

Quarterly Financial Statement Q1/2013

of TELES Group

(IFRS, unaudited)

Key Figures

TELES Group (in mn €)	Q1 2013	Q1 2012	Change
Revenue	2.75	2.99	-8 %
Gross Profit	1.66	1.47	13 %
EBIT	-0.31	-0.50	38 %

Interim Management Report

Financial Figures

Albeit a slight decrease in sales, TELES succeeded in amending q1 results. At € 2.75 million, revenue for the first quarter is slightly below the previous year. Gross Profit amounted to 1.66 mn €. The operating profit (EBIT) shows strong growth of 38 per cent to a loss of 0.31 mn €.

The mixed start to the year is mainly due to delays in some promising tenders which should have been ready for a decision in the first quarter, according to the original planning. Due to massive cost reductions and positive effects from the reorganization in recent months, TELES accomplished to significantly improving operating results.

Successful Projects Confirm the Course of TELES

Contracts with major customers reveal that solutions and products by TELES are positioned competitively and excellent in every way to successfully rival with the world's leading suppliers. We were therefore able to win one of the leading Austrian mobile operators as customer of the Enterprise Solutions business unit. The company uses the long-standing expertise of TELES in the expansion of its portfolio by Unified Communications solutions for business customers.

A Swiss provider of telecom solutions for the retail and the business segment relies on Enterprise solutions by TELES to be prepared for future growth. The follow-on order from a Spanish cable network operator for the expansion of its network infrastructure also shows which enormous potential the rest of the European home market offers for Carrier Solutions business unit. With the leading U.S. mobile operator Sprint and the

electronics wholesaler PCD a framework agreement for Mobile Gateways was closed in the first quarter. The order is encouraging for the next steps in developing new markets for Access Solutions in North America.

TELES Group (in mn euros)	Q1 2013	Q1 2012	Change
Revenue	2.75	2.99	-8 %
Access Solutions	1.13	1.08	+5 %
Carrier Solutions	0.93	1.28	-28 %
Enterprise Solutions	0.69	0.63	+9 %

Outlook

The second quarter will continue to be marked by consolidation. Our aim is to achieve an increase in sales and to improve the profitability and liquidity in the first half of the year.

TELES AG Informationstechnologien

The Board of Directors

April 2013

Interim Financial Statements

Consolidated Balance Sheet (IFRS, unaudited)

in mn €, except number of shares

	31. März 13	31. Dez 12
ASSETS		
Non-current assets		
Tangible assets	0.17	0.20
Intangible assets	0.00	0.01
Other financial assets ¹	1.08	0.80
	1.26	1.02
Current assets		
Inventories	2.10	1.69
Trade accounts receivable	2.78	3.10
Other financial assets	0.00	0.57
Receivable from income taxes	0.04	0.04
Other current assets	0.63	0.64
Cash and cash equivalents	0.55	0.32
	6.10	6.37
Total assets	7.36	7.38
LIABILITIES		
Equity		
Common shares:	23.30	23.30
Issued: 23,304,676 and 23,304,676, resp.		
Outstanding: 23,304,676 and 23,304,676, resp.		
Additional paid-in capital	11.57	11.57
Retained Earnings	-46.53	-46.47
Reserve for valuation ¹	1.08	0.79
Reserve for pension liabilities	-0.07	-0.07
Reserve for currency differences	0.12	0.23
Equity attributable to shareholders of the parent company	-10.54	-10.65
Non-controlling interest	0,00	0,00
Total equity	-10.54	-10.65
Non-current liabilities		
Non-current accruals	0.36	0.36
Other financial liabilities	10.46	10.46
	10.82	10.82
Current liabilities		
Trade accounts payable	2.10	1.77
Accruals for income taxes	0.13	0.13
Other accruals	2.50	2.51
Accrued income	1.04	1.31
Other financial liabilities	0.05	0.07
Other current liabilities	1.27	1.41
	7.08	7,21
Total liabilities	17.90	18.03
	7.36	7.38

¹ These are „Financial assets available-for-sale“ (unlisted stocks: GRAVIS AG).

Consolidated Statement of Income (IFRS, unaudited)

in mn €, except for share related information	Q1/ 2013	Q1/ 2012
Revenues	2.75	2.99
Cost of sales	1.09	1.52
Gross profit	1.66	1.47
Sales and marketing expenditures	0.87	0.87
Research and development expenditures	0.66	0.74
General and administrative expenditures	0.54	0.56
Other income	0.10	0.20
Other expenditures	0.00	0.00
Operating loss	-0.31	-0.50
Financial earnings	0.25	0.01
Financial expenditures	0.00	0.00
Earnings before income taxes	-0.06	-0.50
Income tax expenditures	0.00	0.00
Earnings from continued operations	-0.06	-0.50
Earnings from discontinued operations, net of tax	0.00	0.00
Net loss	-0.06	-0.50
This can be divided into:		
Shareholders of the parent company	-0.06	-0.50
Minority interests	0.00	0.00
Earnings per share from continued operations		
Undiluted	-0.00	-0.02
Diluted	-0.00	-0.02
Earnings per share, total		
Undiluted	-0.00	-0.02
Diluted	-0.00	-0.02
Number of underlying shares		
Undiluted	23,304,676	23,304,676
Diluted	23,304,676	23,304,676
Additional information:		
EBIT (earnings before interest and taxes)	-0.31	-0.50
EBITDA (earnings before interest, taxes, depreciation, and amortization)	-0.27	-0.42

