



Voice



Data



Mobile



3/2009

Quarterly Report

Քվարտալի զեօրիք

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Key Data

All amounts in € million	9 M 2009 (IFRS)	9 M 2008 (IFRS)	Q3 2009 (IFRS)	Q3 2008 (IFRS)
Revenues	72.5	79.1	24.1	26.2
Business	38.9	44.3	13.1	14.5
Wholesale	25.3	24.2	8.5	8.2
New Business	8.3	10.6	2.5	3.5
Gross profit	17.6	20.0	5.8	6.4
Business	14.2	16.6	4.6	5.3
Wholesale	1.0	0.9	0.3	0.2
New Business	2.4	2.5	0.9	0.9
EBITDA	3.8	4.8	1.3	1.4
as % of revenues	5.2%	6.1%	5.3%	5.3%
EBIT	0.9	2.2	0.3	0.5
as % of revenues	1.2%	2.8%	1.2%	1.9%
Consolidated net income	1.2	0.9	1.1	0.1
Earnings per share *(€)	0.31	0.22	0.28	0.03
Total assets	54.8	60.6	54.8	60.6
Equity	23.6	27.5	23.6	27.5
as % to total assets	43.1%	45.4%	43.1%	45.4%
Number of shares	3,900,000	3,900,000	3,900,000	3,900,000
Net debt	9.8	12.6	9.8	12.6
Operating Cash Flow	4.4	6.4	2.3	0.8
Free Cashflow	1.2	1.6	1.3	-0.2
Employees as of September 30	197	220	197	220

* Basic and diluted

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Letter to our shareholders

Dear shareholders,

In the first nine months of fiscal year 2009, ecotel generated revenue of € 72.5 million (previous year: € 79.1 million). ecotel's ordinary business activity progressed according to plan and as a result it was possible to maintain third quarter revenue of €24.1 million at the level of the previous quarter despite the difficult economic environment. The decline in revenue compared with the previous year continued to be driven by the loss of traditional preselection voice revenue in the business customer segment. A targeted turnaround is to be achieved here in the coming months via the new full access products.

Similarly, EBITDA of € 1.3 million also remained at the same level as in the previous quarter. In the first nine months, the Company's EBITDA totaled € 3.8 million (previous year: € 4.8 million). EBIT in the first nine months of 2009 amounted to € 0.9 million (previous year: € 4.8 million). In addition, as a result of an out-of-court settlement with Tiscali, it was possible to record a satisfying finance result in the third quarter, which led to consolidated net income of € 1.2 million (previous year: € 0.9 million) in the first nine months, which corresponds to earnings per share of € 0.31.

Furthermore, the Company was able to substantially improve its long-term financial structure. In August ecotel received an Enterprise Resource Planning (ERP) innovation loan of € 5 million from the Kreditanstalt für Wiederaufbau (KfW) and Commerzbank. Given the equity-like nature of the subordinated tranche of € 2.5 million, the Company's net debt was reduced accordingly. The capital is earmarked to support the development of new fixed-mobile convergence products, which are expected to be decisive for ecotel's future progress. As of the end of the third quarter, € 2.5 million of the innovation loan had been utilized.

In addition, in September ecotel was able to achieve an out-of-court settlement with Tiscali for a reduced purchase price for the acquisition of the shares in Tiscali Nacamar GmbH on February 5, 2007. Consequently, ecotel was able to record a cash settlement of € 1.65 million. The original purchase price for Tiscali Nacamar GmbH was € 18.5 million.

As a result of these two special effects, we were able to increase the Company's cash and cash equivalents to € 4.4 million and significantly boost its financial strength. In the process, we were also able to reduce the Company's net debt in the third quarter from € 12.2 million to € 9.8 million. The equity ratio rose during the reporting period from 42.2% to 43.1%.

Initial successes were also achieved in the area of full access products. Since October 2009 ecotel offers not only an access line service via Deutsche Telekom AG, but also high-margin full access products via alternative local exchange carriers (e.g. Versatel) in accessible "on-net" areas. As a result, business customers can obtain "authentic" ISDN connections with complete packages at particularly attractive conditions. ecotel is expecting this to achieve a stabilization of the customer base via the product change from preselection to complete connection products as well as a strengthening of the competitive position in the new business segment. Partnerships with additional network carriers are anticipated this year in order to further expand national coverage.

