



# 2010

Quarterly Report 2/2010

## Key Figures

Amounts in € million	H1 2010 (IFRS)	H1 2009 (IFRS)	Q1 2010 (IFRS)	Q2 2009 (IFRS)
<b>Revenue</b>	48.0 <sup>1</sup>	48.4	24.9 <sup>1</sup>	24.3
Business Solutions	22.5	25.8	11.1	12.8
Wholesale Solutions	19.1	16.8	10.6	8.7
New Business	6.4 <sup>1</sup>	5.8	3.2 <sup>1</sup>	2.8
<b>Gross profit</b>	10.7 <sup>1</sup>	11.8	5.5 <sup>1</sup>	5.9
Business Solutions	8.4	9.5	4.1	4.6
Wholesale Solutions	0.8	0.7	0.5	0.4
New Business	1.5 <sup>1</sup>	1.6	0.9 <sup>1</sup>	0.9
<b>EBITDA</b>	2.1	2.5	1.2	1.3
as % of revenue	4.4%	5.2%	4.8%	5.3%
<b>EBIT</b>	0.5	0.6	0.4	0.3
as % of revenue	1.0%	1.2%	1.6%	1.2%
<b>Consolidated net income</b>	0.1	0.1	0.2	0.0
Earnings per share (€) <sup>2</sup>	0.03	0.03	0.05	0.00
<b>Total assets</b>	50.4	53.4	50.4	53.4
<b>Equity</b>	19.7	22.5	19.7	27.4
as % to total assets	39.1%	42.2%	39.1%	45.8%
<b>Number of shares</b>	3,752,500	3,900,000	3,752,500	3,900,000
<b>Net debt</b>	7.1 <sup>3</sup>	12.2	7.1 <sup>3</sup>	12.2
<b>Cash flow from operating activities</b>	1.6	2.2	0.2	1.7
<b>Free cash flow</b>	0.7	-0.1	-0.3	0.7
<b>Employees as of 06/30</b>	200	206	200	206

1) As a result of existing minority interests (11%), PPRO GmbH is no longer included in the consolidated financial statements beginning in 2010

2) Both basic and diluted

3) Given the equity-like nature of the subordinated tranche (€2.5 million) of the Kreditanstalt für Wiederaufbau (KfW) innovation loan, it is not recognized as a financial liability

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## Letter to Our Shareholders

Dear shareholders,

ecotel's positive trend in 2010 remains intact. Revenue in the second quarter totaled € 24.9 million (previous year: € 24.3 million) and was thus € 2.1 million above the level of the previous year, adjusted for the deconsolidation of PPRO GmbH. The increase in revenue resulted from new revenue in the Wholesale Solutions and New Business units, particularly at the ecotel subsidiary easybell GmbH. In the Business Solutions unit, revenue development remained slightly negative, primarily driven by the loss of traditional preselection voice revenue, which could not yet be completely compensated for by new full access lines revenue. Nevertheless, initial successes in the migration and marketing of full access lines give us cause for optimism. At the end of the second quarter, orders had already been placed for more than 5,000 full access lines.

EBITDA in the second quarter amounted to € 1.2 million, or € 0.3 million higher than in the first quarter of 2010, but € 0.1 million lower than in the same period of the previous year. Cumulative EBITDA for the first half of 2010 amounted to € 2.1 million (previous year: € 2.5 million).

EBIT in the second quarter came to € 0.4 million and was € 0.1 million higher than in the previous year and € 0.3 million higher than in the first quarter of 2010. Consolidated net income for the first half of 2010 totaled € 0.1 million, which corresponds to earnings per share of € 0.03.

The consolidation of the subsidiaries continues to move forward. In the second quarter, bin/done GmbH was merged into ecotel. In addition, it is planned to merge ADTG into ecotel retroactively as of January 1, 2010 so that the Business Solutions unit can be managed from a single legal entity.

In summary, we are convinced that through the successful migration of the customer base to full access lines and the marketing of new convergence products, we have secured a medium-term business foundation for ecotel. In view of the successes achieved in the migration process and at the subsidiaries, we are raising the revenue forecast for the current fiscal year. For 2010, we now anticipate revenue of about € 90–95 million, which would exceed the previous year's level, adjusted for the deconsolidation of PPRO GmbH. EBITDA for 2010 is anticipated in the range of approximately € 4.0–4.5 million.

For 2011 as well, the Company is raising its revenue forecast – within the framework of a successful migration of full access and a similarly successful marketing of new convergence products – to approximately € 100 million and is assuming EBITDA in the € 5.5–6.5 million range.

