

Gigaset

Q2 2011

Report for the first half of 2011

Key Figures

EUR million	01/01-06/30/2011	01/01-06/30/2010
Consolidated revenues	259.2	524.6
Earnings before interest, taxes, depreciation and amortization (EBITDA)	29.8	38.2
Earnings before interest and taxes (EBIT)	14.8	1.3
Consolidated profit	9.1	-8.1
Free cash flow	1.9	2.7
Earnings per share (diluted, EUR)	0.19	-0.33

EUR million	06/30/2011	12/31/2010
Total assets	271.6	345.6
Shareholders' equity	67.0	35.0
Equity ratio (%)	24.7	10.1

Information on the Gigaset share

The Gigaset share	
WKN	515600
ISIN	DE0005156004
Stock market code	AQU
Reuters Xetra code	AQUG.DE
Bloomberg Xetra code	AQU GR
Stock type	No-par bearer shares
Share price indices	Prime Standard, TecDAX
Number of shares issued on June 30, 2011	50,014,911
Closing price on June 30, 2011 (EUR)	3.72
52-week high (EUR)*	4.81
52-week low (EUR)*	1.22

* at the reporting date

Dear shareholders,

First of all, please allow me to take this opportunity to introduce myself. My name is Dr. Alexander Blum and on March 29 of this year I was appointed CFO of Gigaset AG. After completing my degree and doctorate at the European Business School in Oestrich-Winkel, Germany, I worked as a consultant for a large international management consultancy for several years before joining what is known today as Gigaset AG in 2008. Right from the start, I was involved in the restructuring of Gigaset Communications GmbH, our most important subsidiary, making a significant contribution to the realignment of the company as a profitable, focused medium-sized enterprise.

With the sale of the last holding in a company outside the industry, van Netten GmbH, in the second quarter, the change of strategy at Gigaset has now been fully completed. Today I am CFO of a global company focused on telecommunications and accessories. It is now a question of resolutely pursuing the growth strategy that we have already initiated and generating more income from our operations.

We on the Executive Board of Gigaset AG are pleased that the company succeeded in significantly increasing its EBITDA from continuing operations in the second quarter (up 12.7 % compared to Q2/2010). This trend supports our conviction that the realignment of our company at the end of last year was the correct decision. We were able to achieve this increase in profitability by cutting more costs in the holding company, applying strict cost management at Gigaset Communications GmbH and realigning SM Electronic GmbH. We plan on continuing this trend in operating costs through the second half of the year.

That said, we believe it is even more important to increase earnings by leveraging operative economies of scale, which entails boosting revenues on the basis of the following four-pillar strategy:

1. Expansion of our core Cordless Voice business. This is a market which we believe will enjoy solid growth in the low to middle single-digit percentage range over the coming years, and in which we have continually expanded our share in recent years.
2. Entry into the expanding market for business customers with Gigaset pro. The focus here is on small and medium-sized enterprises in the small office/home office (SOHO) segment. We can exploit our core competence and experience gained in the field of consumer electronics in this new market segment and thereby diversifies our product portfolio.

3. Next generation IP telephony. Gigaset is today already extremely well prepared for growth in the field of cloud-friendly VoIP telephony and, with the C 610 IP, is the first manufacturer in the consumer sector to offer a DECT telephone with Twitter and Facebook access.
4. Inorganic growth through acquisitions with a strategic fit. This where I, Maik Brockmann – the member of the Executive Board responsible for our company's strategy and inorganic growth by acquiring profitable companies – was able to sound out some potential takeover candidates in the first half of the year. To date, however, none of the candidates has satisfied all of our criteria – and in particular the criterion "not in need of restructuring." We consider it a top priority to apply a particularly responsible approach to acquisitions; especially where this involves the use of approved capital and hence the potential dilution of our shareholders.

Furthermore, we have kept our promise of stepping up the company's investor relations again in recent months. The introduction of coverage by Hauck & Aufhäuser in May of this year has given us access to (potential) new investors. We have already met some of these parties on an extensive roadshow in Switzerland, the UK, France and Germany. We anticipate further analyst coverage of the stock commencing in the second half of the year, and additional roadshows will, of course, also become a fixed item in our diary.

