



2010

Quarterly Report 3/2010

Key Figures

Amounts in € million	9M 2010 (IFRS)	9 M 2009 (IFRS)	Q3 2010 (IFRS)	Q3 2009 (IFRS)
Revenue	72.6 ¹	72.5	24.6 ¹	24.1
Business Solutions	33.2	38.9	10.7	13.1
Wholesale Solutions	30.0	25.3	10.8	8.5
New Business	9.4 ¹	8.3	3.1 ¹	2.4
Gross profit	16.2 ¹	17.6	5.5 ¹	5.8
Business Solutions	12.7	14.2	4.4	4.6
Wholesale Solutions	1.1	1.0	0.2	0.3
New Business	2.4 ¹	2.5	0.9 ¹	0.9
EBITDA	3.2	3.8	1.0	1.3
as % of revenue	4.4%	5.2%	4.0 %	5.4 %
EBIT	0.7	0.9	0.2	0.3
as % of revenue	1.0%	1.2 %	0.8 %	1.2 %
Consolidated net income	0.1	1.2	0.05	1.1
Earnings per share (€) ²	0.03	0.31	0.00	0.28
Total assets	48.7	54.8	48.7	54.8
Equity	19.7	23.6	19.7	23.6
as % to total assets	40.4%	43.1 %	40.4 %	43.1 %
Number of shares as of 09/30	3,752,500	3,900,000	3,752,500	3,900,000
Net debt	6.5 ³	9.8	6.5 ³	9.8
Cash flow from operating activities	2.7	4.4	1.1	2.2
Free cash flow	1.5	1.2	0.8	1.2
Employees as of 09/30	201	197	201	197

1) As a result of the amount of existing minority interests in PPRO GmbH (11%), it 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,

In the first nine months of the 2010 fiscal year, ecotel generated sales revenue of € 72.6 million (previous year: € 72.5 million), up € 4.7 million or 7% over the previous year, adjusted for the deconsolidation of PPRO GmbH. Revenue of € 24.6 million in Q3 2010 remained at the same level as in the previous quarter. The increase in revenue in the first nine months compared with the same period of the previous year stemmed primarily from new revenue in the Wholesale Solutions unit and at the ecotel subsidiary easybell GmbH in the New Business unit. In the Business Solutions unit, revenue development remained slightly negative, driven by the loss of traditional preselection voice revenue, which could not yet be completely compensated for by new full access revenue. It was, however, possible to stabilize gross profit in the Business Solutions unit, reflecting the higher margin for the full access products. At the end of the third quarter, it was already possible to book order entry for 7,500 full access orders, of which approximately 3,600 were relevant for revenue in the reporting period. We are anticipating that the number of full accesses realized will double by the end of the year.

EBITDA in the third quarter amounted to € 1.0 million and was thus € 0.2 million lower than in the second quarter of 2010 and € 0.3 million lower than in the same period of the previous year. The temporary decline in EBITDA is attributable to one-time expenses related to maintenance work in the computer center, higher one-time commissions accrued for the change to the new full access products, and higher administrative costs (including for the Annual General Meeting). Cumulative EBITDA for the first nine months of 2010 amounted to € 3.2 million (previous year: € 3.8 million).

EBIT in the third quarter amounted to € 0.2 million, or € 0.1 million less than the previous year's figure. Consolidated net income for the first nine months of the year totaled € 0.1 million, which corresponds to earnings per share of € 0.03.

In the third quarter, ADTG was merged into ecotel retroactively as of January 1, 2010 so that the B2B unit is managed out of a single legal entity. ecotel is solidly positioned for 2011 as a result of efficiency enhancement measures and continued success in securing the existing customer base via full access products and attractive new convergence products, such as the Allnet mobile flat rate.

In view of the current business situation, we are maintaining our guidance for the current fiscal year of revenue in excess of € 95 million and EBITDA in excess of € 4 million. In addition, we anticipate a turnaround in the Business Solutions unit in the course of the fourth quarter of 2010.