Düsseldorf, August 2010



Achim Theis  
(CSO, Management Board)



Peter Zils  
(CEO, Chairman of the Board)



Bernhard Seidl  
(CFO, Management Board)

## Earnings Position

In the second quarter of 2010, ecotel's revenue totaled € 24.9 million (previous year: € 24.3 million). Consequently, total revenue in the first half of 2009 was € 48.0 million, following € 48.4 million in the first half of 2009. Adjusting the previous year's level for the deconsolidation of PPRO GmbH, this corresponds to a revenue increase of € 2.7 million, or 8% from the previous year. Gross profit in the second quarter of 2010 came to € 5.5 million, after € 5.2 million in the previous quarter and € 5.9 million in the second quarter of 2009. The gross profit margin in the second quarter was 22%, compared with 24% in the previous year's quarter.

The Business Solutions unit contributed 45% of ecotel Group's total revenue and 75% of its gross profit in the second quarter of 2010. Revenue in the Business Solutions unit in the second quarter amounted to € 11.1 million – after € 11.4 million in the previous quarter and € 12.8 million in the corresponding quarter of the previous year. A 13% fall in revenue compared with the previous year's period was primarily attributable to the decline in traditional preselect voice business, for which new business could not yet adequately compensate. Gross profit in the second quarter of 2010 amounted to € 4.1 million, compared with € 4.2 million in the previous quarter and € 4.6 million in the same quarter of the previous year. The gross profit margin was 37%, after 36% in the previous year's quarter.

The Wholesale Solutions unit generated revenue of € 10.6 million (previous year: € 8.7 million) and gross profit of € 0.5 million (previous year: € 0.4 million) in the second quarter of 2010 and thus contributed 42% of total revenue and 9% of total gross profit. Compared to the previous year's quarter, both revenue and gross profit increased.

The New Business unit generated revenue of € 3.2 million (previous year: € 2.8 million) and gross profit of € 0.9 million (previous year: € 0.9 million) in the second quarter of 2010. As PPRO has not been consolidated in ecotel's financial statements since 2010, this corresponds to adjusted revenue growth of € 2.0 million for the New Business unit. Growth was primarily attributable to the marketing of easybell's "01028" call-by-call number. The New Business unit contributed 13% of ecotel Group's total revenue and 16% of its gross profit in the second quarter of 2010.

Personnel expenses came to € 2.3 million in the second quarter and were therefore € 0.2 million below the previous year's quarterly figure. The number of

employees declined to 200, but actually rose slightly from the previous quarter. Costs for other operating expenses decreased by € 0.1 million from the previous year's quarter to € 2.1 million.

EBITDA in the second quarter totaled € 1.2 million, compared with € 1.3 million in the same quarter of the previous year and € 0.9 million in the previous quarter. Depreciation and amortization amounted to € 0.8 million in the second quarter, compared to € 1.0 million in the same quarter of the previous year.

EBIT in the second quarter of 2010 amounted to € 0.4 million – after € 0.3 million in the same quarter of the previous year. Cumulative EBIT for the first half of 2010 totaled € 0.5 million.

The finance result in the second quarter of 2010 was € -0.1 million. It primarily includes interest payments, income from the currently higher market value of the interest rate swaps held, and the results of the mvneco GmbH and synergyPLUS GmbH subsidiaries, which are accounted for using the equity method.

Tax expense in the second quarter of 2010 amounted to € 0.2 million. Consolidated net income totaled € 0.2 million in the second quarter of 2010 after € -0.1 million in the previous quarter. Consolidated net income for the first half of the year thus amounted to € 0.1 million, which corresponds to earnings per share of € 0.03.

## Financial Position

Cash flow from operating activities totaled €0.2 million in the second quarter. The difference from EBITDA resulted primarily from a temporary increase in working capital in the area of trade receivables and liabilities.

Cash flow from investing activities in the second quarter of 2010 amounted to €0.5 million and comprised software licenses, own work capitalized, installed equipment in the computer center, routers, transceivers, and servers.

As a result, free cash flow was €-0.3 million in the second quarter.

Cash flow from financing activities in the second quarter of 2010 totaled €-1.1 million and was primarily made up of the repayment of loans and lease obligations amounting to €0.9 million as well as interest payments of €0.2 million.

Cash and cash equivalents in the second quarter of 2010 decreased from €7.0 million to €5.5 million.

## Asset Position

Total assets as of June 30, 2010 amounted to €50.4 million; this represents a 2% decline from the figure of €51.2 million as of March 31, 2010.

On the assets side of the balance sheet, non-current assets decreased as a result of ongoing depreciation and amortization from €28.4 million to €28.2 million. Current assets declined by 2% from €22.7 million to €22.2 million. At the same time, trade receivables increased by €1.2 million, while cash and cash equivalents decreased by €1.7 million.