There was also good news at the subsidiary easybell. In August easybell acquired about 20,000 private customers as part of a migration project to whom it provides with full access and VoIP services. As a result of this acquisition, easybell gains not only revenue but also additional expertise in the rapidly growing market for DSL full access and VoIP products, thus laying the groundwork for a market entry with own products.

Letter to our shareholders

ecotel believes that it is well positioned for an intense competitive environment in 2010 by virtue of having focused on its core competencies, implemented efficiency improvement measures, completed refinancing, and introduced a new portfolio of products.

In view of the current business situation, we are maintaining our earnings forecast for 2009 and anticipate revenue of € 95–100 million and an EBITDA adjusted for extraordinary income and expenses of approximately €5 million.

Furthermore, the Management Board expects to further trim the Company's net debt and to eliminate it by 2011.

Düsseldorf, Germany, November 2009



Bernhard Seidl (CFO)



Peter Zils (CEO)



Achim Theis (CSO)

Earnings Situation

In the third quarter of 2009, ecotel further stabilized business operations and generated revenue of € 24.1 million. Revenue was 8% lower than in the corresponding period of the previous year and approximately at the same level as in the first and second quarters of 2009. This resulted in total revenue of € 72.5 million in the first nine months of fiscal year 2009, after € 79.1 million in the same period of 2008 – a decline of 8% compared with the previous year.

Gross profit in the third quarter of 2009 amounted to € 5.8 million – after € 5.9 million in the previous quarter and € 6.4 million in the third quarter of 2008. In the first nine months, gross profit totaled € 17.6 million, after € 20 million in the comparable period of 2008.

The Business Solutions unit contributed 54% of ecotel Group's total revenue and 79% of its gross profit in the third quarter of 2009. Revenue in the Business Solutions unit remained relatively stable in the third quarter at € 13.1 million – compared with € 12.8 million in the previous quarter. The revenue decline of 10% to € 14.5 million compared with the corresponding period of the previous year was attributable to the sustained technology-driven churn in preselection voice revenue, which could not yet be sufficiently offset by new revenue and the migration of preselection customers to new bundled products. The gross profit in the third quarter of 2009 was € 4.6 million – after € 5.3 million in the same quarter a year earlier. The gross margin of 36% remained at the level of the previous quarter.

The Wholesale Solutions unit generated revenue of € 8.5 million and gross profit of € 0.3 million in the third quarter of 2009 and thus contributed 35% of total revenue and 5% of total gross profit. Both revenue and gross profit remained constant with the previous quarter and the same quarter of the previous year.

The New Business unit generated revenue of € 2.4 million and a gross profit of € 0.9 million in the third quarter of 2009. In the previous quarter, revenue was € 2.8 million and the gross profit was € 0.9 million. The decline in revenue relative to the comparable period in 2008 was attributable to the sustained churn of narrowband dial-up access at easybell, but it was possible to compensate for the gross profit through higher-margin new revenue.

Personnel expenses came to € 2.4 million in the third quarter and were therefore € 0.1 million below the previous quarter's figure. The number of employees declined slightly from 206 to 197. Other operating expenses of € 2.3 million were constant compared with the previous quarter. In the same period of the previous year, other operating expenses still amounted to € 2.9 million.

EBITDA in the third quarter totaled € 1.3 million, compared with € 1.4 million in the previous year's quarter. This resulted in EBITDA of € 3.8 million in the first nine months, after € 4.8 million in the corresponding period of the previous year. Depreciation and amortization of € 1.0 million remained constant in the third quarter.

EBIT in the third quarter of 2009 amounted to € 0.3 million – after € 0.5 million in the same quarter of the previous year. Cumulative EBIT in the first nine months of 2009 amounted to € 0.9 million, after € 2.2 million in the comparison period for the previous year.

