

CeoTronics AG

Ad Hoc

July 16, 2010



**Ad hoc release in accordance with section 15 of the Wertpapierhandelsgesetz (WpHG — German Securities Trading Act)**

**CeoTronics AG: Impairment losses related to the investment in CeoTronics, Inc., USA, increase loss for fiscal year 2009/2010**

Rödermark, July 16, 2010 — CeoTronics AG Audio Video Data Communication (ISIN: DE0005407407), Adam-Opel-Strasse 6, 63322 Rödermark, Germany, listed in the Prime Standard segment of the Regulated Market on the Frankfurt Stock Exchange and in the “DAXplus Family Index,” has identified a need to charge impairment losses due to the current development of the business and future prospects of CeoTronics Inc., U.S.A. As things stand today, CeoTronics, Inc.’s current development of the business and prospects for fiscal year 2010/2011 do not appear to be sufficiently positive to support the original planning primarily due to the expected delay in the launch of new products (due to delays in getting approvals by the US Authorities), the training of new sales force members, which is a time-consuming task for sales management, and the development of a stronger indirect sales channel.

The impairment test performed after completion of the annual planning process has identified a need to charge an impairment loss on the goodwill reported in CeoTronics AG’s consolidated financial statements (€615 thousand). Valuation allowances will also have to be charged on deferred tax assets in respect of tax loss carryforwards at CeoTronics, Inc. (€280 thousand). In addition, the carrying amount of the investment in CeoTronics Inc. in CeoTronics AG’s unconsolidated financial statements will have to be written down by €777 thousand and receivables from CeoTronics, Inc. by €1,342 thousand.

These one-off effects are expected to reduce CeoTronics, Inc.’s profit for fiscal year 2009/2010 by US\$ 903 thousand, CeoTronics AG’s net income reported in its single unconsolidated financial statements by €2,119 thousand, and CeoTronics’s IFRS consolidated profit for the period by €895 thousand. As a result of the impairment losses related to the investment in CeoTronics, Inc., CeoTronics AG is expecting a consolidated loss for the period of €1,400 thousand. Because CeoTronics AG will not have sufficient net retained profit (*Bilanzgewinn*), and consolidated profit for the period would also have been negative without these one-off effects, there is no basis for paying a dividend for fiscal year 2009/2010.

These impairment losses will not result in negative cash flow effects. The Group’s equity ratio as of May 31, 2010 will not fall below 60%.

Further information:

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