Statement of Comprehensive Income (IFRS, unaudited)

in mn €	Q1/ 2013	Q1/ 2012
Net loss	-0.06	-0.50
Other comprehensive income:		
Currency exchange differences of foreign subsidiaries	-0.11	-0.12
Financial assets available-for-sale	0.29	0.00
Actuarial losses on defined benefit obligations pursuant to IAS 19	0.00	0.00
Other comprehensive income, net of tax	0.18	-0.12
Total comprehensive income	0.12	-0.62
Thereof attributable to:		
Shareholders of the parent company	0.12	-0.62
Minority interests	0.00	0.00

Statement of Changes in Shareholders' Equity (IFRS, unaudited)

(in mn € except number of nominal shares)	Number of nominal shares	Nominal share value	Addition al paid-in capital	Retained earnings	cumulative other Group Earnings			Equity of share- holders of the parent company	Non- controlling interest	Total equity
					Reserve for valuation	Valuation of pension liabilities	Reserve for currency differences			
Dec. 31, 2012	23,304,676	23.30	11.57	-46.47	0.79	-0.07	0.23	-10.65	0.00	-10.65
Net loss for the year, attributable to parent company shareholders or non-controlling interest	-	-	-	-0.06	0.29	-	-0.11	0.12	-	0.12
March 31, 2013	23,304,676	23.30	11.57	-46.53	1.08	-0.07	0.12	-10.53	0.00	-10.53

Statement of Changes in Shareholders' Equity (IFRS, unaudited)

(in mn € except number of nominal shares)	Number of nominal shares	Nominal share value	Additional paid-in capital	Retained earnings	cumulative other Group Earnings			Equity of shareholders of the parent company	Non-controlling interest	Total equity
					Reserve for valuation	Valuation of pension liabilities	Reserve for currency differences			
Dec. 31, 2011	23,304,676	23.30	11.57	-43.54	0.59	-	0.34	-7.74	0.01	-7.73
Net loss for the year, attributable to parent company shareholders or non-controlling interest	-	-	-	-0.50	-	-	-0.12	-0.62	0.00	-0.62
March 31, 2012	23,304,676	23.30	11.57	-44.04	0.59	-	0.22	-8.36	0.01	-8.35

Consolidated Cash Flow Statement (IFRS, unaudited)

(in mn €)	Q1/2013	Q1/2012
Cash flow from operating activities:		
Annual net loss	-0.06	-0.50
Adjustment of the net loss to the operating cash flow:		
Financial result:		
Interest result	0.00	-0.01
Dividends	-0.25	0.00
Allowance for doubtful accounts	0.00	0.07
Impairment of inventories	-0.05	0.04
Depreciations for tangible fixed assets	0.03	0.07
Amortization of intangible assets	0.01	0.01
Profit from divestiture of assets	-0.01	0.00
Changes of other balance sheet items:		
Inventories	-0.36	0.44
Trade accounts receivable	0.31	0.16
Other current assets, accruals and deferrals	0.04	-0.06
Current liabilities	-0.12	-0.27
Accruals and other liabilities	-0.02	-0.38
Effects from exchange rate changes with no impact on payment	-0.11	-0.12
Received income taxes	0.00	0.08
Cash outflow from operating activities	<u>-0.59</u>	<u>-0.47</u>
Cash flow from investing activities:		
Acquisition of fixed assets	0.00	-0.03
Acquisition of intangible assets	0.00	0.00
Recovery rights	0.57	0.00
Dividends	0.25	0.00
Cash outflow from investing activities	<u>0.82</u>	<u>-0.03</u>
Cash flow from financing activities:		
Loans from related companies and individuals	0.00	0.20
Cash inflow from financing activities	<u>0.00</u>	<u>0.20</u>
Net change of cash and cash equivalents	0.23	-0.30
Cash and cash equivalents, at the beginning of the year	<u>0.32</u>	<u>0.66</u>
Cash and cash equivalents, at the end of the year	<u>0.55</u>	<u>0.36</u>
Cash and cash equivalents include: Money market funds	0.07	0.07

Summary of significant Accounting Principles

Basis of Presentation: TELES' Consolidated Financial Statements as at 31st December 2012 were prepared in accordance with the existing principles of the International Accounting Standard Board (IASB), London. The Interim Financial Statements as at 31th March 2013 were prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of the Interim Financial Statements are principally consistent with those used in the Consolidated Financial Statements for the year ended 31st December 2012. Standards and interpretations binding from 1st January 2013 had no effects on the accounting policies applied.

All IAS/IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly Standing Interpretations Committee (SIC), binding at 31th March 2013, have been applied.