The finance result increased in the third quarter of 2009 to € 1.1 million. It included interest payments of € 0.15 million, which were offset by extraordinary income of € 1.65 million from the out-of-court settlement for a purchase price reduction for the acquisition of the shares in Tiscali Nacamar GmbH less the related legal expenses incurred in 2009 of € 0.4 million. The finance result totaled € -0.3 million in the corresponding period of 2008.

Tax expense in the third quarter of 2009 amounted to € 0.3 million. In the first nine months, tax expense totaled € 0.4 million, with the bulk of the expense attributable to deferred taxes.

Consolidated net income in the third quarter of 2009 came to € 1.1 million. This resulted in consolidated net income of € 1.2 million in the first nine months, corresponding to earnings per share of €0.31.

Financial Situation

Cash flow from operating activities came to € 2.3 million in the third quarter, after € 1.6 million in the previous quarter. The increase resulted primarily from the retroactive purchase price reduction of € 1.65 million for the acquisition of the shares in Tiscali Nacamar GmbH. This was offset by an increase in working capital of € 1.1 million and a decrease in other receivables and assets of € 0.9 million.

Cash flow from investing activities amounted to € 1.0 million in the third quarter of 2009. It was comprised of investments of € 0.1 million in own work capitalized, investments of € 0.2 million in software licenses, investments of € 0.5 million in storage and hardware equipment, and financial investments of € 0.2 million for the acquisition of CARPO's existing customer base through easybell.

Cash flow from financing activities totaled € 1.8 million in the third quarter of 2009. It consisted primarily of inflows of € 2.5 million from the KfW innovation loan, an installment purchase of € 0.3 million, loan repayments of € 0.9 million, and interest payments of € 0.2 million. As yet, € 2.5 million of the total KfW loan has not been utilized.

Cash and cash equivalents in the third quarter of 2009 increased from € 1.4 million to € 4.4 million.

Asset Situation

Total assets as of September 30, 2009 amounted to € 54.8 million; this represents a 3% increase from the figure of € 53.4 million as of June 30, 2009.

On the assets side, non-current assets were down from € 33.6 million to € 33.4 million as a result of scheduled depreciation and amortization of € 1.0 million and a decline in deferred income tax assets of € 0.2 million, despite investments of € 1.0 million. Current assets increased by 9% from € 19.7 million to € 21.4 million. The increase in trade receivables to third parties of € 1.0 million was offset by an identical decline in other receivables and assets so that the increase was primarily attributable to higher cash and cash equivalents.

On the liabilities side, equity rose from € 22.5 million to € 23.6 million. The equity ratio increased from 42.2% to 43.1%. Non-current provisions and financial liabilities increased as a result of the KfW innovation loan from € 11.1 million to € 12.9 million. Of that amount, € 1.3 million pertain to deferred income taxes. Current provisions and liabilities declined from € 19.7 million to € 18.2 million. Taking into account the equity-like nature of the KfW subordinated tranche, net debt (financial liabilities minus cash and cash equivalents) amounted to € 9.8 million at the end of the third quarter, a reduction of € 2.4 million compared with the previous quarter.

Risk Report

ecotel's business activities are still 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.

The out-of-court settlement with Tiscali and the innovation loan granted by KfW and Commerzbank further boosted ecotel's financial strength.

As far as additional risks are concerned, we refer to the explanations made in the risk report of the 2008 Annual Report, which still apply to the current risk situation.

Outlook

The Company is confident of its ability to migrate the bulk of its existing customer base to the new complete connection products consisting of access connection, voice, data, and mobile services in the next 12 months, thus stabilizing its core customer base. In addition, an acceleration of the new customer business is anticipated as a result of the new bundled offers and ethernet products.

Furthermore, the Company expects that it will be able to eliminate net debt by 2011.

The Management Board is maintaining its earnings forecast for 2009 and anticipates revenue of € 95–100 million and an EBITDA adjusted for extraordinary income and expenses of approximately € 5 million.

Investor Relations

Overview of the ecotel Share

ecotel's share price started in the third quarter at € 2.7 and climbed in the subsequent months to more than € 3.8.

