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1st quarter interim financial report

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## Key figures

Figures stated in € million	1st quarter 2014 (IFRS)	1st quarter 2013 (IFRS)
<b>Revenue</b>	26.2	21.5
Business Solutions	10.7	10.5
Wholesale	11.5	7.8
New Business	3.9	3.2
<b>Gross earnings</b>	6.6	6.5
Business Solutions	5.2	5.2
Wholesale	0.1	0.1
New Business	1.3	1.2
<b>EBITDA</b>	1.7	1.7
in % of revenue	6.5 %	7.8 %
<b>EBIT</b>	0.7	0.9
in % of revenue	2.7 %	4.1 %
<b>Consolidated profit</b>	0.3	0.5
Earnings per share <sup>1</sup> (in €)	0.07	0.13
<b>Balance sheet total</b>	47.1	44.5
<b>Equity capital</b>	21.2	19.9
in % of the balance sheet total	45.0 %	44.5 %
<b>Number of shares as of 31/03</b>	3,600,000	3,685,096
<b>Net debt</b>	1.4	1.5
Cash flow from ongoing business activities	0.8	0.5
Cash flow from investment activities	-0.9	-2.3
Cash flow from financing activities	-0.2	1.9
Financial resources as of 31/03	5.9	7.7
Free cash flow <sup>2</sup>	-0.1	-1.7
<b>Employees as of 31/03<sup>3</sup></b>	202	193

<sup>1)</sup> both undiluted and diluted

<sup>2)</sup> free cash flow = cash flow from current business activities + cash flow from investment activities

<sup>3)</sup> without minority companies (mvneco GmbH & synergyPLUS GmbH)

## Letter to our shareholders

Dear Shareholders,

ecotel started the year 2014 successfully and was able to demonstrate a positive development in all three business units. Consolidated turnover for example increased from € 21.5 million to € 26.2 million in the comparison period and gross profit increased from € 6.5 million to € 6.6 million.

EBITDA, at € 1.7 million, was at the same level as the comparison period last year. Due to higher depreciations EBIT decreased slightly to € 0.7 million (previous year: € 0.9 million). Consolidated profit after third-party shares totalled € 0.3 million (previous year: € 0.5 million). This corresponds to earnings per share of € 0.07 (previous year: € 0.13).

The net debt of € 1.4 million remained at the same level as the previous quarter. The equity ratio remained nearly unchanged at 45 % in the reporting period.

In addition to the positive development in ecotel's high-margin core business (B2B solutions for business customers), easybell was also able to continue the positive business development of the previous year.

As an important milestone the company is able to report that the router roll-out for the secure connection of about 10,000 Allianz agencies for digitalisation and optimisation of the information transfer between agencies and the main office was successfully completed at the end of first quarter 2014. With this step the foundation is now laid for targeted marketing and follow-up measures to convince as many agencies as possible to reorient toward ecotel.

The company was also able to achieve initial success in the area of NGN (Next Generation Network) products, which will be at the focus of future developments. As an exhibit partner of Unify at CeBIT, ecotel presented the new PBX hosting concept, which received much positive feedback. This gives Unify partners an innovative »private cloud solution« for their SME customers that previously was available only to major corporations.

The company confirms the forecast published in the 2013 Annual Report and expects EBITDA of € 6.5–7.5 million for the current business year 2014, with revenue of € 85–95 million.

Düsseldorf, in May 2014



Bernhard Seidl



Peter Zils



Achim Theis



Johannes Borgmann

## Earnings and performance

In the first quarter 2014, ecotel revenue totalled € 26.2 million, which was 22 % above the previous year's level (previous year: € 21.5 million). Gross profit improved to € 6.6 million compared with € 6.5 million in the same quarter of the previous year. The gross profit margin decreased from 30 % to 25 %.

The Business Solutions segment in the first quarter 2014 contributed 41 % to the total revenue and 79 % to the gross profit of the ecotel Group. Revenue in the Business Solutions segment increased by € 0.2 million from € 10.5 million to € 10.7 million, therefore confirming the trend of rising B2B revenue started in 2013. Gross profit remained at the previous year's level of € 5.2 million. The gross profit margin of 49 % also remained unchanged in first quarter 2014 compared with last year.