Düsseldorf, Germany, November 2010



Achim Theis
(CSO, Management Board)



Peter Zils
(CEO, Chairman of the Board)



Bernhard Seidl
(CFO, Management Board)

Earnings Position

In the third quarter of 2010, ecotel's revenue totaled € 24.6 million (previous year: € 24.1 million). Consequently, total revenue in the first nine months of 2010 was € 72.6 million, following € 72.5 million in the first nine months of 2009. Adjusting for the deconsolidation of PPRO GmbH, this corresponds to a revenue increase of € 4.7 million, or 7% over the previous year. Gross profit in the third quarter of 2010 came to € 5.5 million, after € 5.5 million in the previous quarter and € 5.8 million in the third quarter of 2009. The gross profit margin in the third quarter was 22%, compared with 24% in the previous year's quarter.

The Business Solutions unit contributed 43% of ecotel Group's total revenue and 80% of its gross profit in the third quarter of 2010. Revenue in the Business Solutions unit in the third quarter amounted to € 10.7 million – after € 11.1 million in the previous quarter and € 13.1 million in the corresponding quarter of the previous year. The 18% fall in revenue compared with the previous year's period was primarily attributable to the decline in traditional preselection voice business, for which new business with full access and mobile communications products could not yet adequately compensate. Gross profit in the third quarter of 2010 amounted to € 4.4 million, compared with € 4.1 million in the previous quarter and € 4.6 million in the same quarter of the previous year. The gross profit margin was 41%, after 36% in the previous year's quarter. The increase resulted primarily from the growing share of full access products that made itself felt for the first time, ensuring higher customer retention and a higher margin for ecotel.

The Wholesale Solutions unit generated revenue of € 10.8 million (previous year: € 8.5 million) and gross profit of € 0.3 million (previous year: € 0.3 million) in the third quarter of 2010 and thus contributed 44% of total revenue and 5% of total gross profit.

The New Business unit generated revenue of € 3.1 million (previous year: € 2.5 million) and gross profit of € 0.9 million (previous year: € 0.9 million) in the third quarter of 2010. As PPRO GmbH (PPRO) has not been included in ecotel's consolidated financial statements since 2010, this corresponds to adjusted revenue growth of € 1.8 million (138%) for the New Business unit. The growth is primarily attributable to the marketing of the "01028" and "010010" call-by-call numbers by easybell. The New Business unit contributed 12% of ecotel Group's total revenue and 16% of its gross profit in the third quarter of 2010.

Personnel expenses came to € 2.3 million in the third quarter and were therefore € 0.1 million below the previous year's quarterly figure. The number of employees remained constant at 201, but actually rose slightly from the previous quarter. Other operating expenses increased from the previous year's quarter by € 0.3 million to € 2.4 million, primarily as a result of one-time expenses related to maintenance work in the computer center, higher one-time commissions accrued for the change to new, full access products, and higher administrative costs (including for the Annual General Meeting).

EBITDA in the third quarter totaled € 1.0 million, compared with € 1.3 million in the same quarter of the previous year and € 1.2 million in the previous quarter. The reduction in EBITDA is directly attributable to one-time expenses in the third quarter. Depreciation and amortization amounted to € 0.8 million in the third quarter, compared to € 1.0 million in the same quarter of the previous year.

EBIT in the third quarter of 2010 amounted to € 0.2 million – after € 0.3 million in the same quarter of the previous year. Cumulative EBIT for the first nine months of 2010 totaled € 0.7 million.

The finance result in the third 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 third quarter of 2010 amounted to € 0.1 million. Consolidated net income totaled € 0.05 million in the third quarter of 2010 after € 0.2 million in the previous quarter. Consolidated net income for the first nine months 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 € 1.1 million in the third quarter, thus offsetting a temporary increase in working capital in the area of trade receivables and liabilities in the previous quarter.

Cash flow from investing activities amounted to € -0.3 million in the third quarter of 2010, reflecting expenditures for ecotel's internal server and storage platform as well as the expansion of the media delivery network at nacamar GmbH.

As a result, free cash flow was € 0.8 million in the third quarter.

Cash flow from financing activities in the third 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 third quarter of 2010 decreased slightly from € 5.5 million to € 5.2 million.

ordinated tranche, thus representing a reduction of € 0.6 million compared with the previous quarter (€ 7.1 million) and a decline of € 3.3 million compared with the previous year's quarter (€ 9.8 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.

Asset Position

Total assets as of September 30, 2010 amounted to € 48.7 million; this represents a 3% decline from the figure of € 50.4 million as of June 30, 2010.