Average daily trading volume in the third quarter of 2009 was 2,086 shares, compared to an average of 7,794 shares in the previous quarter.

At the end of the quarter, ecotel had a market capitalization of € 14.7 million and a share price of € 3.76.

Overview of ecotel shares			
WKN	585434	Initial listing	29.03.2006
ISIN	DE0005854343	Number of shares as of 30.09.2009	3,900,000
Symbol	E4C	Average daily trading volume in Q3 2009	2,086
Market segments as of 01.07.2007	Prime Standard	Share price high / share price low in Q3 2009 (€)	4.15 / 2.45
Index	CDAX. Prime All Share. Technology All Share	Market capitalization as of 30.09.09 (€ m)*	14.7
Type	No-par value shares	Designated Sponsor	Close Brothers Seydler

* Based on the closing share price on September 30, 2009 of 3.76 Euro per share

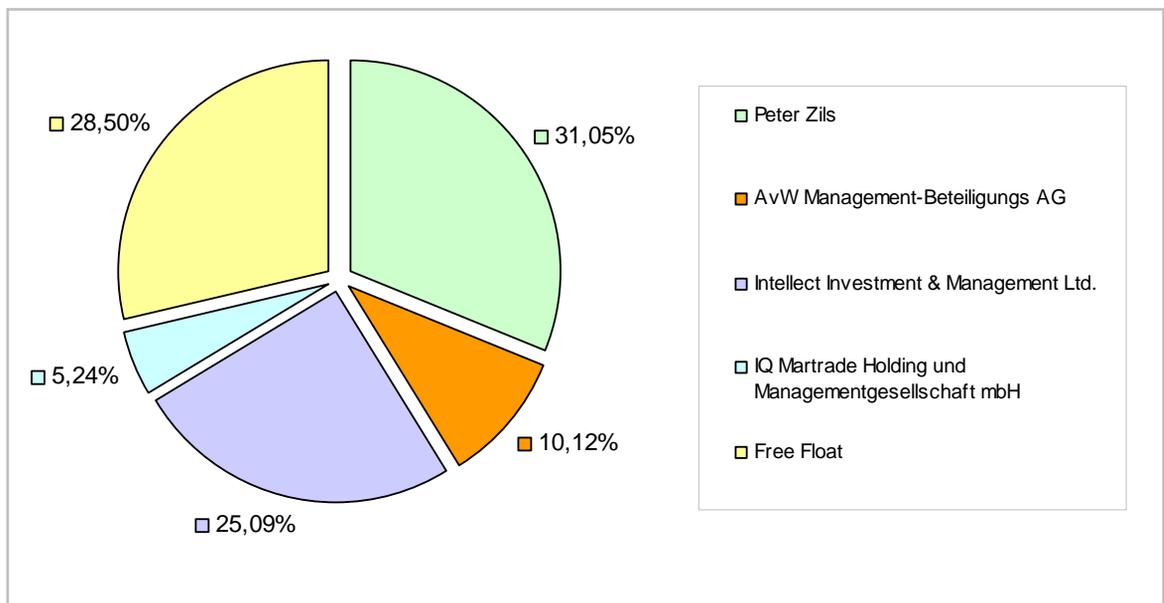
Investor Relations

Variations in the ecotel share price in percent



Shareholder Structure

The capital stock of ecotel communication ag totaled 3,900,000 shares as of September 30, 2009. In the third quarter of 2009 there was a change in the shareholder structure. Intellect Investment & Management Ltd. increased its voting stock from 21.33% to 25.09%. The Company's other major investors are AVW Gruppe AG with 10.12% of the voting stock and IQ Martrade Holding und Managementgesellschaft mbH with 5.24% of the voting stock. Peter Zils, the CEO of ecotel, remains ecotel's principle shareholder with 31% of the voting stock. The free float declined from 32% to around 28%.