We would like to thank our shareholders and investors for the confidence they have shown in us and hope we can continue to count on your support. Moving forward, we for our part will do our best we can to enhance the value of Gigaset AG, which is now a fully focused company, for your benefit.

With kind regards

Dr. Alexander Blum

Maik Brockmann

The business model of Gigaset AG

Gigaset AG is a global company with activities in the telecommunications industry and related accessories. The company is one of the world's leading manufacturers of cordless phones and market leader for DECT phones in Europe.

Core business of Gigaset AG

Gigaset Communications GmbH is the European market, technology and price leader in DECT telephony. DECT stands for Digital Enhanced Cordless Telecommunications, the most successful telecommunications standard in the world. More than 100 million terminals are sold on average every year. Gigaset enjoys a brand awareness level of over 90 % in Germany, where it is a premium vendor with revenues of around EUR 500 million. The Company ranks third in the world in its industry, employing 1,600 people in over 70 countries. All of its proprietary products are manufactured in the highly automated Bocholt plant, which has won several awards.

The turnaround and the huge potential of the Company in its present form had already become apparent in 2009. The ambitious annual targets published for both revenues and profits had even been exceeded by the end of fiscal 2010. Continuing to implement the ongoing restructuring program and to apply strict cost control is intended to boost profitability.

In the first quarter 2011 the SM Electronic Group were acquired and the first companies with the strategy "fit" entered into the Gigaset Group. Under the successful brand name "Skymaster" these companies sell telecommunication and multimedia accessories in German speaking domestic and foreign countries.

The aim is to continue this trend and growth moving forward by realizing the management's four pillar strategies.

The necessary groundwork for making further acquisitions was completed when the shareholders approved a new authorized capital increase at the extraordinary shareholders' meeting on December 20, 2010. Furthermore, the Company has its own liquid assets and a positive free cash flow.

Combined Management Report at June 30, 2011

General economic climate and industry environment

General economic climate

Following unexpectedly robust economic growth in Europe in the first quarter (when, according to Luxembourg-based Eurostat, euro-area countries enjoyed quarterly growth of 0.8 %), growth weakened considerably in the second quarter and will amount to only 0.3 %, according to a forecast given in the Eurozone Economic Outlook (a joint project involving the Ifo Institute, Munich, INSEE, Paris and ISTAT, Rome) dated July 6, 2011. The Berlin-based German Institute for Economic Research also expects the growth rate to slow to 0.4 % in Q2 in Germany, which was the major driver of growth in Europe in the first quarter, expanding 1.5 % over the previous quarter according to the Federal Statistical Office.

This trend was also reflected in the development of consumer spending, which was depressed by a relatively high inflation rate and the effects of the European debt crisis. As a result, the GfK Consumer Climate was negative for large parts of the first half of the year, signaling consumers' increased reluctance to spend. Only in Germany and Austria was consumer sentiment positive throughout this period.

The European telecommunications market struggled accordingly. In contrast to the slight growth of 0.8 % originally forecast by the European Information Technology Observation industry association (EITO), many of our foreign markets in Europe contracted during the course of the first half year. Irrespective of this trend, the markets in Russia and Turkey expanded considerably. Further growth opportunities will arise above all in those emerging and developing countries that have a largely underdeveloped infrastructure in the telecommunications sector. Furthermore, the changeover from analog to digital landline technology has not yet taken place in numerous countries, which promises further opportunities for growth.

In view of this low or stagnant growth, we have adapted our strategy in good time by defining four growth areas in which we want to continue expanding, irrespective of the general trend in the telecommunications market. These are: 1) ex-

pansion of our core Cordless Voice business; 2) entry into the expanding market for business customers with Gigaset pro; 3) next generation IP telephony; and 4) inorganic growth through acquisitions with a strategic fit.

