

CeoTronics AG

Ad Hoc

October 9, 2009

Consolidated Interim Report for Q1 2009/2010

Revenues €2,822 thousand / EBIT €362 thousand / Consolidated loss €309 thousand / High order backlog / Incoming orders (ytd) + 16.7%

CeoTronics AG Audio Video Data Communication (ISIN: DE0005407407), Adam-Opel-Strasse 6, 63322 Rödermark, Germany, listed in the Prime Standard of the Frankfurt Stock Exchange, generated consolidated revenues of €2,822 thousand in the first quarter of fiscal year 2009/2010 (the summer months of June, July, and August) in accordance with IFRSs (down 5.9% on the prior-year figure).

As expected, the Group's order backlog as of August 31, 2009 fell by 16.0% as against the record-breaking figure in the previous year. Incoming orders in the period from June 1, 2009 to October 2, 2009 increased by 16.7% year-on-year.

The first quarter of fiscal year 2009/2010 closed with EBITDA of €-228 thousand (previous year: €128 thousand), EBIT of €-362 thousand (previous year: €1 thousand), a loss before tax of €396 thousand (previous year: a loss of €24 thousand), and a consolidated loss of €309 thousand (previous year: a consolidated loss of €17 thousand). Earnings per share were €-0.05 (previous year: €0.00). Gross cash flow amounted to €-175 thousand (previous year: €110 thousand).

Consolidated equity amounted to €12,847 thousand as of August 31, 2009 (-0.5%). This results in an equity ratio of 69.8% (previous year: 72.5%).

The number of employees in the Group (including trainees) increased to 157 as of August 31, 2009 (August 31, 2008: 151).

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

The order backlog as of August 31, 2009 is the highest in the Company's history for the end of a first quarter after adjustment for the major order for CT-DECT JetCom systems from the German Armed Forces.

The "unadjusted" order backlog fell as expected compared with the prior-year figure, as the third batch of the major order from the German Armed Forces was contained in last year's order backlog and was only delivered and invoiced in the course of fiscal year 2008/2009. In addition, the worst global economic and financial crisis in 80 years had a negative impact on incoming orders in Q4 2008/2009 and on the first half of Q1 2009/2010.

As a result, revenues fell by 5.9% year-on-year. Lower capacity utilization allowed CeoTronics to reduce previously accrued overtime and vacation entitlements during the course of Q1 2009/2010.

We do not expect the current high order backlog to have a positive effect on revenue development before the third and fourth quarters of fiscal year 2009/2010.

The decline in revenues and a lower gross margin meant CeoTronics was unable to match the key earnings figures and financial indicators recorded in the same quarter of the previous year.

Investments in the first three months of fiscal year 2009/2010 totaled €391 thousand, up 39.6% year-on-year.

The Group's cash and cash equivalents fell by €1,187 thousand as against the prior-year period to €430 thousand. This decline corresponds to a €1,166 thousand rise in trade receivables.

At €12,847 thousand, equity as of August 31, 2009 was virtually unchanged as against the prior-year period (€12,908 thousand). The equity ratio fell to 69.8% (previous year: 72.5%) due to the increase in total assets.

Assuming that the General Meeting on November 6, 2009 approves the dividend proposal of €0.10 per share, the dividend yield will be 4.3%, measured in terms of the share price on October 8, 2009 (€2.35).

In keeping with tradition, CeoTronics expects to issue its revenue and earnings forecasts for fiscal year 2009/2010 in January 2010, at the time of publication of its interim results for the first half of the year.

“Despite the clear impact of the global economic and financial crisis, we are cautiously upbeat about fiscal year 2009/2010, given the moderate improvement in the economic climate in certain priority markets, the current high order backlog, the audio and video projects currently being prepared, and the fact that the switch to digital radio by security authorities and organizations in Germany has now started,” said Thomas H. Günther, Chairman of the Board of Management.

Further information:

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