On the liabilities side, equity rose slightly from €19.5 million to €19.7 million. The equity ratio increased from 38.1% to 39.1%. Non-current provisions and financial liabilities declined from €13.1 million to €12.2 million. Of the non-current provisions, €0.8 million pertained to deferred income taxes. Current provisions and liabilities remained constant at €18.6 million. Net debt (financial liabilities minus cash and cash equivalents) amounted to €7.1 million, taking into account the equity-like nature of the Kreditanstalt für Wiederaufbau (KfW) subordinated tranche, which represented an increase of €0.5 million compared with the previous quarter (€6.6 million) and a reduction of €5.1 million compared with the previous year's quarter (€12.2 million).

The net working capital of the Company, which is the difference between current assets (including cash and cash equivalents) and current provisions and liabilities, is positive.

## Risk Report

ecotel's business activities are subject to the opportunities and risks of the telecommunications market as well as company-specific risks. In order to identify, manage, and control these risks, ecotel has adopted an appropriate risk management system and an internal control system.

In this regard, we refer to the explanations made in the "Risk Report" of the 2009 Annual Report, which still apply with regard to the current risk situation.

## Outlook

The Company's focus in 2010 remains on the migration of existing customers to alternative full access line products as well as the marketing of fixed-mobile bundled products.

Since 2009 it has been possible to eliminate for the most part delivery bottlenecks with regard to Deutsche Telekom's prompt facilitation of ethernet connections. As a result, ecotel once again demonstrated continuous growth in the area of data products.

In the New Business unit, too, growth prospects remain intact with nacamar GmbH and easybell GmbH. Among other things, in July easybell began marketing another call-by-call number (010010) and will start selling its own mobile communications products in the coming weeks.

In this regard, we refer to the explanations made in the "Outlook" section in the 2009 Annual Report, which still apply with regard to the Company's development perspectives.

In 2010, the Company now anticipates revenue of about € 90–95 million, which would presumably exceed the previous year's level, adjusted for the deconsolidation of PPRO GmbH. EBITDA of approximately € 4.0–4.5 million is expected for 2010. Furthermore, an additional reduction of net debt is anticipated.

In addition, the Company is raising its revenue forecast for 2011 – within the framework of a successful migration of full access lines and a similarly successful marketing of new convergence products – to approximately € 100 million and is assuming an EBITDA of € 5.5–6.5 million.

## Investor Relations

### The ecotel Share

The ecotel share began the second quarter at a price of € 4.65. Over the course of the quarter, the ecotel share moved downward slightly, ending the quarter at € 3.80.

The average daily trading volume of the share amounted to 420 in the second quarter of 2010, compared with an average figure of 2,320 in the previous quarter and 7,800 in the second quarter of 2009.

At the end of the quarter, ecotel had a share price of € 3.80 and a market capitalization of € 14.3 million.

### Shareholder Structure

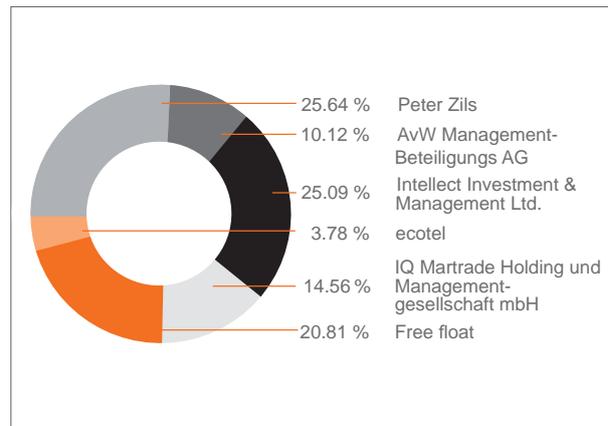
The capital stock of ecotel communication ag totaled 3,900,000 shares as of June 30, 2010. Currently ecotel holds 147,500 treasury shares (3.78%), with the result that the subscribed capital in the balance sheet totals €3,752,500. In the second quarter, there were no major changes to ecotel's shareholder structure. The Company's major investors remain Intellect Investment & Management Ltd. with 25.09% of the voting stock, IQ Martrade Holding und Managementgesellschaft mbH with 14.56% of the voting stock, and AvW Gruppe AG with 10.12% of the voting stock. Peter Ziils, the CEO of ecotel, holds 25.64% of the Company's voting stock. Free float amounts to 20.81%.