Significant events in the first half of 2011

The realignment of Gigaset AG has been systematically advanced. The three remaining subsidiaries that were not part of the core business, Carl Froh, Oxxynova and van Netten, were sold during the first half of the year. The streamlining of the portfolio has been completed as planned, helping to further reduce consolidated liabilities. The acquisition of the SM Electronic Group will contribute future growth to the core business. Market targeting to identify further potential acquisitions will be enforced in the second half year 2011. Therefore the focus will be concentrated on the criteria "no restructuring case"

Dr. Alexander Blum was appointed new finance director and CFO of Gigaset AG during the Supervisory Board meeting on March 30, 2011. Mr. Blum played a crucial role in the restructuring of Gigaset Communications GmbH and made a key contribution to the successful turnaround with his commitment.

Two new members were elected to the Supervisory Board at the annual shareholders' meeting on June 10, 2011. In Rudi Lamprecht, the Company has gained a high-caliber telecommunications expert with many years of experience in the industry as the new Chairman of the Supervisory Board. Also newly elected to the Supervisory Board is Susanne Klöß, who will be able to advise the Company competently with her capital market expertise.

The convertible bond was exchanged effective June 30, 2011. Holders received 0.8696 no-par shares with a notional amount of EUR 1.00 per share of the Company's total capital stock for each debenture. The total number of shares issued by Gigaset AG thus rose to 50,014,911. The interest of 9 % p.a. payable on the bond from January 1, 2011 fell due for payment at the time of conversion and was credited at July 1, 2011.

The Executive Board of Gigaset AG held discussions with institutional investors at several events staged as part of the 2011 roadshow. Current and potential new Company shareholders were informed in detail about current developments in numerous one-to-one meetings. The investors have shown great interest and the foundation has been laid for future collaboration. Further roadshow events in the second half year were already fixed in the corporate calendar 2011.

Gigaset AG – Interim Financial Statements

Net worth, financial position and operating results

The change in the business model carried out in the past fiscal year with a focus on the telecommunications industry led to further adjustments in the investment portfolio during the first half of the year. The Group had already disposed of the Carl Froh Group and the Oxxynova Group in the first quarter (both in the "Other" segment). In the second quarter, the last remaining investment outside of the core business, the van Netten Group, was sold.

Along with the Gigaset Group, the portfolio of the Group also contains the SM Electronics Group, which was acquired in order to strengthen the core business and increase strategic synergistic effects. The significant successes of the restructuring of the Company are apparent in the Gigaset core segment, but also in the other segments, with strong positive operating profits in the second quarter.

1. Assets and liabilities

The **total assets** of the Gigaset Group at June 30, 2011 are about EUR 271.6 million, which is a decline of about 21 % compared to December 31, 2010. This is primarily attributable to the continuing adjustment of the portfolio and the related consolidations.

The **non-current assets**, at EUR 93.7 million, increased slightly compared to December 31, 2010. This increase resulted primarily from the capitalization of deferred tax assets in the amount of EUR 3.7 million for existing tax loss carry forwards usable in the future. The depreciation of property, plant and equipment is largely compensated for by the additional investments in intangible assets.

The **current assets** declined by EUR 76.7 million compared to the 2010 annual financial statements and now amount to EUR 177.9 million. The decline is primarily caused by the sale of three investments that no longer are part of the core business, which were previously carried under "Assets held for sale." The trade accounts receivable dropped to EUR 57.3 million for seasonal reasons, while it was possible to increase cash and cash equivalents by 16.1 % to EUR 42.5 million. The current assets account for 65.5 % of the total assets.

Total debts amount to EUR 204.5 million, of which 79.5 % are short-term. Following what was already an appreciable reduc-

tion in debt in the previous fiscal year, the Group's total level of debt was reduced by a further EUR 106.0 million in the first half of the year.

The **financial liabilities** increased slightly from EUR 4.7 million to EUR 5.9 million and are all short-term.

At June 30, 2011, the **equity** of the Gigaset Group amounted to about EUR 67.0 million. This corresponds to an equity ratio of 24.7 % and an increase of just 14.6 % compared to the prior fiscal year. In addition to the capital increase in the context of the conversion of the bond and the ongoing consolidated earnings are also positively reflected in equity.