The low-margin Wholesale segment attained revenue of € 11.5 million (previous year: € 7.8 million) in the first quarter 2014, therefore contributing 44 % to the total profit. Gross profit in Wholesale Solutions remained at the previous year's level of € 0.1 million, which corresponds to a gross profit margin of 1 %.

The New Business segment earned revenue of € 3.9 million (previous year: € 3.2 million) in the first quarter 2014 and gross profit of € 1.3 million (previous year: € 1.2 million). This segment therefore contributed 15 % to the total revenue and 20 % to the gross profit of the ecotel Group.

Personnel expenses increased from € 2.5 million to € 2.8 million compared with the same period of the previous year. The number of employees (not including minority companies) increased to 202 (previous year: 193), due to growth in the B2B segment and at easybell.

The costs for other expenses decreased from € 2.5 million to € 2.3 million due to the completed router roll-out in the Allianz project.

EBITDA in the first quarter 2014 remained constant at € 1.7 million (previous year: € 1.7 million). Depreciations increased in comparison with the same period of the previous year from € 0.8 million to € 1.0 million. EBIT in the first quarter totalled € 0.7 million, which is € 0.2 million less than in the same quarter last year.

The financial result in first quarter 2014, comprising essentially interest expense for outstanding loans and for capital market support costs, was € –0.1 million.

Tax expenses in the first quarter 2014 totalled € 0.2 million. Consolidated profit after third-party shares totalled € 0.3 million (previous year: € 0.5 million). This corresponds to earnings per share of € 0.07 compared with € 0.13 in the comparison period of the previous year.

## Financial position

The cash flow from ongoing business in the first quarter totalled € 0.8 million, after € 0.5 million in the previous year's quarter.

The cash flow from investment activities in the first quarter 2014 totalled € –0.9 million, essentially the result of investments for router installations and a unified communications platform for ecotel.

The cash flow from financial operations in the first quarter 2014 amounted to € –0.2 million and is composed essentially of payments for the repayment of loans totalling € 0.1 million as well as interest payments totalling € 0.1 million.

The liquid funds decreased slightly from € 6.1 million to € 5.9 million in comparison with the beginning of the year.

## Net worth

As of 31 March 2014 the balance sheet total was € 47.1 million, an increase of 2 % compared with € 46.0 million as of 31 December 2013.

On the assets side, non-current assets decreased from € 24.1 million to € 24.0 million. The current assets increased, due to the temporary increase in requirements, from € 21.9 million to € 23.1 million.

On the liabilities side, the equity capital increased from € 20.8 million to € 21.2 million. The equity ratio remained at a constant level of 45 %. Non-current provisions and financial obligations decreased from € 7.4 million to € 7.1 million. Of the non-current provisions, € 0.9 million are attributed to deferred income tax liabilities. The current provisions and obligations increased from € 17.9 million to € 18.8 million. The net financial debt (financial debt minus liquid funds) increased slightly compared with the beginning of the year from 1.3 to € 1.4 million.

## Risk report

The business activities of ecotel are subject to the opportunities and risks of the telecommunications market and the company-specific risks. ecotel uses a corresponding risk management system and an internal control system to identify and control these risks.

In this connection we point out the information in the risk report of the 2013 annual report, which remains valid with respect to the current risk situation.

## Outlook

In view of the planned successful start of the business year 2014, ecotel confirms its forecast for the entire year. For the current year the company expects consolidated revenue of about € 85–95 million, and EBITDA of € 6.5–7.5 million.

The company's business focus in 2014 is on marketing and provision of a standardised communication infrastructure for Allianz agencies via ecotel as well as continued growth in the high-margin B2B segment.

In this connection we refer to the information in the forecast report of the 2013 annual report, which remains valid with respect to the company's outlook.

## Investor relations

### Overview of the ecotel share

In first quarter 2014 the ecotel share experienced a sustainable upward trend. The price of the ecotel share started in the first quarter at € 6.7 and increased continuously to close the quarter at € 8.2.

The average daily trading volume of the share increased in the first quarter 2014 to 7,491 shares per day, compared with 3,337 shares in the first quarter 2013.

At the end of the quarter ecotel had a market capitalization of € 29.5 million at a price per share of € 8.2.

### Shareholder structure

As of 31 March 2014 the share capital of ecotel communication ag totalled 3,900,000 shares. As of the reporting date, ecotel held 300,000 of those shares, which corresponds to 7.7 % of the company's share capital. Subscribed capital totalled € 3,600,000 as of the reporting date.

