	0.00	0.00	0.00
Change in cash and cash equivalents	379,693.92	-4,529,989.01	36,516.06	317,699.14
Cash and cash equivalents at beginning of period	3,879,398.62	9,364,804.29	4,222,576.48	4,517,116.14
Cash and cash equivalents at end of period	4,259,092.54	4,834,815.28	4,259,092.54	4,834,815.28

Statement of changes in equity as of June 30, 2008 (unaudited)

Amount in TEUR	Share capital	Capital surplus	Accumulated surplus		Equity attributable to ecotel communication ag shareholders	Minority interests	Total
			Other revenue reserves	Consol. net income			
As of December 31, 2006*	3,500	14,073	-686	2,121	19,008	225	19,233
Transfer of prior-year result	0	0	2,121	-2,121	0	0	0
Consolidated net income Q1 2007	0	0	0	1,660	1,660	-13	1,647
Equity changes recognised in income	0	0	0	1,660	1,660	-13	1,647
As of March 31, 2007	3,500	14,073	1,435	1,660	20,668	212	20,880
Equity acquisition costs	0	-30	0	0	-30	0	-30
Equity changes due to consolidation	0	0	0	0	0	1,551	1,551
Equity changes not recognised in income	0	-30	0	0	-30	1,551	1,521
Consolidated net income Q2 2007	0	0	0	1,185	1,185	159	1,344
Equity changes recognised in income	0	0	0	1,185	1,185	159	1,344
As of June 30, 2007	3,500	14,043	1,435	2,845	21,823	1,922	23,745
Equity acquisition costs	0	-67	0	0	-67	0	-67
Equity changes due to consolidation	0	0	0	0	0	255	255
Equity changes not recognised in income	0	-97	0	0	-97	255	188
ecotel communication ag capital increase	400	3,760	0	0	4,160	0	4,160
Stock option plan	0	90	0	0	90	0	90
Consolidated net profit H1 2007	0	0	0	467	467	-83	384
Equity changes recognised in income	0	90	0	467	557	-83	474
As of December 31, 2008	3,900	17,826	1,435	3,312	26,473	2,094	28,567

*The figures carried forward on January 1, 2007 have been adjusted according to IAS 8 and are represented accordingly. For details refer to the Notes of the Annual Report 2007.

Statement of changes in equity as of June 30, 2008 (unaudited)

Amount in TEUR	Share capital	Capital surplus	Accumulated surplus		Equity attributable to ecotel communication ag share-holders	Minority interests	Total
			Other revenue reserves	Consol. net income			
As of December 31, 2007	3,900	17,826	1,435	3,312	26,473	2,094	28,567
Transfer of prior-year result	0	0	3,312	-3,312	0	0	0
Stock option plan	0	22	0	0	22	0	22
Consolidated net profit Q1 2008	0	0	0	261	261	6	267
Equity changes recognised in income	0	22	0	261	283	6	289
As of March 31, 2008	3,900	17,848	4,747	261	26,756	2,100	28,856
Anteilserwerb/-verkauf von/an Minderheitsgesellschafter	0	0	-552	0	-552	-1,380	-1,932
Equity changes not recognised in income	0	0	-552	0	-552	-1,380	-1,932
Stock option plan	0	22	0	1,185	22	0	22
Consolidated net income Q2 2008	0	0	0	493	493	-49	444
Equity changes recognised in income	0	22	0	493	515	-49	466
As of June 30, 2008	3,900	17,870	4,195	754	26,719	671	27,390

Notes to the Consolidated Financial Statements as of March 31, 2008

General Information

The consolidated financial statements as of June 30, 2008 of ecotel communication ag as the reporting company were prepared in accordance with IAS 34 and the supplementary provisions of § 315a of the German Commercial Code (HGB). The statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in effect as of the balance sheet date, taking into account their interpretation by the International Financial Reporting Interpretation Committee (IFRIC) as adopted by the EU. IFRS or their interpretations not yet in effect were not applied early. The comparable figures from the previous period were prepared in accordance with the same accounting principles.

The interim consolidated financial statements were prepared on the basis of the same accounting and valuation methods as the consolidated financial statements of fiscal year 2007.

The internal organization and management structure as well as internal reporting to the Management Board and the Supervisory Board are the basis for determining the segmentation criteria for ecotel communication ag.

Segments

The primary segmentation is based on the internal reporting with a breakdown according to product segments as follows:

- In the Business Solutions business unit (operational core segment), ecotel offers small- to medium-sized companies voice, data, and mobile telephone services in the form of "complete packages" as well as direct connections for voice and data traffic from one source.
- In the Wholesale Solutions business unit, ecotel markets products and complete solutions for other telecommunication companies (including resellers and call shops) as well as non-industry marketing companies.
- The New Business business unit includes ecotel's rapidly growing business segments such as New Media, internet-based payment systems, and internet service providers (ISP) for niche markets in the private client market.