2. Financial position

EUR millions	1st half 2011	1st half 2010
Cash flow from operating activities	4.9	6.9
Cash flow from investing activities	-3.0	-4.2
Free cash flow	1.9	2.7
Cash flow from financing activities	1.2	-6.1

Cash flow

In the past fiscal year, the Gigaset Group earned a positive **cash flow from operating activities** in the amount of EUR 4.9 million (compared to EUR 6.9 million in the comparison period in the prior year). In the first half, the successful business activity of the Gigaset core segment was the primary influence on the payment inflow. The cash flow was reduced by one-time payments for personnel restructuring in Germany. The cash flow from investing activities amounts to EUR 3.0 million (PY: EUR 4.2 million), which primarily reflects investments in property, plant and equipment, along with one-time effects from the changes in the portfolio.

The **free cash flow** thus amounts to EUR 1.9 million, compared to EUR 2.7 million in the prior-year comparison period.

The **cash flow from financing activities** amounts to EUR 1.2 million (prior-year comparison period: funds outflow of EUR 6.1 million) and results from the acceptance of short-term financial liabilities.

The discontinued operations included a negative cash flow amounting to EUR 2.1 million which is disclosed in a detailed way in the notes. Furthermore the cash flow contains changes in foreign exchange rates amounting to EUR 0.7 million.

The cash and cash equivalents amount to EUR 42.5 million, following EUR 36.6 million at 12/31/2010.

3. Income and expenses

Operating revenues

In the past fiscal year, operating revenues of EUR 259.2 million were generated in the Gigaset Group. Of this amount, EUR 40.4 million is allocated to discontinued and deconsolidated business areas. The operating revenues of the business areas to be continued were composed of the Gigaset core segment and are subject to the customary seasonal fluctuations of consumer business. It was not possible to match the unusually strong 2010 half in the second quarter of 2011. However, it was possible to compensate partially - revenue losses in Southern Europe, which are basically results from a decreased consumer market triggered by the Euro crisis, with corresponding revenue increases in Latin America.

The subtotals developed as follows:

Operating revenues in EUR millions	1st half 2011	1st half 2010	Change
Europe	180.8	202.4	-10.7 %
Americas	16.7	17.0	-1.8 %
Asia-Pacific/ Middle East	21.3	18.3	16.4 %
Gigaset Total	218.8	237.7	-8.0 %
Holding	0.0	0.0	0.0 %
Other	40.4	286.9	-85.9 %
Continued operations	218.8	237.7	-8.0 %
Discontinued operations	40.4	286.9	-85.9 %
Total	259.2	524.6	-50.6 %

The **other operating income** amounts to EUR 22.6 million, which is thus EUR 13.4 million less than in the comparison period in the prior year. The significant items are income from the reversal of accruals at EUR 6.4 million (PY: EUR 2.1 million) and exchange rate gains at EUR 5.5 million (PY: EUR 15.5 million). The reversal of negative differences from capital consolidation amounts to EUR 3.3 million (PY: EUR 0.0 million). The deconsolidation profit from the sale of the Oxxynova Group, shown under other operating income, is EUR 2.6 million (PY: EUR 0.0 million). The other operating income from the reversal of valuation allowances or the writing off of liabilities amounts to EUR 1.5 million (PY: EUR 4.0 million).

The **cost of materials** for raw materials, merchandise, finished products, and purchased services is EUR 135.2 million, which dropped by more than half compared to the prior-year figure. The material usage ratio declined from 59.6 % to 52.2 %.

The **personnel expense** for wages, salaries, social security contributions, and pension plans amounts to EUR 62.2 million, which is thus 46.5 % below the figure for the comparison period in the prior year of EUR 116.2 million. The personnel expense already includes the costs for a restructuring program adopted and initiated in the current fiscal year at SM Electronic.

The **other operating expenses** amount to EUR 60.8 million in the reporting period. This particularly includes general administrative expenses, transport costs, consulting and marketing costs, rent, and exchange rate losses (EUR 5.6 million, PY: EUR 18.9 million). The cost savings measures that were consistently implemented in the continued operations are showing their effects. Compared to the prior year, it was possible to reduce the other operating expenses in the core business by EUR 12.2 million to EUR 54.4 million.