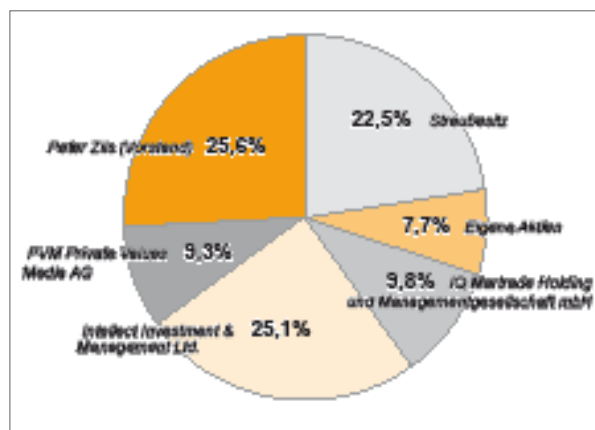
In the first quarter there was no significant change in the shareholder structure of ecotel. The company's major shareholders remain Peter Zils with a share of 25.6 %, Intellect Investment & Management Ltd. with a share of 25.1 %, IQ Martrade Holding und Managementgesellschaft mbH with a share of 9.8 % and PVM Private Values Media AG with a share of 9.3 % of the company's share capital. The diversified holdings total 22.5 %.

#### Key figures 01/2014

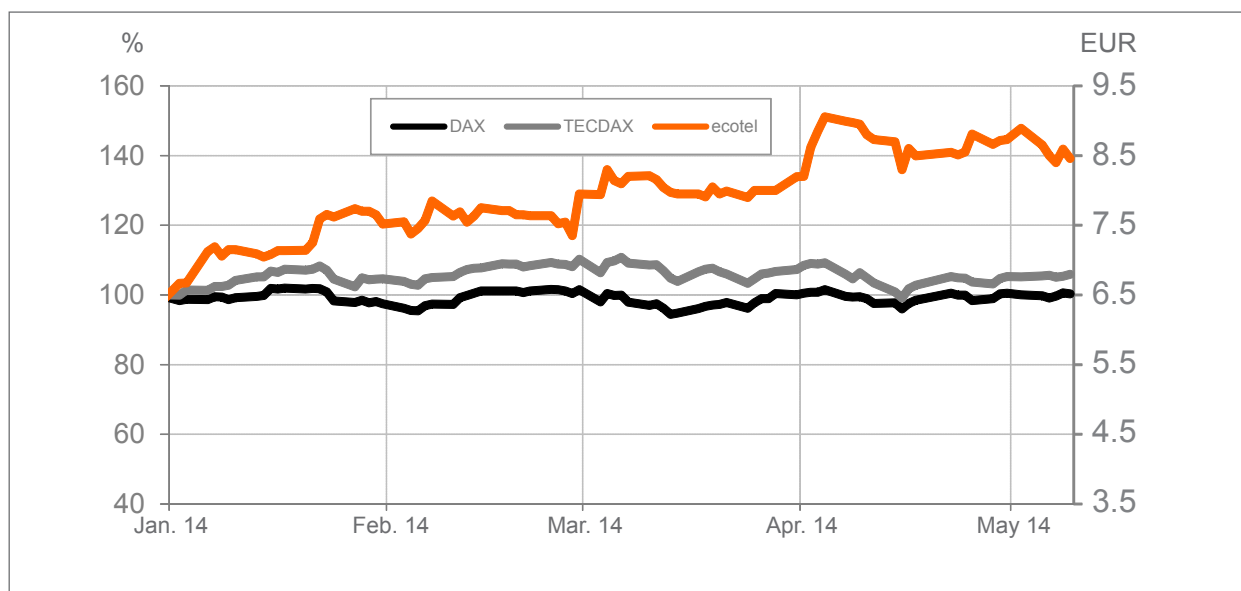
WKN	585434	Date of first listing	29/03/2006
ISIN	DE0005854343	Number of shares as of 31/03/2014	3,600,000
Symbol	E4C	Average daily trading volume in the first quarter 2014 (€)	7,491
Market segment starting 01/07/2007	Prime Standard	Highest / lowest quotation in the first quarter 2014 (€)	6.7 / 8.3
Index affiliation	CDAX, Prime All Share Technology All Share	Market capitalization as of 31/03/14 (€ million)*	29.5
Class	Non par value shares	Designated Sponsor	Close Brothers Seydler