For the **first half of the year**, segment reporting is as shown:

Amount in TEUR	Business		Wholesale		New Business / consolidation		Group	
	2008 6 months	2007 6 months	2008 6 months	2007 6 months	2008 6 months	2007 6 months	2008 6 months	2007 6 months
Revenues	29,824.3	33,034.6	15,965.6	9,182.8	7,114.6	307.0	52,904.5	42,524.4
Gross profit	11,289.7	14,634.4	734.2	503.4	1,600.3	236.4	13,624.2	15,374.2
EBIT	1,569.5	4,964.9	50.8	-276.4	28.8	-150.8	1,649.0	4,537.7

For the **second quarter**, segment reporting is as shown:

Amount in TEUR	Business		Wholesale		New Business / consolidation		Group	
	2008 Q2	2007 Q2	2008 Q2	2007 Q2	2008 Q2	2007 Q2	2008 Q2	2007 Q2
Revenues	14,719.9	17,336.5	7,987.6	4,471.4	3,346.0	166.0	26,053.5	21,973.9
Gross profit	5,721.0	7,689.5	386.6	192.3	811.6	112.5	6,919.2	7,994.3
EBIT	823.3	2,379.9	57.6	-190.4	2.4	13.0	883.1	2,202.5

Notes to the Consolidated Financial Statements as of March 31, 2008

Scope of Consolidation

In the first half of 2008, no company acquisitions or sales took place so that the scope of consolidation of the ecotel consolidated financial statements as of June 30, 2008 is unchanged from December 31, 2007. However, in April 2008 the remaining shares (10%) of nacamar GmbH were acquired, and in May 2008, a 49.8% interest in the until then wholly owned i-cube GmbH (formerly RC Communications GmbH) was sold.

Income Taxes

	H1 2008	H1 2007	Q2 2008	Q2 2007
Taxes – current	-368,645.60	-795,000.40	-294,916.25	-550,915.37
Taxes – deferred	-243,707.78	-585,203.18	-30,304.18	-223,646.15
Taxes	-612,353.38	-1,380,203.58	-325,220.43	-774,561.52

Notes to the Consolidated Financial Statements as of March 31, 2008

Earnings per Share

Basic earnings per share were calculated in accordance with IAS 33 by dividing the net income attributable to the shareholders of ecotel communication ag by the average number of outstanding shares during the reporting period.

A dilution of earnings per share occurs if the average number of shares increases due to the issuance of potential shares such as stock options or convertible bonds. During the reporting period and prior periods, no issuance of dilutive shares took place. Through June 30, 2008, no potential dilutive shares resulted from issued stock appreciation rights. Therefore, the diluted earnings per share are the same as the basic earnings per share.

	H1 2008	H1 2007	Q2 2008	Q2 2007
Profit attributable to equity holders (in €)	754,212.15	2,845,052.96	493,356.66	1,185,629.29
Average number of shares	3,900,000	3,500,000	3,900,000	3,500,000
Basic / diluted earnings per share (in €)	0.19	0.81	0.13	0.34

Without adjustment for deferred taxes, the following earnings per share result for the periods in question:

	H1 2008	H1 2007	Q2 2008	Q2 2007
Profit attributable to equity holders (in €)	754,212.15	2,845,052.96	493,359.66	1,185,629.29
Minus deferred taxes	-243,707.78	-585,203.18	-30,304.18	-223,646.15
Profit attributable to equity holders (in €)	997,919.93	3,430,256.14	523,660.84	1,409,275.44
Without deferred taxes				
Average number of shares	3,900,000	3,500,000	3,900,000	3,500,000
Basic / diluted earnings per share (in €)	0.26	0.98	0.13	0.40

Other Notes

During the first half of 2008, there were no material transactions with related parties.

Düsseldorf, Germany, August 15, 2008

The Management Board

Financial calendar

14 November 2008	Publication of Q3 quarterly report
12 November 2008	Analysts' conference

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Imprint

Publisher	ecotel communication ag Prinzenallee 9-11 D - 40549 Düsseldorf
Photography	Peter Boettcher, Köln

Disclaimer

Exclusion of liability:

The information provided in the quarterly report has been examined carefully. However, we cannot accept liability that all information has been represented completely, currently and on an up-to-date basis at all times.

This quarterly report contains explicit and implicit forward-looking statements based on assumptions and forecasts by the company management of ecotel communication ag. These statements are subject to various known and unknown risks, uncertainties and other factors due to which the actual events, financial conditions, performances and achievements of ecotel communications ag may differ substantially from those expressed in such explicit or implicit statements. ecotel communications ag makes these statements at the time of the publication of this report and is under no obligation to update the forward-looking statements contained in this report, including on receipt of new information or on occurrence of future events or for other reasons.