The **EBITDA** for the past fiscal year is positive at EUR 29.8 million, compared to EUR 38.2 million in the prior year. Relative to the revenue the EBITDA quota increased from 7.3 % in prior year to actual 11.5 %.

The subtotals developed as follows:

EBITDA in EUR millions	1st half 2011	1st half 2010	Change
Europe	25.0	25.4	-1.6 %
Americas	2.1	2.6	-19.2 %
Asia-Pacific/ Middle East	1.3	-1.0	230.0 %
Gigaset Total	28.4	27.0	5.2 %
Holding	-2.7	-4.2	35.7 %
Other	4.1	15.4	-73.4 %
Continued operations	25.7	22.8	12.7 %
Discontinued operations	4.1	15.4	-73.4 %
Total	29.8	38.2	-22.0 %

The scheduled **depreciation** amounts to EUR 14.9 million, which originates almost entirely from the continued operations. The (unscheduled) impairment reflects the depreciation of EUR 0.2 million to be applied on the basis of the development of the discontinued operations in the second quarter of 2011, and are allocated exclusively to the discontinued operations.

The subtotals of the EBIT developed as follows:

EBIT in EUR millions	1st half 2011	1st half 2010	Change
Europe	10.2	7.7	32.5 %
Americas	2.1	2.6	-19.2 %
Asia-Pacific/ Middle East	1.3	-1.0	230.0 %
Gigaset Total	13.6	9.3	46.2 %
Holding	-2.7	-4.2	35.7 %
Other	4.0	-3.7	77.7 %
Continued operations	10.9	5.1	113.7 %
Discontinued operations	4.4	-3.7	218.9 %
Gesamt	14.9	1.4	964.3 %

At EUR -3.1 million, the **financial result** improved compared to the comparison period of the prior year by EUR 3.1 million. This results primarily from the stringent elimination of debt by the Group.

The **consolidated net income** after non-controlling interests amounts to EUR 9.0 million, following EUR -8.7 million in the comparison period of the prior year, which clearly shows the successful reorientation of the Group.

This results in **earnings per share** of EUR 0.23 (basic, PY: EUR -0.33) respectively of EUR 0.19 (diluted, PY: EUR -0.33).

Group subsidiaries

Gigaset Communications GmbH

Underlying conditions

The second quarter of 2011 was characterized by countervailing trends in the market for cordless phones. Market growth in selected countries in the core market of Europe, where Gigaset generates most of its revenues, was set against restrained purchasing patterns by customers in other countries. In terms of revenues in the year to May compared with last year, markets like Russia and Turkey expanded strongly, the biggest European market, Germany, remained almost constant, and the markets in Switzerland, Poland, France, Italy, Spain, the UK and the Netherlands contracted. As a classical producer of consumer electronics, Gigaset was not able to fully escape the general economic and market developments or the related effects on consumer demand.

Changed patterns of consumer behavior could be clearly observed in various countries around the world compared with the equivalent period last year. Restraint was evident in some markets served by Gigaset, such as the UK, the Netherlands, southern Europe and the Middle East. These underlying local economic conditions were offset by consistent measures taken on the cost side by Gigaset Communications. With processes geared for sustainable profitability, the Company succeeded in countering the difficult prevailing conditions and protecting its high profit margins.

Whereas market prices declined somewhat in Europe year-on-year, Gigaset was able to prevent its prices falling as fast. The European market leader maintained its premium position with a much higher average sales price than its competitors, while the prices charged by competitors fell more sharply compared with the start of 2010.

Gigaset – the European market leader

The core company of the Group, Gigaset Communications GmbH, is renowned for future-looking products in the fixed-line telephony segment. The Gigaset portfolio comprises fixed-line telephones, voice-over-IP models and also IP system telephones for professional use in small and medium-sized enterprises.

Company situation, business developments

The core company of Gigaset AG sharply increased its profitability. A globally active company with the structures of a medium-sized enterprise, Gigaset Communications GmbH is in a

good position to exploit the markets it serves. This consistent realignment resulted in the desired impact on earnings, which could be expanded at a high level during the reporting period. The EBIT of the segment Gigaset amounted to around EUR 13.6 million, which is much higher than the level recorded in the equivalent period of the extremely strong fiscal year in 2010. Gigaset expects strict cost management to continue yielding positive contributions to earnings.