#### Overview of the ecotel Share

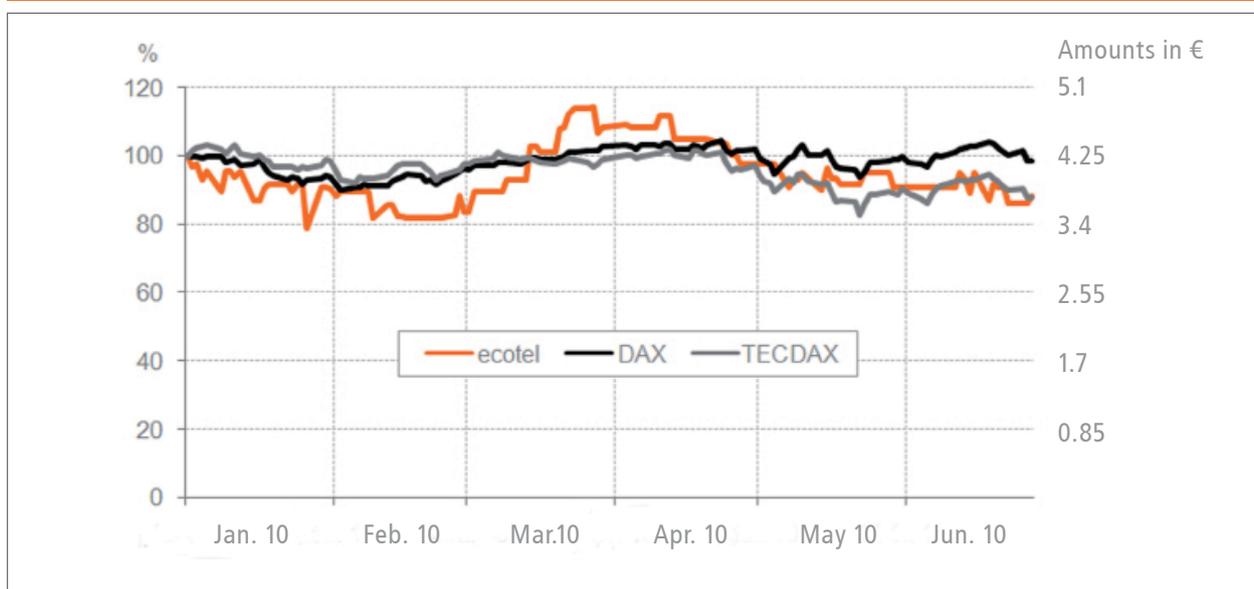
SIN	585434	Date of initial listing	03/29/2006
ISIN	DE0005854343	Number of shares as of 06/30/2010	3,752,500
Symbol	E4C	Average daily trading volume in Q2 2010 (€)	420
Market segment as of 07/01/2007	Prime Standard	Share price high / Share price low in Q2 2010 (€)	4,8 / 3,7
Index	CDAX, Prime All Share, Technology All Share	Market capitalization as of 03/31/2010 (€ million) *	14.3
Type	No-par value shares	Designated sponsor	Close Brothers Seydler

\* Based on the closing share price on June 30, 2010 of € 3.8 per share

#### Shareholder Structure (06/30/2010) (in percent)



#### Performance of the ecotel Share (in percent)



# Consolidated Balance Sheet

as of June 30, 2010 (unaudited)

Assets	Amounts in €	12/31/2009	03/31/2010	06/30/2010
<b>A. Non-current assets</b>				
I. Goodwill and other intangible assets		19,758,791.64	19,400,109.23	19,129,058.75
II. Property, plant, and equipment		6,305,178.23	6,175,136.90	6,131,260.61
III. Financial assets accounted for using the equity method		1,602,490.63	1,620,916.48	1,647,387.07
IV. Other financial assets		219,529.19	219,529.19	219,529.19
V. Non-current receivables		171,275.01	252,205.55	407,924.30
VI. Deferred tax assets		775,339.01	757,831.95	691,013.47
<b>Total non-current assets</b>		<b>28,832,603.71</b>	<b>28,425,729.30</b>	<b>28,226,173.39</b>
<b>B. Current assets</b>				
I. Inventories		107,297.91	123,658.16	110,589.74
II. Trade receivables		14,726,109.55	13,768,648.92	14,963,398.02
III. Other receivables and current assets		1,745,051.74	1,363,889.75	1,374,310.85
IV. Current tax assets		222,743.79	222,743.79	222,743.79
V. Cash and cash equivalents		7,071,935.85	7,255,498.26	5,536,461.98
<b>Total current assets</b>		<b>23,873,138.84</b>	<b>22,734,438.88</b>	<b>22,207,504.38</b>
<b>Total assets</b>		<b>52,705,742.55</b>	<b>51,160,168.18</b>	<b>50,433,677.77</b>