On the assets side of the balance sheet, non-current assets decreased as a result of ongoing depreciation and amortization from € 28.2 million to € 27.7 million. Current assets declined by 2% from € 22.2 million to € 21.0 million. At the same time, trade receivables fell by € 0.9 million, while cash and cash equivalents simultaneously decreased by € 0.3 million.

On the liabilities side, equity remained constant at € 19.7 million. The equity ratio increased from 39.1% to 40.4% as a result of the reduction in total assets. Non-current provisions and financial liabilities declined from € 12.2 million to € 11.2 million. Of the non-current provisions, € 0.8 million pertained to deferred income taxes. Current provisions and liabilities fell from € 18.7 million to € 17.8 million, primarily driven by a € 0.8 million reduction in trade liabilities. Net debt (financial liabilities minus cash and cash equivalents) amounted to € 6.5 million, taking into account the equity-like nature of the Kreditanstalt für Wiederaufbau (KfW) sub-

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 is confident of its ability to complete the migration of its existing customer base to the new full access products in the next six to nine months, thus further stabilizing its core customer base. In addition, an acceleration of the new customer business is anticipated as a result of the new bundled and mobile communications packages, such as the Allnet mobile flat rate.

In the New Business unit, growth trajectories remain intact with nacamar GmbH and easybell GmbH. In addition, easybell has now also begun to market its own mobile communications products.

The Management Board is maintaining its forecast for the current fiscal year of revenue in excess of € 95 million and EBITDA in excess of € 4 million.

Investor Relations

Overview of the ecotel Share

The ecotel share began the third quarter at a price of € 3.83. Over the course of the quarter, the ecotel share traded sideways and then moved significantly higher at the end of September, ending the quarter at € 5.38. The average daily trading volume of the share amounted to 960 in the third quarter of 2010, compared with an average figure of 420 in the previous quarter and 2,086 in the third quarter of 2009.

At the end of the quarter, ecotel had a share price of € 5.38 and a market capitalization of € 20.2 million.

Shareholder Structure

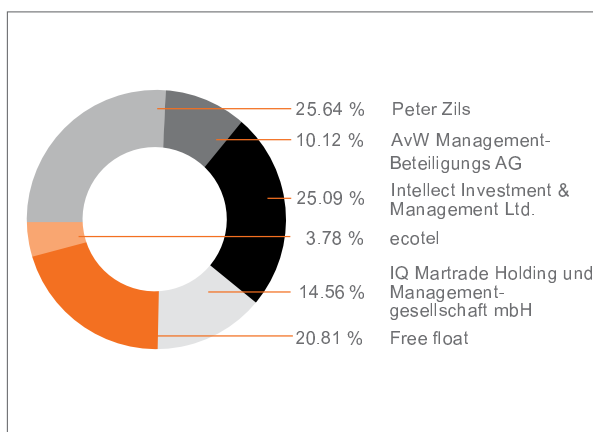
The capital stock of ecotel communication ag totaled 3,900,000 shares as of September 30, 2010. Currently, ecotel holds 147,500 treasury shares (3.78%), with the result that the subscribed capital in the balance sheet totals € 3,752,500. In the third quarter, there were no major changes to ecotel's shareholder 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 Zils, the CEO of ecotel, holds 25.64% of the Company's voting stock. Free float amounts to 20.81%.

