

CeoTronics AG**Ad Hoc****October 14, 2005****Consolidated Interim Report for Q1 2005/2006**

Revenues up by 37.3% / EBITDA €602 thousand / EBIT €395 thousand / net income for the quarter €197 thousand / gross cash flow €404 thousand / high order backlog / Company exceeds record quarterly results from 2004/2005

CeoTronics AG Audio Video Data Communication (ISIN: DE0005407407), Adam-Opel-Strasse 6, 63322 Rödermark, Germany, listed in the PRIME Standard and the Technology All Share segment, recorded year-on-year consolidated revenue growth of 37.3% (in accordance with U.S. GAAP) from €2,799 thousand to €3,843 thousand in the first quarter of 2005/2006.

EBITDA (Earnings before Interest, Taxes, Depreciation and goodwill Amortization/impairment) improved by €443 thousand compared with the prior-year period, from €159 thousand to €602 thousand. EBIT rose by €338 thousand from €57 thousand to €395 thousand. Net income of €11 thousand for Q1 2004/2005 contrasts with the current figure of €197 thousand. Consolidated net income therefore improved by €186 thousand.

In the period under review, gross cash flow increased by €291 thousand year-on-year from €113 thousand to €404 thousand. Earnings per share improved by €0.08 to €0.09 compared with €0.01 in the same period last year.

The Group's shareholders' equity amounted to €10,956 thousand as of August 31, 2005, and the equity ratio was 78.6% (previous year: 76.5%).

Contrary to the announcement in the management report in the 2004/2005 Annual Report, the Company will not convert from U.S. GAAP to IFRSs until the end of fiscal year 2005/2006. The IFRS figures in the 2005/2006 Annual Report will then also be based on audited IFRS figures from fiscal year 2004/2005.

This procedure complies with stock exchange rules and regulations and also has the advantage that it does not weigh down the quarterly report with much more extensive disclosures in the notes.

CeoTronics U.S.A. recorded its first sales of the CT-DECT digital communication systems for government security and law enforcement regimes, as well as rescue services, and increased its order backlog by 143% as of the reporting date August 31, 2005. Other customers have shown considerable interest in CeoTronics' high-quality digital communications systems and headsets, thus vindicating the Company's strategy of focusing sales activities on certain markets (customer groups and areas), and primarily on products that are sufficiently unique in CeoTronics' market. As a precautionary measure, we reduced the amount of goodwill in CeoTronics U.S.A.'s balance sheet by \$125 thousand (€101 thousand) and wrote down the carrying amount of the investment in the parent company's HGB balance sheet by €100 thousand during the period under review, due to the unsatisfactory development of revenues in the first quarter of fiscal year 2005/2006. On a consolidated basis (in accordance with US GAAP), this reduced the result by €101 thousand.

Issuer's information and explanatory remarks on this ad hoc disclosure:

The CeoTronics Group's U.S. GAAP results for the first quarter of fiscal year 2005/2006 exceeded the record summer result in the prior-year period. CeoTronics recorded a profit in the first quarter (June, July, August) for the second time since its IPO in 1998, despite the vacation period.

The German parent company CeoTronics AG, domiciled in Rödermark, increased its revenues in accordance with the HGB (Handelsgesetzbuch – German Commercial Code) by 26.3%, and improved EBITDA by €290 thousand from €50 thousand to €340 thousand, and EBIT by €291 thousand from €-40 thousand to €251 thousand. The previous year's net income for the quarter of €244 thousand contrasts with net income for the current quarter of €157 thousand, which was generated without dividend payments by the Company's subsidiaries.

At +1.25% in the period under review, CeoTronics' share price performance was below expectations. The Company's extremely positive figures for fiscal year 2004/2005, which were published in detail in August, were unable to lift its share price by the reporting date August 31, 2005. CeoTronics took out a total of 5 color financial advertisements in August and September to even better communicate the Company's key figures from the 2004/2005 Annual Report and the proposed dividend of €0.20 per share.

The Company plans to pay the dividend from the tax reserve account as defined by section 27 of the KStG (German Corporation Tax Act). The dividend therefore does not constitute income in accordance with section 20(1) no. 1 of the EStG (German Income Tax Act) and is thus exempt from capital gains tax and the solidarity surcharge for most shareholders.

The Board of Management is satisfied with the development of business, particularly in view of the general economic environment and the budget situation among public-sector customers. As already announced, CeoTronics plans to issue its revenues and earnings targets for fiscal year 2005/2006 in January 2006.

"The high order backlog as of August 31, 2005 is well structured with regard to the target delivery dates and batch sizes and, together with the projects about to be awarded, forms the basis for the continued positive development of revenues and earnings," said Thomas H. Günther, Chairman of the Board of Management.

Further information:

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