Consolidated balance sheet as of September 30. 2009 (unaudited)

Assets	All amounts in €	30.09.2009	30.06 2009	31.12 2008
A. Non-current assets				
I. Goodwill and other intangible assets		23,544,540.55	23,578,917.02	23,614,060.67
II. Fixed assets		6,457,380.00	6,399,090.51	6,116,326.30
III. Financial assets		157,214.48	222,852.61	107,529.19
IV. Non-current receivables		2,362,435.57	2,335,764.97	2,282,823.80
V. Deferred tax assets		837,011.29	1,088,991.31	1,274,788.61
Total non-current assets		33,358,581.89	33,625,616.42	33,395,528.57
B. Current assets				
I. Inventories		88,793.13	92,146.13	77,926.15
II. Trade receivables		14,849,989.97	13,869,849.58	14,387,678.98
III. Other receivables and current assets		1,869,321.23	2,798,808.85	2,777,055.00
IV. Current income tax assets		222,743.79	222,743.79	134,907.60
V. Cash and cash equivalents		4,407,106.62	2,751,978.67	4,188,387.27
Total current assets		21,437,954.74	19,735,527.02	21,565,955.00
Total assets		54,796,536.63	53,361,143.44	54,961,483.57

Consolidated balance sheet as of September 30. 2009 (unaudited)

Passiva	All amounts in €	30.09.2009	31.06.2009	31.12.2008
A. Equity				
I. Share capital		3,900,000.00	3,900,000.00	3,900,000.00
II. Reserves				
1. Capital surplus		17,980,591.78	17,958,529.99	17,914,406.41
2. Other reserves		1,283,560.31	148,916.27	46,506.01
III. Shares held by other shareholders		467,326.17	517,626.13	594,207.23
Total equity		23,631,478.26	22,525,072.39	22,455,119.65
B. Non-current provisions and liabilities				
I. Deferred tax liabilities		1,299,916.87	1,273,466.52	1,332,142.82
II. Other provisions		0.00	0.00	0.00
III. Non-current liabilities		11,253,136.61	9,500,000.00	11,250,000.00
IV. Other financial liabilities		390,950.54	344,957.39	261,380.90
Total non-current provisions and liabilities		12,944,004.02	11,118,423.91	12,843,523.72
C. Current provision and liabilities				
I. Income tax liabilities		134,474.26	261,727.64	353,782.59
II. Other provisions		0.00	0.00	0.00
III. Financial liabilities		4,062,899.56	5,274,036.21	4,470,805.40
IV. Trade liabilities		12,461,847.04	12,458,425.21	13,919,859.82
V. Other liabilities		1,561,833.49	1,723,458.08	918,392.39
Total current provisions and liabilities		18,221,054.35	19,717,647.14	19,662,840.20
Total equity and liabilities		54,796,536.63	53,361,143.44	54,961,483.57

Consolidated profit and loss statement as of September 30. 2009 (unaudited)

All amounts in €	01.01.-30.09. 2009	01.01.-30.09. 2008	01.07.-30.09. 2009	01.07.-30.09. 2008
1. Revenues	72,462,215.13	79,070,583.59	24,060,849.82	26,166,041.00
2. Other operating revenues	564,521.30	415,221.42	122,323.75	135,169.54
3. Increase or decrease in the portfolio of finished goods and works in progress	4,796.00	0.00	0.00	0.00
4. Other own work capitalized	321,094.01	377,996.66	51,997.71	186,922.47
5. Total revenue	73,352,626.44	79,863,801.67	24,235,171.28	26,488,133.01
6. Raw materials and consumables used	-54,842,944.71	-59,084,072.45	-18,236,875.89	-19,803,756.17
7. Personnel expenses	-7,410,345.60	-7,582,542.16	-2,356,918.96	-2,456,503.28
8. Scheduled depreciation and amortization	-2,869,821.23	-2,648,564.97	-1,005,637.76	-866,959.19
9. Other operating expenses	-7,288,776.08	-8,393,516.13	-2,342,885.40	-2,854,837.89
10. Earnings before interest and tax (EBIT)	940,738.82	2,155,105.96	292,853.27	506,076.48
11. Financial result	685,227.67	-652,344.44	1,114,152.54	-326,968.45
12. Financial result of companies valued at equity	-100,014.71	0.00	-40,638.13	0.00
13. Operating result before tax	1,525,951.78	1,502,761.52	1,366,367.68	179,108.03
14. Taxes on income	-415,778.52	-672,907.05	-282,023.58	-60,553.67
15. Group net income from ongoing operations	1,110,173.26	829,854.47	-1,084,344.10	118,554.36
16. Net income attributable to minority interests	97,100.48	39,390.91	20,519.38	-3,521.13
17. Net income attributable to ecotel communication ag shareholders	1,207,273.74	869,245.38	1,104,863.48	115,033.23
Undiluted earnings per share / Diluted earnings per share	0.31	0.22	0.28	0.03