Gigaset Communications GmbH has defended its leading position in the European market for cordless phones with a market share of around one-third. The Company's development in the second quarter of 2011 is characterized by a large improvement in performance with good quality margins. Gigaset succeeded in maintaining its profitability at the same level as in the equivalent period last year with a slight decline in revenues due to current market conditions. The results of both the restructuring program, evident in the form of much lower personnel expenses, and strict cost management were tangible.

The Company's premium strategy of selling high quality products "Made in Germany" at higher prices on the market yielded the desired success. The price differential over the competition has widened further. The average sales price for Gigaset products is more than ten Euros above the average for the industry as a whole. If the Gigaset products are removed from the equation, the European market leader generates a price difference of a massive 35 % over its competitors across its portfolio.

The ultra-modern, automated production facility in the main Bocholt plant, which has already been named "Factory of the Year" on several occasions, now boasts annual capacity of up to 16 million units. The Company has been able to constantly expand its market position on the back of the quality products manufactured in Germany. A Gigaset can be found in one home in every two in Germany and one in every four in Europe.

In launching a new product line called Gigaset pro for small and medium-sized enterprises (SMEs), Gigaset Communications markets a portfolio that covers private customers, small offices and home offices (SOHOs) and now also the market for small and medium-sized enterprises. Thus the Company is now applying the many years of experience it has gained in the private customer segment for the benefit of customers in the promising growth market for professional IP telephone systems. Studies predict that this market segment will enjoy annual growth rates of up to 15 % through 2014. Gigaset intends to turn this segment into a second pillar that will contribute a significant proportion of revenues in the future.

The warm welcome from business customers in various European countries just a few weeks after the launch is indicative of persistently strong interest in Gigaset pro. Hundreds of interested sales partners have now registered in Gigaset pro in Germany alone.

All new products now appear in the new corporate product design, which underscores the Company's claim to premium quality in harmony with the new corporate identity of Gigaset Communications. The foundation for the brand identity is laid by a first-class portfolio featuring innovative technologies, authentic materials and a readily identifiable design, developed and produced in Germany.

Two further products serve to underscore the market leadership of Gigaset Communications as a developer and producer of innovative technologies. The world-exclusive Gigaset L410 Hands-free Clip has been rolled out, combining freedom of movement with top voice quality for telephone calls. The Gigaset L410 was unveiled to the public with a successful online campaign and an appearance at the FedCon exhibition in Düsseldorf, and has featured in the international press since the roll-out. Another new product launched by the Company is the Gigaset A510, which unites stylish design with practical functions. Four different illumination variants mean that the Gigaset A510 can fit perfectly with any personal style of interior decoration. This phone has won the reddot Design Award 2011 for its outstanding design. Both new products from Gigaset Communications GmbH support ECO DECT functions and are manufactured to the very highest quality and environmental standards.

Outlook

The global market for cordless phones is experiencing slow regional growth in terms of volume. The main drivers are Eastern Europe, South America and the Middle East. The markets in the United States and southern Europe are contracting. Gigaset has responded to this trend by strengthening its presence in Russia and Latin America in general and in Mexico in particular.

Competition in the core market of Europe is set to intensify. With price levels remaining stable or declining slightly overall, market consolidation is set to persist. Already today, the three biggest competitors, led by Gigaset, handle well over two-thirds of the overall market volume and have succeeded in expanding their respective shares to the detriment of "B" brands, low-cost brands and local vendors.

Gigaset as market leader has given itself an outstanding position in this marketplace and will leverage its strengths in its future product and offering strategy. As a premium brand, Gigaset can achieve much higher average sales prices than the competition and is exploiting this clear brand profile to force out "B" and cheap brands. In particular, the high quality of the products made in Germany and the logistical proximity to the core markets with short delivery times secure Gigaset clear advantages over its competitors, almost all of which manufacture their products outside of Europe.