\* Based on the final quotation on 31 March 2014 of € 8.2 per share

#### Shareholdings (31/03/2014) in percent



#### Price trend of the ecotel stock in percent and €





# Consolidated balance sheet

as of 31 March 2014 (unaudited)

Assets	Amounts in €	31/03/2014	31/12/2013
<b>A. Non-current assets</b>			
I. Goodwill and other intangible assets		13,579,895.64	13,778,707.54
II. Fixed assets		9,512,514.59	9,448,499.36
III. Financial assets accounted for based on the equity method		889,412.00	889,412.00
IV. Other financial assets		3,800.00	3,800.00
V. Non-current receivables		0.00	0.00
VI. Deferred income tax claims		0.00	0.00
<b>Total non-current assets</b>		<b>23,985,622.23</b>	<b>24,120,418.90</b>
<b>B. Current assets</b>			
I. Inventories		110,438.10	110,438.10
II. Trade receivables		15,207,434.58	14,181,967.96
III. Other financial assets		1,268,610.02	1,133,828.31
IV. Other non-financial assets		647,088.72	339,199.98
V. Actual income tax claims		0.00	8,397.67
VI. Funds		5,876,015.99	6,102,618.82
<b>Total current assets</b>		<b>23,109,587.41</b>	<b>21,876,450.84</b>
<b>Total assets</b>		<b>47,095,209.64</b>	<b>45,996,869.74</b>

# Consolidated balance sheet

as of 31 March 2014 (unaudited)

Liabilities	Amounts in €	31/03/2014	31/12/2013
<b>A. Equity capital</b>			
I. Subscribed capital		3,600,000.00	3,600,000.00
II. Capital reserves		1,443,254.38	1,443,254.38
III. Other reserves		13,954,698.66	13,701,897.65
Total shareholders' equity		18,997,953.04	18,745,152.03
IV. Shares of non-controlling shareholders		2,169,108.34	2,006,444.80
<b>Total equity capital</b>		<b>21,167,061.38</b>	<b>20,751,596.84</b>
<b>B. Non-current provisions and liabilities</b>			
I. Deferred income tax		874,636.65	889,883.42
II. Non-current loans		6,212,500.00	6,488,750.00
<b>Total non-current provisions and liabilities</b>		<b>7,087,136.65</b>	<b>7,378,633.42</b>
<b>C. Current provisions and liabilities</b>			
I. Actual income tax		680,288.69	566,269.92
II. Financial debts		1,105,000.00	942,500.00
III. Accounts payable		14,037,875.48	12,872,615.08
IV. Liabilities to associated companies		33,473.79	34,460.90
V. Other financial liabilities		1,268,428.48	1,733,764.43
VI. Other non-financial liabilities		1,715,945.17	1,717,029.16
<b>Total current provisions and liabilities</b>		<b>18,841,011.61</b>	<b>17,866,639.49</b>
<b>Total liabilities</b>		<b>47,095,209.64</b>	<b>45,996,869.74</b>

# Consolidated profit and loss statement

for the first quarter 2014 and for the first three months of 2013 (unaudited)

Amounts in €	01/01–31/03 2014	01/01–31/03 2013
<b>1. Sales revenue</b>	<b>26,169,336.38</b>	<b>21,474,803.49</b>
2. Other revenues or gains	184,505.02	179,528.21
3. Increase or decrease in inventories of finished goods and work in process	0.00	0.00
4. Other company-manufactured items capitalized	0.00	0.00
<b>5. Total operating performance</b>	<b>26,353,841.40</b>	<b>21,654,331.70</b>
6. Cost of materials and expenses for services purchased	–19,551,220.42	–14,991,205.34
7. Personnel costs		
7.1 Wages and salaries	–2,418,156.80	–2,175,558.97
7.2 Social contributions and expenses for pensions and benefits	–381,694.55	–344,525.19
8. Scheduled depreciations	–993,031.42	–779,441.92
9. Unscheduled depreciations		
9.1 of non-current assets	0.00	0.00
9.2 of current assets	0.00	0.00
10. Other expenses or losses	–2,329,152.79	–2,477,781.92
<b>11. Operating result (EBIT)</b>	<b>680,585.42</b>	<b>885,818.36</b>
12. Financial result	–84,810.02	42,951.70
13. Earnings from companies valued based on the equity method	0.00	0.00
<b>14. Earnings from normal business activities before income tax</b>	<b>595,775.40</b>	<b>928,770.06</b>
15. Taxes from income and revenue	–180,310.85	–377,226.70
<b>16. Consolidated profit (= income and earnings) from continuing business segments</b>	<b>415,464.55</b>	<b>551,543.36</b>
17. Share in earnings of non-controlling shareholders	–162,663.54	–86,879.72
<b>18. Consolidated profit to which shareholders of ecotel communication ag are entitled</b>	<b>252,801.01</b>	<b>464,663.64</b>
Undiluted earnings per share	0.07	0.13
Diluted earnings per share	0.07	0.13