Overview of the ecotel Share

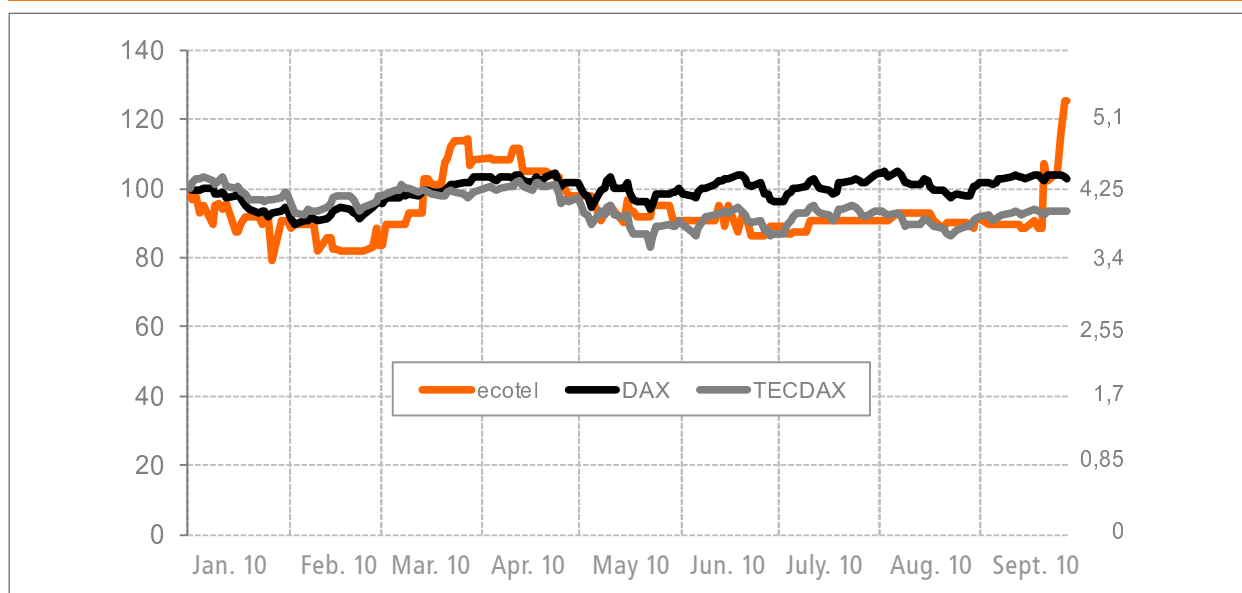
SIN	585434	Date of initial listing	03/29/2006
ISIN	DE0005854343	Number of shares as of 06/30/2010	3,752,500
Symbol	E4C	Average daily trading volume in Q3 2010 (€)	420
Market segment as of 07/01/2007	Prime Standard	Share price high/low in Q3 2010 (€)	5,4 / 3,7
Index	CDAX, Prime All Share, Technology All Share	Market capitalization as of 09/30/2010 (€ million) *	20,2
Type	No-par value shares	Designated sponsor	Close Brothers Seydler

* Based on the closing share price on September 30, 2010 of € 5.38 per share.

Shareholder Structure (09/30/2010) (in percent)



Performance of the ecotel Share (in percent)



Consolidated Balance Sheet

as of September 30, 2010 (unaudited)

Assets	Amounts in €	12/31/2009	06/30/2010	09/30/2010
A. Non-current assets				
I. Goodwill and other intangible assets		19,758,791.64	19,129,058.75	18,815,933.34
II. Property, plant, and equipment		6,305,178.23	6,131,260.61	5,952,290.73
III. Financial assets accounted for using the equity method		1,602,490.63	1,647,387.07	1,673,857.64
IV. Other financial assets		219,529.19	219,529.19	219,529.19
V. Non-current receivables		171,275.01	407,924.30	513,861.80
VI. Deferred tax assets		775,339.01	691,013.47	535,759.56
Total non-current assets		28,832,603.71	28,226,173.39	27,711,232.26
B. Current assets				
I. Inventories		107,297.91	110,589.74	133,852.99
II. Trade receivables		14,726,109.55	14,963,398.02	14,050,602.42
III. Other receivables and current assets		1,745,051.74	1,374,310.85	1,373,137.75
IV. Current tax assets		222,743.79	222,743.79	222,743.79
V. Cash and cash equivalents		7,071,935.85	5,536,461.98	5,221,373.99
Total current assets		23,873,138.84	22,207,504.38	21,001,710.94
Total assets		52,705,742.55	50,433,677.77	48,712,943.20

Consolidated Balance Sheet

as of September 30, 2010 (unaudited)