# Consolidated Balance Sheet

as of June 30, 2010 (unaudited)

Equity and liabilities	Amounts in €	12/31/2009	03/31/2010	06/30/2010
<b>A. Equity</b>				
I. Subscribed capital		3,752,500.00	3,752,500.00	3,752,500.00
II. Reserves				
1. Capital reserve		17,602,454.58	17,615,192.38	17,627,930.18
2. Other reserves		-2,078,362.24	-2,174,940.40	-1,975,232.30
III. Minority interests		314,233.94	297,504.84	268,105.31
<b>Total equity</b>		<b>19,590,826.28</b>	<b>19,490,256.82</b>	<b>19,673,30.19</b>
<b>B. Non-current provisions and liabilities</b>				
I. Deferred tax liabilities		852,910.26	819,189.16	880,237.60
II. Other provisions		0.00	0.00	0.00
III. Non-current loans		12,750,000.00	11,875,000.00	11,000,000.00
IV. Other financial liabilities		473,766.82	402,933.65	327,020.23
<b>Total non-current provisions and liabilities</b>		<b>14,076,677.08</b>	<b>13,097,122.81</b>	<b>12,207,257.83</b>
<b>C. Current provisions and liabilities</b>				
I. Current tax liabilities		18,603.26	18,603.26	41,264.70
II. Other provisions		0.00	0.00	0.00
III. Financial liabilities		3,963,256.81	4,269,101.94	3,950,032.71
IV. Trade liabilities		14,077,264.19	13,125,559.89	13,477,688.38
V. Liabilities to associated companies		115,793.42	41,663.54	110,536.48
VI. Other liabilities		863,321.51	1,117,859.92	973,594.48
<b>Total current provisions and liabilities</b>		<b>19,038,239.19</b>	<b>18,572,788.55</b>	<b>18,553,11.75</b>
<b>Total equity and liabilities</b>		<b>52,705,742.55</b>	<b>51,160,168.18</b>	<b>50,433,677.77</b>

# Consolidated Income Statement

as of June 30, 2010 (unaudited)

Amounts in €	H1 2009	H1 2010	Q2 2009	Q2 2010
<b>1, Sales revenue</b>	<b>48,401,365.31</b>	<b>47,962,094.81</b>	<b>24,303,317.53</b>	<b>24,883,736.80</b>
2. Other operating income	442,197.55	341,649.74	144,128.90	144,157.00
3. Increase or decrease in the portfolio of finished goods and work in progress	4,796.00	0.00	0.00	0.00
4. Other own work capitalized	269,096.30	34,722.68	105,377.48	100.00
<b>5. Total revenue</b>	<b>49,117,455.16</b>	<b>48,338,467.23</b>	<b>24,552,823.91</b>	<b>25,027,993.80</b>
6. Cost of materials and services	-36,606,068.82	-37,266,952.86	-18,392,770.00	-19,420,771.31
7. Personnel expenses	-5,053,426.64	-4,555,308.61	-2,492,375.61	-2,285,382.09
8. Depreciation and amortization	-1,864,183.47	-1,632,444.87	-984,814.22	-786,716.68
9. Other operating expenses	-4,945,890.68	-4,388,645.50	-2,318,210.54	-2,099,494.37
<b>10. Earnings before interest and tax (EBIT)</b>	<b>647,885.55</b>	<b>495,115.39</b>	<b>364,653.54</b>	<b>435,629.35</b>
<b>11. Finance result</b>	<b>-428,924.87</b>	<b>-273,964.26</b>	<b>-157,074.70</b>	<b>-113,028.74</b>
<b>12. Result of companies accounted for using the equity method</b>	<b>-59,376.58</b>	<b>-28,060.94</b>	<b>-59,376.58</b>	<b>0.00</b>
<b>13. Result of ordinary business activity before income taxes</b>	<b>159,584.10</b>	<b>193,090.19</b>	<b>148,202.26</b>	<b>322,600.61</b>
14. Taxes on income and earnings	-133,754.94	-136,088.89	-174,048.48	-152,292.05
<b>15. Consolidated net income from continuing operations</b>	<b>25,829.16</b>	<b>57,001.30</b>	<b>-25,846.22</b>	<b>170,308.56</b>
16. Net income attributable to minority interests	76,581.10	46,128.64	32,725.89	29,399.54
<b>17. Consolidated net income attributable to ecotel communication ag shareholders</b>	<b>102,410.26</b>	<b>103,129.94</b>	<b>6,879.67</b>	<b>199,708.10</b>
Basic earnings per share	0.03	0.03	0.00	0.05
Diluted earnings per share	0.03	0.03	0.00	0.05