## Consolidated cash flow statement

for the first quarter 2014 and for the first three months of 2013 (unaudited)

Amounts in €	01/01 – 31/03 2014	01/01 – 31/03 2013
Annual consolidated profit before income tax and before profit share of non-controlling shareholders	595,775.40	928,770.06
Net interest income	59,059.93	28,663.24
Depreciations (+)/appreciations (–) on fixed assets	993,031.42	779,441.92
Earnings from companies accounted for based on the equity method	0.00	0.00
<b>Cash flow</b>	<b>1,647,866.75</b>	<b>1,736,875.22</b>
Other expenses (+) and income (–) not affecting the balance sheet	0.00	0.00
Profit (–)/loss (+) from retirements of intangible assets	0.00	–400.00
Increase (–)/decrease (+) in the accounts receivable	–1,025,526.79	–430,031.82
Increase (+)/decrease (–) in receivables and other assets	–442,610.29	–1,024,643.67
Increase (+)/decrease (–) in the accounts payable	1,165,260.41	–1,267,843.95
Increase (+)/decrease (–) in liabilities (without financial debts)	–467,407.05	1,661,582.71
Paid income tax	–73,141.18	–129,035.27
<b>Inflow of funds from ongoing business activities</b>	<b>804,441.85</b>	<b>546,503.22</b>
Inpayments from retirements of intangible assets	2,235.60	400.00
Payments for investments in tangible and intangible assets	–860,470.35	–2,280,183.92
Payments for the acquisition of subsidiaries minus acquired cash	0.00	0.00
Interest paid in	2.45	66.45
<b>Outflow of funds from investment activities</b>	<b>–858,232.30</b>	<b>–2,279,717.47</b>
Inpayments from taking out financing loans	0.00	2,600,000.00
Payments for repayment of financing loans	–113,750.00	–672,489.91
Interest paid out	–59,062.38	–68,257.78
<b>Inflow/outflow of funds from financing activities</b>	<b>–172,812.38</b>	<b>1,859,252.31</b>
<b>Change in funds balance affecting the balance sheet</b>	<b>–226,602.83</b>	<b>126,038.06</b>
Changes in the funds balance due to exchange rates and other changes in value and presentation	0.00	0.00
<b>Change in funds balance</b>	<b>–226,602.83</b>	<b>126,038.06</b>
<b>Funds balance at start of period</b>	<b>6,102,618.82</b>	<b>7,533,432.71</b>
<b>Funds balance at end of period</b>	<b>5,876,015.99</b>	<b>7,659,470.77</b>

The funds balance is calculated from the funds reported in the balance sheet minus the current trade debts.

## Development of the consolidated equity capital

as of 31 March 2014 (unaudited)