Equity and liabilities	Amounts in €	12/31/2009	06/30/2010	09/30/2010
A. Equity				
I. Subscribed capital		3,752,500.00	3,752,500.00	3,752,500.00
II. Reserves				
1. Capital reserve		17,602,454.58	17,627,930.18	17,640,667.98
2. Other reserves		-2,078,362.24	-1,975,232.30	-1,937,583.91
III. Minority interests		314,233.94	268,105.31	239,172.96
Total equity		19,590,826.28	19,673,303.19	19,694,757.03
B. Non-current provisions and liabilities				
I. Deferred tax liabilities		852,910.26	880,237.60	790,397.05
II. Other provisions		0.00	0.00	0.00
III. Non-current loans		12,750,000.00	11,000,000.00	10,282,854.16
IV. Other financial liabilities		473,766.82	327,020.23	120,843.17
Total non-current provisions and liabilities		14,076,677.08	12,207,257.83	11,194,094.38
C. Current provisions and liabilities				
I. Current tax liabilities		18,603.26	41,264.70	86,699.47
II. Other provisions		0.00	0.00	0.00
III. Financial liabilities		3,963,256.81	3,950,032.71	3,896,114.37
IV. Trade liabilities		14,077,264.19	13,477,688.38	12,702,521.55
V. Liabilities to affiliated companies		0.00	0.00	4,880.00
VI. Liabilities to associated companies		115,793.42	110,536.48	101,594.69
VII. Other liabilities		863,321.51	973,594.48	1,032,281.71
Total current provisions and liabilities		19,038,239.19	18,553,116.75	17,824,091.79
Total equity and liabilities		52,705,742.55	50,433,677.77	48,712,943.20

Consolidated Income Statement

Statement for Q3 2010 and for 9M 2010 (unaudited)

Amounts in €	Q1–Q3 2009	Q1–Q3 2010	Q3 2009	Q3 2009
1. Sales revenue	72,462,215.13	72,593,364.96	24,060,849.82	24,631,270.15
2. Other operating income	564,521.30	559,327.63	122,323.75	217,677.89
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	69,722.68	51,997.71	35,000.00
5. Total revenue	73,352,626.44	73,222,415.27	24,235,171.28	24,883,948.04
6. Cost of materials and services	-54,842,944.71	-56,406,064.94	-18,236,875.89	-19,139,112.08
7. Personnel expenses	-7,410,345.60	-6,861,498.40	-2,356,918.96	-2,306,189.79
8. Depreciation and amortization	-2,869,821.23	-2,427,783.60	-1,005,637.76	-795,338.73
9. Other operating expenses	-7,288,776.08	-6,791,038.62	-2,342,885.40	-2,402,393.12
10. Earnings before interest and taxes (EBIT)	940,738.82	736,029.71	292,853.27	240,914.32
11. Finance result	685,227.67	-395,315.62	1,114,152.54	-121,351.36
12. Result of companies accounted for using the equity method	-100,014.71	-28,060.94	-40,638.13	0.00
13. Result of ordinary business activity before income taxes	1,525,951.78	312,653.15	1,366,367.68	119,562.96
14. Taxes on income and earnings	-415,778.52	-246,935.82	-282,023.58	-110,846.93
15. Consolidated net income from continuing operations	1,110,173.26	65,717.33	1,084,344.10	8,716.03
16. Net income attributable to minority interests	97,100.48	43,060.65	20,519.38	-3,067.99
17. Consolidated net income attributable to ecotel communication ag shareholders	1,207,273.74	108,777.98	1,104,863.48	5,648.04
Basic / diluted earnings per share	0.31	0.03	0.28	0.00

Consolidated Cash Flow Statement

for Q3 2010 and for 9M 2010 (unaudited)