Targeted growth is to be achieved by focusing heavily on innovation. While the technical developments from the Gigaset stable already represented a benchmark for the entire industry in the past, Gigaset is planning to unveil further new products in its core Cordless Voice business this year and next.

The innovations and new products are built around the proven Gigaset specialties of ecology, design and quality. A world exclusive was unveiled in April in the form of the Gigaset L410 Hands-free Clip that allows full freedom of movement while leaving the user's hands free while making a call. The roll-out of a further innovation in the premium segment is scheduled for late summer.

What are known as eco-functions are increasingly considered crucial purchase criteria in the market for cordless phones. Low radiation telephones now account for well over 50% of the European market. Gigaset is considered a pioneer in this technology and has equipped its complete portfolio with these eco-functions. The base station in new-generation Gigaset models shuts down transmission mode completely when it goes into standby mode.

Future growth is expected by offering telephone systems including own terminal equipment for the professional business. Gigaset intends to turn these activities involving IP telephone systems into a second pillar of its business. The Gigaset pro segment will contribute a significant proportion of revenues in the future.

When changing over the brand, Gigaset Communications will successively migrate the brand strategy from Siemens Gigaset to Gigaset in accordance with a multi-stage strategic plan. Gigaset will stop using the Siemens brand completely after September 30, 2011.

SM Electronic

Based in Stapelfeld near Hamburg, SM Electronic distributes TV satellite and antenna receivers under the Skymaster brand as well as electronic accessories for audio, video, telecommunications, home entertainment and multimedia applications.

Alongside the established Skymaster brand that has been sold by specialist retailers, supermarkets and home-improvement stores for 20 years, the company also develops and distributes TV receivers and multimedia and telecommunications accessories. In Germany, SM Electronic performs product development, design and software programming as well as quality management. Quality and timely delivery are ensured by the company's own office in Hong Kong.

Industry analysis

Contrary to the forecasted slight growth by the European Information Technology Observation industry association (EITO) for the most European countries, the revenues generated by consumer electronics products (CE) decreased compared to prior year. According to BITKOM, the German market for digital consumer electronics will perform positive by European standards in 2011.

Company situation, business development and development measures

Despite the success of initial restructuring measures, SM Electronic failed to reduce its losses year-on-year. Revenues were less than last year after streamlining the product portfolio and terminating loss-making customer contracts. After Gigaset AG acquired 100 % of the company's shares at the start of February 2011, a complete realignment of the enterprise was undertaken during the first half of the year. The fundamental change of strategy has been accompanied by drastic cost-cutting measures. Essentially, the following measures have been adopted, and their implementation commenced in the second quarter:

- › concentration on the Skymaster brand and the established sales channels,
- › reduction and variablization of logistics costs by means of outsourcing, hence also the sale or letting of the building to lower building costs,
- › outsourcing of merchandising, and
- › spin-off of IT in order to implement Gigaset standards, cut costs further and lay the foundations for far-reaching process optimizations.

In conjunction with the reorientation of SM Electronic GmbH, 97 jobs have been cut. A redundancy plan and reconciliation of interests were concluded with the employment council in this regard, taking account of SM Electronic's cost and liquidity situation.

Outlook

SM Electronic will be subject to consolidation and reorganization during the course of 2011. Revenues from the core business are expected to remain stable. Opportunities arise from the discontinuation of the analog TV signal in April 2012. Starting in 2012, the company intends to exploit revenue potential in Germany and abroad from the sales synergies with Gigaset Communications GmbH.

In completing the acquisition, moreover, Gigaset AG is combining the excellent department for research, product design and development at Gigaset Communications GmbH and the established brands in the field of telecommunications with over 20 years of experience boasted by SM Electronic in the field of multimedia. Gigaset AG is gaining a powerful center of competence for wireless and multimedia technology with expertise that is perfectly geared to the future growth segments in the telecommunications and multimedia market.

van Netten

van Netten is a manufacturer of innovative, high-quality candies. Its principal customers are various retail companies in Germany and abroad. All products are manufactured at the production plant in Dortmund.

van Netten was sold with effect from June 20, 2011 and deconsolidated in the second quarter of 2011.