Consolidated cash flow statement as of September 30, 2009 (unaudited)

All amounts in €	01.01.-30.09. 2009	01.01.-30.09. 2008	01.07.-30.09. 2009	01.07.-30.09. 2008
Consolidated net income for the year before taxes and minority interests	1,525,951.78	1,502,761.52	1,366,367.68	179,108.03
Net interest income	560,955.87	660,411.74	158,898.50	209,839.52
Depreciation (+) / write-ups (-) on fixed assets	2,869,821.23	2,648,564.97	1,005,637.76	866,959.19
Cashflow	4,956,728.88	4,811,738.23	2,530,903.94	1,255,906.74
Other non-cash expenses (+) and income (-)	166,200.08	66,185.39	62,699.92	22,061.80
Profit (-) / loss (+) on disposal of non-current assets	0.00	0.00	0.00	-1,584.57
Increase (-) / decrease (+) in trade receivables	-394,247.54	-1,888,589.41	-974,257.13	1,680,826.75
Increase (+) / decrease (-) in other receivables and assets	828,603.34	1,555,882.76	926,757.35	304,594.70
Increase (+) / decrease (-) in other provisions	0.00	-148,760.00	0.00	-104,860.00
Increase (+) / decrease (-) in trade liabilities	-1,458,012.78	1,881,029.08	3,421.83	177,473.69
Increase (+) / decrease (-) in liabilities (excl. financial liabilities)	643,441.10	-36,077.84	-161,624.59	376,253.21
Taxes paid	-317,371.66	-125,185.95	-130,846.58	206,152.33
Cash flow from operating activities	4,425,341.42	6,116,222.26	2,257,054.74	555,171.15
Inflow from disposals of tangible and intangible assets	2,591.98	10,588.06	0.00	310.01
Outflow for investments in tangible and intangible assets	-3,143,946.80	-1,923,284.36	-1,004,550.79	-829,315.24
Outflow for investments in financial assets	-149,700.00	0.00	0.00	0.00
Outflow/inflow from the purchase/sale of shares from/to minority shareholders	0.00	-2,031,800.00	0.00	0.00
Inflow for interest	24,446.24	97,074.52	3,838.43	36,135.11
Cash flow from investing activities	-3,266,608.58	-3,847,421.78	-1,000,712.36	-792,870.12
Inflow from capital increase (less related charges)	0.00	0.00	0.00	0.00
Inflow from payments from minority shareholders	0.00	99,600.00	0.00	0.00
Payment of dividends to shareholders of ecotel communication ag and to minority shareholders	0.00	0.00	0.00	0.00
Inflow for assumed credit facilities	359,431.28	0.00	1,945,032.84	183,361.97
Outflow from the repayment of financial loans	0.00	-1,478,590.75	0.00	0.00
Outflow for interest	-595,490.90	-836,898.02	-179,822.14	-272,445.21
Cash flow from financing activities	-236,059.62	-2,215,888.77	1,764,210.70	-89,083.24
Cash-related changes in cash and cash equivalents	922,673.22	52,911.71	3,021,553.08	-326,782.21
Changes in posting cash and cash equivalents	0.00	0.00	0.00	0.00
Change in cash and cash equivalents	-922,673.22	52,911.71	3,021,553.08	-326,782.21
Cash and cash equivalents at beginning of period	3,466,152.10	3,879,398.62	1,367,272.24	4,259,092.54
Cash and cash equivalents at end of period	4,388,825.32	3,932,310.33	4,388,825.32	3,932,310.33