Amounts in € thousand Notes	Subscribed capital	Capital reserves	Retained earnings		Equity capital to be allocated to shareholders of ecotel communication ag	Shares of other shareholders	Total
			Other retained earnings	Consolidated profit			
<b>As per 31 December 2012</b>	<b>3,685</b>	<b>1,443</b>	<b>15,056</b>	<b>-2,595</b>	<b>17,589</b>	<b>1,734</b>	<b>19,323</b>
Reposting of previous year's earnings	0	0	-2,595	2,595	0	0	0
<b>Changes in equity capital not affecting the earnings</b>	<b>0</b>	<b>0</b>	<b>-2,595</b>	<b>2,595</b>	<b>0</b>	<b>0</b>	<b>0</b>
Consolidated profit for 1st quarter 2013	0	0	0	465	465	86	551
<b>Changes in equity capital affecting the earnings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>465</b>	<b>465</b>	<b>86</b>	<b>551</b>
<b>As per 31 March 2013</b>	<b>3,685</b>	<b>1,443</b>	<b>12,461</b>	<b>465</b>	<b>18,054</b>	<b>1,820</b>	<b>19,874</b>
Buyback of treasury shares	-85	0	-385	0	-470	0	-470
Compensation payment due to easybell GmbH P/L transfer agreement	0	0	0	0	0	-208	-208
Dividend-related change of indirect third-party shares in sparcall GmbH	0	0	98	0	98	-98	0
Reposting of previous year's earnings	0	0	0	0	0	0	0
<b>Changes in equity capital not affecting the earnings</b>	<b>-85</b>	<b>0</b>	<b>-287</b>	<b>0</b>	<b>-372</b>	<b>-306</b>	<b>-678</b>
Consolidated profit for 2nd-4th quarter 2013	0	0	0	1,063	1,063	493	1,556
<b>Changes in equity capital affecting the earnings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,063</b>	<b>1,063</b>	<b>493</b>	<b>1,556</b>
<b>As per 31 December 2013</b>	<b>3,600</b>	<b>1,443</b>	<b>12,174</b>	<b>1,528</b>	<b>18,745</b>	<b>2,007</b>	<b>20,752</b>
Reposting of previous year's earnings	0	0	1,528	-1,528	0	0	0
<b>Changes in equity capital not affecting the earnings</b>	<b>0</b>	<b>0</b>	<b>1,528</b>	<b>-1,528</b>	<b>0</b>	<b>0</b>	<b>0</b>
Consolidated profit for 1st quarter 2014	0	0	0	253	253	162	415
<b>Changes in equity capital affecting the earnings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>253</b>	<b>253</b>	<b>162</b>	<b>415</b>
<b>As per 31 March 2014</b>	<b>3,600</b>	<b>1,443</b>	<b>13,702</b>	<b>253</b>	<b>18,998</b>	<b>2,169</b>	<b>21,167</b>

## Consolidated notes as of 31 March 2014

### General information

The consolidated financial statements of ecotel communication ag as the reporting parent company were prepared as of 31 March 2014 in compliance with the regulations of IAS 34 and applying Section 315a of the German Commercial Code (HGB) in accordance with the rules in force on the closing date of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) taking into account the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) – as accepted by the EU. IFRS not yet in force or their interpretations have not been prematurely applied. The comparative figures of the previous period were determined based on the same principles.

The same accounting policies were used in the interim statement as in the consolidated financial statements for business year 2013.

At the time the consolidated financial statement was drawn up, as of 31 March 2014 the following new and changed standards and interpretations were adopted and put into effect by the European Union as European legislature. These standards are to be applied for the first time in this consolidated interim financial statement:

Standard/Interpretation	First-time mandatory application in accordance with IASB	First-time mandatory application in the EU
Revision of IAS 27 "Separate Financial Statements"	1 January 2013	1 January 2014
Revision of IAS 28 "Investments in Associates and Joint Ventures"	1 January 2013	1 January 2014
Changes to IAS 32 "Financial Instruments: Presentation": Offset of financial assets and debts	1 January 2014	1 January 2014
IAS 36 "Impairment of Assets": Information on the recoverable amount for non-financial assets	1 January 2014	1 January 2014
IAS 39 "Financial Instruments – Recognition and Measurement": Novations of derivatives and continuation of hedge accounting	1 January 2014	1 January 2014
IFRS 10 "Consolidated Financial Statements"	1 January 2013	1 January 2014
IFRS 11 "Joint Arrangements"	1 January 2013	1 January 2014
IFRS 12 "Disclosure of Interests in Other Entities"	1 January 2013	1 January 2014
Changes to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities": Transitional regulations	1 January 2013	1 January 2014
Changes to IFRS 10 "Consolidated Financial Statements" IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements": Investment companies	1 January 2014	1 January 2014

Insofar as the above-mentioned standards/interpretations are relevant for the consolidated financial statements of ecotel communication ag, a brief description of the content of these revisions or amendments, as well as a description of their effects on the consolidated financial statement of ecotel communication ag is provided below:

**IFRS 10** was published in May 2011 and must be applied in the financial year starting on after 1 January 2014. The new standard replaces the stipulations of the previous IAS 27 Consolidated and Separate Financial Statements for group accounting and the interpretation SIC-12 Consolidation – Specific Purpose Entities. IFRS 10 establishes a standardised control concept, which is applied to all companies including the specific purpose entities. In June 2012 the revised transitional directives for IFRS 10–12 were published, which are supposed

## Consolidated notes as of 31 March 2014

to facilitate the initial application of the new standards. As opposed to the previous regulations, the changes introduced with IFRS 10 require the exercise of discretion on the part of Management in assessing the question over which companies in the Group control is exercised and whether they are therefore to be included in the consolidated financial statement in the course of full consolidation. The application of these standards had no effects on the consolidated interim financial statement. The companies included in the consolidated group remain unchanged.