# Consolidated Cash Flow Statement

for Q2 2010 and for H1 2010

Amounts in €	H1 2009	H1 2010	Q2 2009	Q2 2010
Consolidated net income for the year before taxes and minority interests	159,584.10	193,090.19	148,202.26	322,600.61
Net interest income	402,057.37	255,666.76	138,957.20	104,278.74
Depreciation and amortization (+) / write-ups (-) on non-current assets	1,864,183.47	1,632,444.87	984,814.22	786,716.68
Result of companies accounted for using the equity method	0.00	28,060.94	0.00	0.00
<b>Cash flow</b>	<b>2,425,824.94</b>	<b>2,109,262.76</b>	<b>1,271,973.68</b>	<b>1,213,596.03</b>
Other non-cash expenses (+) / income (-)	103,500.16	25,475.60	81,438.37	12,737.80
Profit (-) / loss (+) on disposals of non-current assets	0.00	-10,869.74	0.00	-10,869.74
Increase (-) / decrease (+) in trade receivables	580,009.59	-189,067.63	472,441.55	-1,195,316.25
Increase (+) / decrease (-) in receivables and other assets	-98,154.01	135,520.11	30,622.12	-126,033.69
Increase (+) / decrease (-) in other provisions	0.00	0.00	0.00	0.00
Increase (+) / decrease (-) in trade liabilities	-1,461,434.61	-599,575.81	-806,674.90	352,128.49
Increase (+) / decrease (-) in liabilities (excl. financial liabilities)	805,065.69	105,016.03	634,662.07	-75,392.50
Taxes paid	-186,525.08	-1,774.56	-63,301.47	-1,763.68
<b>Cash flow from operating activities</b>	<b>2,168,286.68</b>	<b>1,573,986.76</b>	<b>1,621,161.42</b>	<b>169,086.46</b>
Inflow from disposals of items of property, plant, and equipment and intangible non-current assets	3,687.93	10,870.00	3,387.93	10,870.00
Outflow for investments in items of property, plant, and equipment and intangible non-current assets	-2,115,491.96	-828,794.62	-881,657.51	-471,790.17
Outflow for investments in financial assets	-174,700.00	-72,957.38	-99,800.00	-26,470.59
Inflow/outflow for share purchases/sales by/to minority shareholders	0.00	0.00	0.00	0.00
Inflow from interest	20,607.81	16,507.95	11,025.52	9,488.85
<b>Cash flow from investing activities</b>	<b>-2,265,896.22</b>	<b>-874,374.05</b>	<b>-967,044.06</b>	<b>-477,901.91</b>
Inflow from minority shareholders	0.00	0.00	0.00	0.00
Outflow for repayment of financial liabilities	-1,585,601.56	-1,888,319.00	-871,007.18	-946,673.06
Outflow for interest	-415,668.76	-346,767.58	-202,842.75	-164,748.48
<b>Cash flow from financing activities</b>	<b>-2,001,270.32</b>	<b>-2,235,086.58</b>	<b>-1,073,849.93</b>	<b>-1,111,421.54</b>
<b>Cash changes in cash and cash equivalents</b>	<b>-2,098,879.86</b>	<b>-1,535,473.87</b>	<b>-419,732.57</b>	<b>-1,420,236.99</b>
Exchange rate-related and other changes in the value and recognition of cash and cash equivalents	0.00	0.00	0.00	0.00
<b>Changes in cash and cash equivalents</b>	<b>-2,098,879.86</b>	<b>-1,535,473.87</b>	<b>419,732.57</b>	<b>-1,420,236.99</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,466,152.10</b>	<b>7,071,935.85</b>	<b>1,787,004.81</b>	<b>6,956,698.97</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,367,272.24</b>	<b>5,536,461.98</b>	<b>1,367,272.24</b>	<b>5,536,461.98</b>

Cash and cash equivalents comprise cash and cash recognized in the balance sheet less negative items in the current account.