Statement of changes in equity as of September 30. 2009 (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. 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 income 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
Share purchase / sale of minority shareholders	0	0	-553	0	-553	-1,380	-1,933
Equity changes not recognised in income	0	0	-553	0	-553	-1,380	-1,933
Stock option plan	0	22	0	0	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	26,718	671	27,389
Reclassification due to profit/loss transfer agreement with easybell GmbH	0	0	41	0	41	-41	0
Equity changes recognised in income	0	0	41	0	41	-41	0
Stock option plan	0	44	0	0	44	0	44
Consolidated net profit H1 2009	0	0	0	-4,942	-4,942	-36	-4,978
Equity changes recognised in income	0	44	0	-4,942	-4,898	-36	-4,934
As of December 31. 2008	3,900	17,914	4,235	-4,188	21,861	594	22,455

Statement of changes in equity as of September 30. 2009 (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. 2008	3,900	17,914	4,235	-4,188	21,861	594	22,455
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
Equity changes recognised in income	0	22	0	96	118	-44	74
As of March 31. 2009	3,900	17,936	47	96	21,979	550	22,529
Stock option plan	0	22	0	0	22	0	22
Consolidated net income Q2 2009	0	0	0	7	7	-33	-26
Equity changes recognised in income	0	22	0	7	29	-33	-4
As of June 30. 2009	3,900	17,958	47	103	22,008	517	22,525
Reclassification because of profit and loss transfer agreement easybell GmbH	0	0	30	0	30	-30	0
Stock option plan	0	22	0	0	22	0	22
Consolidated net income Q3 2009	0	0	0	1,104	1,104	-20	1,084
Equity changes recognised in income	0	22	30	1,104	1,156	-50	1,106
As of September 30. 2009	3,900	17,980	77	1,207	23,164	467	23,631

Notes to the Consolidated Financial Statements as of September 30, 2009

General Information

The consolidated financial statements of ecotel communication ag, as the reporting parent as of September 30, 2009, 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 as in the consolidated financial statements for the 2008 fiscal year were applied for the interim financial statements. The mandatory application of the revised IAS 1 beginning on 01/01/09 fundamentally requires the separate presentation of the components of other comprehensive income during the period under review within the consolidated statement of comprehensive income as a supplement to the consolidated profit and loss statement. Since ecotel Group has not encountered any related issues thus far, it was possible to dispense with the disclosure of such a separate presentation of other comprehensive income as of 09/30/09.

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.

Cash and cash equivalents in the consolidated cash flow statement consists of the liquid funds shown in the balance sheet less the short-term current account liabilities of ecotel communication ag. As of 09/30/09, the Group's liquid funds amounted to € 4,407 thousand and the short-term current account liabilities of ecotel communication ag were € 18 thousand, resulting in cash and cash equivalents of € 4,389 thousand.

Consolidated net income in the third quarter of 2009 benefited substantially from the partial purchase price reimbursement of € 1,650 thousand related to the subsidiary nacamar GmbH. Since the reimbursement in the third quarter of 2009 occurred much later than twelve months after completing the purchase price allocation of the nacamar acquisition (February 2007), this payment was recognized with effect on net income.

Segments

The **primary segment format** is effected in accordance with internal reporting by product segments, defined as follows:

- In the **Business Solutions** segment (operative core area), ecotel offers "complete packages" of voice, data, and value-added services as well as direct connections for voice and data traffic from one source to small- and medium-sized companies.
- In the **Wholesale Solutions** segment, ecotel sells products and complete solutions for other telecommunications companies (including resellers and call shops) and for outside marketers..
- The **New Business/Consolidation** segment is composed of ecotel's high-growth business areas such as new media, internet-based payment systems, and internet service providers (ISP) for niche markets in the private customer market.