Amounts in €	Q1–Q3 2009	Q1–Q3 2010	Q3 2009	Q3 2010
Consolidated net income for the year before taxes and minority interests	1,525,951.78	312,653.15	1,366,367.68	119,562.96
Net interest income	560,955.87	368,268.12	158,898.50	112,601.36
Depreciation and amortization (+) / write-ups (-) on non-current assets	2,869,821.23	2,427,783.60	1,005,637.76	795,338.73
Result of companies accounted for using the equity method	0.00	28,060.94	0.00	0.00
Cash flow	4,956,728.88	3,136,765.81	2,530,903.94	1,027,503.05
Result of companies accounted for using the equity method	166,200.08	38,213.40	62,699.92	12,737.80
Profit (-) / loss (+) on disposals of non-current assets	0.00	722,698.75	0.00	10,869.74
Profit (-) / loss (+) on disposals of non-current assets	-394,247.54	34,992.27	-974,257.13	911,766.38
Increase (+) / decrease (-) in receivables and other assets	828,603.34	34,992.27	926,757.35	-100,527.84
Increase (+) / decrease (-) in other provisions	0.00	0.00	0.00	0.00
Increase (+) / decrease (-) in trade liabilities	-1,458,012.78	-1,374,742.64	3,421.83	-775,166.83
Increase (+) / decrease (-) in liabilities (excl. financial liabilities)	643,441.10	159,641.47	-161,624.59	54,625.44
Taxes paid (-) / received (+)	-317,371.66	-1,773.36	-130,846.58	1.20
Cash flow from operating activities	4,425,341.42	2,715,795.70	2,257,054.74	1,141,808.94
Inflow from disposals of items of property, plant, and equipment and intangible non-current assets	2,591.98	0.00	0.00	-10,870.00
Outflow for investments in items of property, plant, and equipment and intangible non-current assets	-3,143,946.80	-1,123,027.80	-1,004,550.79	-303,243.18
Outflow for investments in financial assets	-149,700.00	0.00	0.00	0.00
Outflow for the acquisition of subsidiary companies less cash assumed	0.00	-99,427.95	0.00	-26,470.57
Inflow/outflow for share purchases/sales by/to minority shareholders	0.00	0.00	0.00	0.00
Inflow from interest	24,446.24	28,616.92	3,838.43	12,108.97
Cash flow from investing activities	-3,266,608.58	-1,202,848.83	-1,000,712.36	-328,474.78
Inflow from minority shareholders	0.00	0.00	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 from assumed credit facilities	359,431.28	0.00	1,945,032.84	0.00
Outflow for repayment of financial liabilities	0.00	-2,834,031.76	0.00	-945,712.76
Outflow for interest payments	-595,490.90	-529,476.97	-179,822.14	-182,709.39
Cash flow from financing activities	-236,059.62	-3,363,508.73	1,765,210.70	-1,128,422.15
Cash changes in cash and cash equivalents	922,673.22	-1,850,561.86	3,021,553.08	-315,087.99
Exchange rate-related and other changes in the value and recognition of cash and cash equivalents	0.00	0.00	0.00	0.00
Change in cash and cash equivalents	922,673.22	-1,850,561.86	3,021,553.08	-315,087.99
Cash and cash equivalents at beginning of period	3,466,152.10	7,071,935.85	1,367,272.24	5,536,461.98
Cash and cash equivalents at end of period	4,388,825.32	5,221,373.99	4,388,825.32	5,221,373.99

Statement of Changes in Equity

as of September 30, 2010 (unaudited)

€ thousand	Subscribed capital	Other revenue reserves	Revenue reserves		to ecotel communication ag shareholders	Minority interests	Total
			Consolidated net income	Equity attributable			
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
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
As of June 30, 2009	3,900	17,958	47	103	22,008	517	22,525
Reclassification due to easybell GmbH profit/loss transfer agreement	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
As of September 30, 2009	3,900	17,980	77	1,207	23,164	467	23,631
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	-1	0	-1	1	0
Equity changes not recognized in income	-148	-390	-1	0	-539	-133	-672
Stock option plan	0	13	0	0	13	0	13
Consolidated net income Q4 2009	0	0	0	-3,361	-3,361	-20	-3,381
Equity changes recognized in income	0	13	0	-3,361	-3,348	-20	-3,368
As of December 31, 2009	3,752	17,603	76	-2,154	19,277	314	19,591

Statement of Changes in Equity

as of September 30, 2010 (unaudited)

€ thousand	Subscribed capital	Other revenue reserves	Revenue reserves		to ecotel communication ag shareholders	Minority interests	Total
			Consolidated net income	Equity attributable			
As of December 31, 2009	3,752	17,603	76	-2,154	19,277	314	19,591
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
Consolidated net income Q1 2010	0	12	0	-97	-85	-16	-101
As of March 31, 2010	3,752	17,615	-2,078	-97	19,192	298	19,490
Stock option plan	0	13	0	0	13	0	13
Consolidated net income Q2 2010	0	0	0	200	200	-30	170
Equity changes recognized in income	0	13	0	200	213	-30	183
As of June 30, 2010	3,752	17,628	-2,078	103	19,405	268	19,673
Reclassification due to easybell GmbH profit/loss transfer agreement	0	0	32	0	32	-32	0
Equity changes not recognized in income	0	0	32	0	32	-32	0
Stock option plan	0	13	0	0	13	0	13
Consolidated net income Q3 2010	0	0	0	6	6	3	9
Equity changes recognized in income	0	13	0	6	19	3	22
Stand am 30, September 2010	3,752	17,641	-2,046	109	19,456	239	19,695