# Statement of Changes in Equity

as of June 30, 2010 (unaudited)

Amounts in €	Subscribed capital	Capital reserve	Revenue reserves		Equity attributable to ecotel communication ag shareholders	Minority interests	Total
			Other revenue reserves	Consolidated net income			
<b>As of December 31, 2008</b>	<b>3,900</b>	<b>17,914</b>	<b>4,235</b>	<b>-4,188</b>	<b>21,861</b>	<b>594</b>	<b>22,455</b>
Transfer of prior-year result	0	0	-4,188	4,188	0	0	0
Stock option plan	0	22	0	0	22	0	22
Consolidated net income Q1 2009	0	0	0	96	96	-44	52
<b>Equity changes recognized in income</b>	<b>0</b>	<b>22</b>	<b>0</b>	<b>96</b>	<b>118</b>	<b>-44</b>	<b>74</b>
<b>As of March 31, 2009</b>	<b>3,900</b>	<b>17,936</b>	<b>47</b>	<b>96</b>	<b>21,979</b>	<b>550</b>	<b>22,529</b>
Stock option plan	0	22	0	0	22	0	22
Consolidated net income Q2 2009	0	0	0	7	7	-33	-26
<b>Equity changes recognized in income</b>	<b>0</b>	<b>22</b>	<b>0</b>	<b>7</b>	<b>26</b>	<b>-33</b>	<b>-4</b>
<b>As of June 30, 2009</b>	<b>3,900</b>	<b>17,936</b>	<b>47</b>	<b>103</b>	<b>22,008</b>	<b>517</b>	<b>22,525</b>
Change due to purchases or sales of shareholdings	0	0	0	0	0	-134	-134
Share repurchases	-148	-390	0	-0	-538	0	-538
Reclassification due to easybell GmbH profit/loss transfer agreement	0	0	29	0	29	-29	0
<b>Equity changes not recognized in income</b>	<b>-148</b>	<b>-390</b>	<b>29</b>	<b>0</b>	<b>-509</b>	<b>-163</b>	<b>-672</b>
Stock option plan	0	35	0	0	35	0	35
Consolidated net income H2 2009	0	0	0	-2,257	-2,257	-40	-2,297
<b>Equity changes recognized in income</b>	<b>0</b>	<b>35</b>	<b>0</b>	<b>-2,257</b>	<b>-2,222</b>	<b>-40</b>	<b>-2,262</b>
<b>As of December 31, 2009</b>	<b>3,752</b>	<b>17,603</b>	<b>76</b>	<b>-2,154</b>	<b>19,277</b>	<b>314</b>	<b>19,591</b>
Transfer of prior-year result	0	0	-2,154	2,154	0	0	0
Stock option plan	0	12	0	0	12	0	12
Consolidated net income Q1 2010	0	0	0	-97	-97	-16	-113
<b>Equity changes recognized in income</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>-97</b>	<b>-85</b>	<b>-16</b>	<b>-101</b>
<b>As of March 31, 2010</b>	<b>3,752</b>	<b>17,615</b>	<b>-2,078</b>	<b>-97</b>	<b>19,192</b>	<b>298</b>	<b>19,490</b>
Stock option plan	0	13	0	0	13	0	13
Consolidated net income Q2 2010	0	0	0	200	200	-30	170
<b>Equity changes recognized in income</b>	<b>0</b>	<b>13</b>	<b>0</b>	<b>200</b>	<b>213</b>	<b>-30</b>	<b>-183</b>
<b>As of June 30, 2010</b>	<b>3,752</b>	<b>17,628</b>	<b>-2,078</b>	<b>103</b>	<b>19,405</b>	<b>268</b>	<b>19,673</b>

# Notes to the Consolidated Financial Statements as of June 30, 2010

## General Information

The consolidated financial statements of ecotel communication ag, as the reporting parent as of June 30, 2010, were prepared in accordance with the provisions of IAS 34 and, under application of Section 315a of the German Commercial Code (HGB), in accordance with the provisions of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) valid as of the balance sheet date, taking into consideration the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) as adopted by the EU. IFRS standards or their interpretations not yet in effect have not been applied prematurely. The comparison figures for the previous year's period were determined in accordance with the same principles.

The same accounting and valuation methods were applied in the interim financial statements as in the consolidated financial statements for the 2009 fiscal year.

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

## Segments

The internal organization and management structure as well as the internal reporting to the Management Board and the Supervisory Board form the basis for defining the segmentation criteria for the business units of ecotel communication ag.

The **segment format** is effected in accordance with internal reporting by business units, defined as follows:

- In the **Business Solutions** segment (operative core area), ecotel offers small and medium-sized companies an integrated product portfolio of voice, data, and mobile communications services for business customers as a complete package from one source.
- In the **Wholesale Solutions** segment, ecotel sells products and complete solutions for other telecommunications companies (including resellers) and for outside marketers.
- The **New Business** segment comprises the high-growth business areas and subsidiaries as well as the new media business.

