



**CeoTronics AG Ad Hoc Disclosure in Accordance with Section 15 of the WpHG
(German Securities Trading Act) January 14, 2005**

Consolidated Report on H1 2004/2005 as of January 14, 2005

Revenues up 45.9% / EBITDA €1,211 thousand / EBIT €1,016 thousand / half-yearly net income after taxes €595 thousand / gross cash flow €790 thousand / order backlog up 18.3% / best half-yearly result since 1998 / revenue target 04/05: €15,500 thousand / earnings target 04/05: €1,000 thousand

In the first six months of fiscal year 2004/2005, CeoTronics AG Audio Video Data Communication, Adam-Opel-Strasse 6, 63322 Rödermark (Germany), listed in the Prime Standard's Technology All Share segment of the Frankfurt Stock Exchange (ISIN: DE0005407407), recorded year-on-year growth in consolidated revenues of €2,725 thousand, from €5,935 thousand to €8,660 thousand.

EBITDA (Earnings Before Interest, Taxes, Depreciation and goodwill Amortization/impairment) rose by €995 thousand year-on-year, from €216 thousand to €1,211 thousand. EBIT improved by €1,030 thousand, from €-14 thousand to €1,016 thousand. Net income of €595 thousand was realized, in contrast to the net loss after taxes of €96 thousand in the corresponding period of the previous year; this represents an increase in the Group's half-yearly earnings of €691 thousand. Gross cash flow improved by €656 thousand in the period under review, from €134 thousand in the prior-year period to €790 thousand. Earnings per share increased from €-0.04 to €0.27, up €0.31 year-on-year. Consolidated shareholders' equity as of November 30, 2004 amounted to €10,307 thousand, while its equity ratio was 70.0% (previous year: 66.5%). The consolidated order backlog after the first six months was up 18.3% as against the previous year.

For fiscal year 2004/2005 as a whole, the CeoTronics Group aims to increase total revenues by around 14.2% year-on-year to roughly €15,500 thousand, and to generate earnings of approximately €1,000 thousand (up around 216%).

A comparison of Q2 2004/2005 and Q2 2003/2004 shows that consolidated revenues increased by €2,477 thousand, from €3,384 thousand to €5,861 thousand, while EBITDA rose by €701 thousand, from €351 thousand to €1,052 thousand, and EBIT improved by €720 thousand, from €239 thousand to €959 thousand. Net income after taxes for the quarter increased by €409 thousand year-on-year, from €175 thousand to €584 thousand, while gross cash flow improved by €389 thousand in the period from September 1 to November 30, from €288 thousand in the previous year to €677 thousand. Earnings per share for Q2 amounted to €0.27 after €0.08 in the previous year.

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

The figures for the first six months of fiscal year 2004/2005 in accordance with U.S. GAAP represent the CeoTronics Group's best half-yearly result since its 1998 IPO and the start of its interim reporting.

The unusually high level of revenue growth is also due to the delivery and invoicing of the largest single order in CeoTronics' history. The Company supplied digital communication systems based on its CT-DECT civil technology worth €1.92 million. The systems meet the German Air Force's high standards for this specialized military application, and are also compatible with the recently purchased CT noise protection/communication helmets for handling jets such as the Eurofighter.

Even without the completion of this major order, however, CeoTronics would have generated double-digit growth in consolidated revenues.

Sales by the German parent company, CeoTronics AG, Rödermark, in accordance with the HGB (German Commercial Code) grew 59.1%. EBITDA improved by €1,835 thousand, from €-20 thousand to €1,815 thousand, while EBIT increased by €1,862 thousand, from €-221 thousand to €1,641 thousand. In contrast to the previous year's half-yearly net loss after taxes of €138 thousand, net income of €1,151 thousand was generated in the first six months of this year. This represents an increase in earnings after taxes of €1,289 thousand.

Unfortunately, the prolonged fall in the US dollar is now having a negative impact on business development in the U.S. Similarly, the lack of a decisive improvement in political relations between the U.S. and German governments does not exactly benefit sales by a German-owned company in the U.S.A. We were forced to revise our revenue and earnings targets in the U.S. for fiscal year 2004/2005. Accordingly, in line with the principles of prudent business practice, the value of the equity interest in CeoTronics, Inc. U.S.A. recognized in the balance sheet of the parent company was reduced by €500 thousand, while receivables from the U.S. subsidiary were written down by €100 thousand.

In addition, inventories were written down by €200 thousand at the German parent company and at Group level.

In the period under review, the price of CeoTronics shares increased by a further 44.1%, thus clearly bucking the negative trend on the TECDAX and the only slight recovery on the DAX.

CeoTronics shares have also outperformed the Technology All Share performance index since their first inclusion on September 1, 2004, recording growth of 16.7% compared with 9.6%.

The Board of Management is satisfied with the half-yearly results, particularly in light of the macroeconomic environment and the necessary write-downs, and believes that the Group's revenue and earnings targets for fiscal year 2004/2005 are well within reach.

Further information:

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