Notes to the Consolidated Financial Statements as of September 30, 2010

General Information

The consolidated financial statements of ecotel communication ag, as the reporting parent as of September 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 **segment** format is effected in accordance with internal reporting by business unit, 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 communication 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** 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 three quarters:

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

€ thousand	Business Solutions		Wholesale Solutions		New Business / Consolidation		Group	
	2009 Q1-Q3	2010 Q1-Q3	2009 Q1-Q3	2010 Q1-Q3	2009 Q1-Q3	2010 Q1-Q3	2009 Q1-Q3	2010 Q1-Q3
Sales revenue	38.861,9	33.200,3	25.293,3	29.951,8	8.307,0	9.441,3	72.462,2	72.593,4
Gross profit	14.162,9	12.705,6	1.003,5	1.064,9	2.452,9	2.416,8	17.619,3	16.187,3
Earnings before interest and taxes (EBIT)	679,8	375,0	440,7	375,4	-179,8	-14,3	940,7	736,0

Notes to the Consolidated Financial Statements as of September 30, 2010

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

€ thousand	Business Solutions		Wholesale Solutions		New Business / Consolidation		Group	
	2009 Q3	2010 Q3	2009 Q3	2010 Q3	2009 Q3	2010 Q3	2009 Q3	2010 Q3
Sales revenue	13,101.1	10,703.5	8,503.1	10,833.6	2,456.6	3,094.2	24,060.8	24,631.3
Gross profit	4,664.1	4,359.5	281.3	252.8	878.6	879.9	5,824.0	5,492.2
Earnings before interest and taxes (EBIT)	14.7	137.0	317.5	7.8	-39.4	96.2	292.8	240.9

Consolidated Group and Acquisitions of Equity Interests

The consolidated group included in the consolidated financial statements for ecotel as of September 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 September 30, 2010, a negative equity value of € -94 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 September 30, 2010, a negative equity value not recognized in income of € -93 thousand remained.

In September, ADTG Allgemeine Telefondienstleistungen GmbH was retroactively merged into ecotel communication ag as of January 1, 2010. This transaction did not have any effect on the consolidated financial statements.

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:

	Q1–Q3 2009	Q1–Q3 2010	Q3 2009	Q3 2010
Taxes on income and earnings – current	-11,970.54	-69,869.56	-2,242.12	-45,433.57
Taxes on income and earnings – deferred	-403,807.98	-177,066.26	-279,781.46	-65,413.36
Taxes on income and earnings (in €)	-415,778.52	-246,935.82	-282,023.58	-110,846.93

Notes to the Consolidated Financial Statements as of September 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 options granted did not yet result in any potentially dilutive shares being issued as of September 30, 2010. As such, the diluted earnings per share are the same as the basic earnings per share.

	Q1–Q3 2009	Q1–Q3 2010	Q3 2009	Q3 2010
Attributable consolidated net income for the year (in €)	1,207,273.74	108,777.98	1,104,863.48	5,648.04
Weighted average number of shares	3,900.000	3,752.500	3,900.000	3,752.500
Basic / diluted earnings per share (in €)	0.31	0.03	0.28	0.00

Other Information

No significant transactions with related parties were carried out in the period from January to September 2010.

Düsseldorf, Germany, November 15, 2010

The Management Board

Financial Calendar

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Disclaimer

Legal disclaimer:

The information presented in this quarterly report was reviewed carefully. However, we cannot assume any liability that all of the information is complete, correct, and up-to-date at all times.

This quarterly report contains certain forward-looking statements, which are based on the current assumptions and forecasts of the management of ecotel communication ag. Forward-looking statements are based on current plans, estimates, and assumptions. Such statements are subject to risks and uncertainties, most of which are difficult to assess and are generally beyond the control of ecotel communication ag. Various known and unknown risks, uncertainties, and other factors may cause actual results, financial position, development, or performance of the Company to differ substantially from the views expressed herein. ecotel communication ag does not assume any obligation to update any forward-looking statements or views or adjust them for future events or developments.