This results in the following segment presentation for the first **half-year**:

€ thousand	Business Solutions		Wholesale Solutions		New Business/ Consolidation		Group	
	H1 2009	H1 2010	H1 2009	H1 2010	H1 2009	H1 2010	H1 2009	H1 2010
Sales revenue	25,760.8	22,496.8	16,790.2	19,118.2	5,850.4	6,347.2	48,401.4	47,962.1
Gross profit	9,498.8	8,346.1	722.2	812.1	1,574.3	1,536.9	11,795.3	10,695.1
Earnings before interest and tax (EBIT)	665.1	238.0	123.2	367.6	-140.4	-110.5	647.9	495.1

## Notes to the Consolidated Financial Statements as of June 30, 2010

This results in the following segment presentation for the **second quarter**:

€ thousand	Business Solutions		Wholesale Solutions		New Business/ Consolidation		Group	
	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010
Sales revenue	12,746.3	11,128.9	8,685.8	10,566.3	2,871.2	3,188.6	24,303.3	24,883.7
Gross profit	4,614.7	4,149.1	458.2	451.6	837.6	862.3	5,910.5	5,463.0
Earnings before interest and tax (EBIT)	188.9	154.8	225.3	283.1	-49.5	-2.3	364.7	435.6

### Consolidated Group and Acquisitions of Equity Interests

The consolidated group included in the consolidated financial statements for ecotel as of June 30, 2010 has not changed as compared with December 31, 2009. In the first quarter of 2010, ecotel increased its investment in mvneco GmbH, which is accounted for using the equity method, from 45.0% to 48.65% through the acquisition of shares. The additional shares were purchased for € 20,016.19. As a result of the negative amortized equity value of this investment, the Group wrote down these acquisition costs in full. As of June 30, 2010, a negative equity value of € -42 thousand, which was not recognized in income, remained as a result of the pro-rata loss of mvneco GmbH.

As a result of the pro-rata loss of synergyPLUS GmbH, which was also accounted for using the equity method, the remaining recognized equity value of € 8 thousand was written down in the first quarter of 2010. As of June 30, 2010, a negative equity value not recognized in income of € -71 thousand remained.

In the second quarter of 2010, bin/done digital solutions GmbH was merged into ecotel communication ag retroactively as of January 1, 2010. This transaction did not have any effect on the consolidated financial statements.

### Taxes on Income and Earnings

The income taxes recognized in the income statement are comprised as follows:

	H1 2009	H1 2010	H1 2009	H1 2010
Taxes on income and earnings – effective	-9,728.42	-24,435.99	-4,165.83	-22,636.57
Taxes on income and earnings – deferred	-124,026.52	-111,652.90	-169,882.65	-129,655.48
<b>Taxes on income and earnings (in €)</b>	<b>-133,754.94</b>	<b>-136,088.89</b>	<b>-174,048.48</b>	<b>-152,292.05</b>

## Notes to the Consolidated Financial Statements as of June 30, 2010

### Earnings per Share

In line with IAS 33, basic earnings per share are determined as the consolidated net income for the year attributable to shareholders of ecotel communication ag divided by the weighted average number of bearer no-par-value shares in circulation during the period under review.

Dilution of earnings per share occurs when the average number of shares increases by taking into account the issue of potential shares from stock options and convertible bonds. In the period under review as well as the previous year, the Company did not issue any equity instruments with dilutive effect. The stock appreciation rights granted did not result in any potentially dilutive shares being issued as of March 31, 2010. As such, the diluted earnings per share are the same as the basic earnings per share.

	H1 2009	H1 2010	Q2 2009	Q2 2010
Attributable consolidated net income for the year (in €)	102,410.26	103,129.94	6,879.67	199,708.10
Weighted average number of shares	3,900.000	3,752.500	3,900.000	3,752.500
<b>Basic / diluted earnings per share (in €)</b>	<b>0.03</b>	<b>0.03</b>	<b>0.00</b>	<b>0.05</b>

### Other Information

No significant transactions with related parties were carried out in the first half of 2010.

Düsseldorf, Germany, August 13, 2010

The Management Board

## Declaration by the Legal Representatives under Section 37y of the German Securities Trading Law (WpHG)

To the best of our knowledge, and in accordance with the applicable reporting principles, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group Interim Management Report includes a fair view 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, August 13, 2010

ecotel communication ag

The Management Board

Bernhard Seidl

Peter Zils

Achim Theis

# Financial Calendar

November 15, 2010

Publication of Q3 quarterly report

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## Disclaimer

Exclusion of liability: The information provided in quarterly report has been examined carefully. However, we cannot accept liability that all information has been represented completely, correctly, or up-to-date 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 as a result of which the actual events, financial conditions, performance and achievements of ecotel communications ag may differ substantially from those expressed in such explicit or implicit statements. ecotel communication ag makes these statements based on information available at the time of the publication of this report and is under no obligation to update the forward-looking statements contained in this report, either on receipt of new information or on occurrence of future events, or for other reasons.