Notes to the Consolidated Financial Statements as of September 30, 2009

This results in the following segment presentation for the first three **quarters**:

Amounts in TEUR	Business		Wholesale		New Business		Group	
	2009 9 months	2008 9 months	2009 9 months	2008 9 months	2009 9 months	2008 6 months	2009 9 months	2008 9 months
Revenues	38,861.9	44,291.6	25,293.3	24,143.1	8,307.0	10,635.9	72,462.2	79,070.6
Gross profit	14,162.9	16,574.4	1,003.5	928.5	2,452.9	2,483.6	17,619.3	19,986.5
EBIT	679.8	1,925.1	440.7	-49.5	-179.8	279.5	940.7	2,155.1

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

Amounts in TEUR	Business		Wholesale		New Business		Group	
	2009 Q3	2008 Q3	2009 Q3	2008 Q3	2009 Q3	2008 Q3	2009 Q3	2008 Q3
Revenues	13,101.1	14,467.3	8,503.1	8,177.5	2,456.6	3,521.3	24,060.8	26,166.1
Gross profit	4,664.1	5,284.7	281.3	194.3	878.6	883.3	5,824.0	6,362.3
EBIT	14.7	355.6	317.5	-100.3	-39.4	250.8	292.8	506.1

Notes to the Consolidated Financial Statements as of September 30, 2009

Consolidated Group

In the first quarter of 2009, ecotel acquired a shareholding of 49.9% in the newly founded synergyPLUS GmbH, Berlin, at a purchase price of € 49,900.00. After executing a capital increase at this company in the second quarter of 2009, the carrying amount of the shareholding rose to € 149,700.00. As of September 30, 2009, the shareholding is accounted for using the equity method. Reflecting a proportional share of the company's loss in the first three quarters of 2009, its equity carrying amount within the Group declined as of September 30, 2009 to € 49,685.29.

On March 18, 2009, the subsidiary easybell GmbH founded the company sparcall GmbH, Potsdam, Germany, and holds 100% of the shares in this company. As of September 30, 2009, sparcall GmbH was fully consolidated for the first time because it exceeded the materiality threshold. No difference resulted from initial consolidation due to taking into account conditions at the time of founding. The subsidiary's earnings during the January to September 2009 period were € 3 thousand, while revenue for this period amounted to € 412 thousand.

Taxes on Income and Earnings

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

Amounts in TEUR	01.01.-30.09. 2009	01.01.-30.09. 2008	01.07.-30.09. 2009	01.07.-30.09. 2008
Taxes – current	-11,970.54	-372,094.28	-2,242.12	-3,448.68
Taxes – deferred	-403,807.98	-300,812.77	-279,781.46	-57,104.99
Taxes	-415,778.52	-672,907.05	-282,023.58	-60,553.67

Notes to the Consolidated Financial Statements as of September 30, 2009

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 virtual stock options granted did not result in any potentially dilutive shares to be issued as of September 30, 2009. As such, the diluted earnings per share are the same as the basic earnings per share.

Amounts in TEUR	01.01.-30.09. 2009	01.01.-30.09. 2008	01.07.-30.09. 2009	01.07.-30.09. 2008
Profit attributable to equity holders (in €)	1,207,273.74	869,245.38	1,104,863.48	115,033.23
Average number of shares	3,900,000	3,900,000	3,900,000	3,900,000
Basic / diluted earnings per share (in €)	0.31	0.22	0.28	0.03

Excluding deferred taxes, earnings per share during the indicated periods were as follows :

Amounts in TEUR	01.01.-30.09. 2009	01.01.-30.09. 2008	01.07.-30.09. 2009	01.07.-30.09. 2008
Profit attributable to equity holders (in €)	1,207,273.74	869,245.38	1,104,863.48	115,033.23
Minus deferred taxes	-403,807.98	-300,812.77	-279,781.46	-57,104.99
Profit attributable to equity holders (in €)	1,611,081.72	1,170,058.15	1,384,644.94	172,138.22
Without deferred taxes				
Average number of shares	3,900,000	3,900,000	3,900,000	3,900,000
Basic / diluted earnings per share (in €)	0.41	0.30	0.36	0.04

Other Information

No significant transactions with related parties were carried out in the period from January to September 2009.

Düsseldorf, Germany, November 2009

The Management Board

Financial calendar

13. November 2009

Publication of Q3 quarterly report

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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.