**IFRS 11** was published in May 2011 and must be applied in the financial year starting on after 1 January 2014. The standard supersedes IAS 31 Interests in Joint Ventures and the interpretation SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 rescinds, for example, the previous option for application of proportional consolidation for joint ventures. In the future, these companies will be included in the consolidated financial statement only at equity. There were no changes as a result of the first application of the new standard, since the Group in the past did not include any company in the consolidated interim financial report within the framework of proportional consolidation.

**IFRS 12** was published in May 2011 and must be applied in the financial year starting on after 1 January 2014. The standard regulates the disclosure requirements for the area of consolidated accounting and consolidates the disclosures for subsidiaries, previously regulated in IAS 27, the disclosures for jointly controlled and associated companies, previously in IAS 31 and IAS 28, as well as for structured companies. The application of the new standard resulted in no significant additional information in the Notes.

The revised standard **IAS 28** was published in May 2011 and must be applied in the financial year starting on after 1 January 2014. With the approval of IFRS 11 and IFRS 12 the applicability of IAS 28 – in addition to the associated companies – is also extended to the application of the equity method to joint ventures. With respect to the effects, we refer to our comments on IFRS 11 – Joint Arrangements.

The change to **IAS 32** was published in December 2011 and must be applied in the financial year starting on after 1 January 2014. The change is also expected to eliminate existing inconsistencies concerning a supplement to the application guidelines. The existing fundamental regulations for balancing financial instruments, however, will be retained. The change also defines supplementary information. For lack of circumstances the change had no effects on the accounting methods applied by the Group.

The change to **IAS 36** was published in May 2013 and must be applied in the financial year starting on after 1 January 2014. With IFRS 13 a subsequent change to IAS 36 introduced the obligation to disclose the recoverable amount of each cash generating unit or group of cash generating units, to which a substantial goodwill or substantial intangible asset with an unlimited useful life is allocated. With this, however, the new requirement was formulated more broadly than intended by IASB. With the amendment published in May 2013 the disclosure requirement is now limited corresponding to the original intention of IASB to cases in which a decrease in value or an increase in value was registered in the current reporting period. In addition, disclosure requirements are standardised for the case that a decrease in value or an increase in value was registered with respect to a single asset or a cash generating unit and the recoverable amount was determined based on the fair value less costs of sale. The changes must be applied retroactively for financial years that start on or after 1 January 2014. Since the Group determines the recoverable amount on the basis of the value in use, no extended disclosures are necessary.

## Consolidated notes as of 31 March 2014

In June 2013 IASB published changes to IAS 39. As a result of the changes, if a contracting party to a hedging instrument switches to a central counter-party due to legal or regulatory requirements, under certain circumstances this will not terminate the hedge. The changes must be applied retroactively for financial years that start on or after 1 January 2014. This revision had no effects on the presentation of the Group's assets, finance and earnings situation.

The changes to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosures of Interests in Other Entities: Transitional Guidelines and IAS 27 – Separate Financial Statements: Investment Entities and the revision of IAS 27 – Separate Financial Statements which are all to be first applied in the financial year starting on or after 1 January 2014, have no effects on the presentation of the assets, finance and earnings situation of the Group.

The internal organizational and management structure and the internal reporting to the Management Board and the Supervisory Board form the basis for defining the criteria for classification of the segments of ecotel communication ag.

### Segments

The classification of segments is based on the internal reporting by business segments, which are defined as follows:

- In the **Business Solutions** segment (operative core segment) ecotel offers SMEs “bundled” voice, data and value added services as well as direct connections for voice and data communications from one source.
- In the **Wholesale** segment ecotel markets products and comprehensive solutions for other telecommunications companies (including resellers and call shops) and outside distributors.
- The **New Business** sector comprises the subsidiaries easybell GmbH, with its private customer business and nacamar GmbH, with its New Media business.

The following segment description applies for the period of the first quarter:

Amounts in € thousand	Business Solutions		Wholesale		New Business		Group	
	2014 1st quarter	2013 1st quarter	2014 1st quarter	2013 1st quarter	2014 1st quarter	2013 1st quarter	2014 1st quarter	2013 1st quarter
Sales revenue	10,734.7	10,498.2	11,544.1	7,760.8	3,890.5	3,215.8	26,169.3	21,474.8
Gross earnings	5,190.1	5,163.6	147.4	157.5	1,280.6	1,162.5	6,618.1	6,483.6
Operating result (EBIT)	429.5	701.8	13.4	15.4	237.7	168.6	680.6	885.8

### Consolidated companies and acquisitions

The consolidated companies of the ecotel consolidated financial statements as of 31 March 2014 are unchanged in comparison with 31 December 2013.



## Consolidated notes as of 31 March 2014

As of 31 March 2014 a negative equity value of € –492 thousand remains due to the proportional cumulative negative earnings of mvneco GmbH; this negative amount is disregarded. This entire amount is reported in previous years as affecting net income in the consolidated financial statements as an adjustment of the loan of ecotel communication ag to mvneco GmbH.

Due to the prorated accumulated negative result of synergyPLUS GmbH, also measured at equity, as of 31 March 2014 there exists an inapplicable negative equity value of € –220 thousand. This entire amount is reported as affecting net income in the consolidated financial statements as an adjustment of the loan of ecotel communication ag to synergyPLUS GmbH.

### Taxes from income and revenue

The income taxes reported in the income statement are composed as follows:

	01/01-31/03 2014	01/01-31/03 2013
Taxes from income and revenue – effective	– 195,557.60	– 208,466.09
Taxes from income and revenue – deferred	15,246.75	– 168,760.61
<b>Taxes from income and revenue</b>	<b>– 180,310.85</b>	<b>– 377,226.70</b>

### Earnings per share

The undiluted earnings per share are calculated in accordance with IAS 33 as the quotient of the consolidated profit for the year to which the shareholders of ecotel communication ag are entitled and the weighted average number of bearer non par value shares in circulation during the reporting period.

A dilution of the earnings per share occurs if the average number of shares is increased due to the additional issue of potential shares from options and convertible financial instruments. As of 31 March 2014, just as on the previous year's reporting date, there were no share options, so that the undiluted and diluted earnings per share are identical.

	01/01–31/03 2014	01/01–31/03 2013
Accrued consolidated profit for the year (in €)	252,801.01	464,663.64
Weighted average number of shares	3,600,000	3,685,096
<b>Undiluted / diluted earnings per share (in €)</b>	<b>0.07</b>	<b>0.13</b>

### Other information

No significant transactions with related parties were conducted in the first quarter 2014.

## Declaration of the legal representatives in accordance with § 37y Securities Trading Act (WpHG)

We assure to the best of our knowledge that in accordance with the accounting principles applied, the consolidated interim financial report reflects a true and fair view of the group's net worth, financial position and earnings and performance and that the consolidated interim financial report depicts the business trend, including the group's profit and financial position in a manner corresponding to the actual circumstances, as well as describing the essential opportunities and risks of the expected development of the group.

Düsseldorf, 15 May 2014  
ecotel communication ag

The Management Board

Bernhard Seidl

Peter Zils

Achim Theis

Johannes Borgmann

# Financial calendar

25 July 2014	Annual General Meeting
14 August 2014	Publication of Quarterly Report Q2/2014
14 November 2014	Publication of Quarterly Report Q3/2014

## Contact

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## Disclaimer

### Exclusion of liability:

The information provided in this quarterly report was reviewed carefully. However, we cannot guarantee that all information provided is complete, correct and up to date at all times.

This quarterly report contains certain forward-looking statements based on the current assumptions and forecasts of the Management of ecotel communication ag. Forward-looking statements are based on current plans, estimates and expectations. Such statements involve risks and uncertain factors, most of which are difficult to assess and which generally are beyond the control of ecotel communication ag. Various known and unknown risks, uncertainties and other factors can cause the actual events, the financial position, the development or the performance of the company to differ substantially from the estimates expressed here. ecotel communication ag assumes no obligation of updating such forward-looking statements and estimates or of adapting them to future events or developments.