Report on opportunities and risks, 1st half of 2011

The opportunity and risk profile of Gigaset AG is based on the business model of a holding company that concentrates on the area of telecommunications and multi-media systems. Opportunities and risks result from the business activity of acquiring and holding companies or shares in companies.

Opportunities and risks of future development

As long as Gigaset Communications GmbH is the sole material investment of Gigaset AG, the future opportunities and risks can be derived from the opportunity/risk profile of this company and its subsidiaries.

The products of Gigaset Communications GmbH are widely used and appreciated by customers in the retail distribution sectors by reason of the company's strong brand name and innovative product portfolio. In the final analysis, the company's very good market positioning reflects a high level of product acceptance. Because the company normally cooperates with such customers on the basis of steady, long-term relationships, the dependence on individual retailers and distributors is generally minor. When venturing into new markets, however, the company may be subject to greater dependence on individual customer. For its purchasing of raw materials and supplies, the company generally works with at least two suppliers. Gigaset Communications has established a supplier management center in Shanghai to manage and control its cooperation with suppliers in Asia. Gigaset seeks to avoid becoming dependent on individual suppliers with respect to prices, unit quantities and innovations by cultivating a broad supplier base.

Furthermore, a large number of components required for the company's production operations are purchased in the U.S. dollar zone, giving rise to currency risks. Such risks are hedged primarily by means of forward currency contracts. There is a risk associated with the fact that Gigaset Communications GmbH's production activities are concentrated at a single manufacturing facility in Bocholt.

Due to the consolidation of target markets, the company is subject to the risk of general price erosion and the risk that its market volume will shrink in the medium-term future. This is countered using strict cost management and an innovative 2011 product portfolio in a standardized corporate design.

Gigaset Communications GmbH will be allowed to use the renowned Siemens brand name for its products until Septem-

ber 30, 2011. Thereafter, there is a risk that the loss of licensing rights to the Siemens brand name could have a negative impact on the company's brand familiarity and market position, especially in regions outside of Europe, due to the strong international competition that prevails in those regions. The company intends to engage in targeted PR and marketing activities to familiarize a broad swath of the public with the Gigaset brand name and thereby protect its market position. Furthermore, a slow transition from the Siemens Gigaset brand to the (stand-alone) Gigaset brand will be implemented in the period through September 30, 2011.

The company counters the risk of receivables losses by carrying trade credit insurance, applying strict receivables management and operating an effective payment reminder system. Based on historical data, the risk of receivables losses is considered to be low. Gigaset Communications is subject to relatively pronounced seasonal liquidity fluctuations. The company has adequate cash, current receivables and assets to meet its current payment obligations. Also, the company is basically subject to the risk of general price erosion for its product assortment and the risk that its market volume will shrink in the medium-term future.

In order to limit possible tax risks arising from trade dealings with foreign subsidiaries, transfer pricing documentation is prepared annually by a well-known tax attorney. Additional possible tax risks result from the corporate acquisition of Gigaset Communications Group in 2008.

Proactive management of R&D programs will help to cut costs and simultaneously accelerate technological progress in future-looking segments like Voice over IP telephony (VoIP).

The Company also sees entrepreneurial opportunities in the Gigaset pro project. In addition to the traditional consumer customer segment, the Company will use Gigaset pro to attempt to develop a new customer segment, the small office and home office business customers, and to increase the corresponding revenue growth potential. Corresponding organizational changes have already been decided upon and partially implemented. Gigaset pro is intended to become a second pillar for the Gigaset Group. The Company also sees additional opportunities in developing regional growth markets (e.g., Russia, Asia, and South America) using the established Gigaset brand and making use of the existing worldwide distribution network. Gigaset possesses ample specialized expertise in research and development to meet the rising technological demands of the market and even to roll out innovative new products itself.

Strengthening the regional market position is a central prerequisite for participating in the forecast growth. At the same time, the planned growth is aimed at a segment that is very sensitive to price. During the reporting year, Gigaset Communications GmbH analyzed the market determinants extensively and has already initiated corresponding measures intended to strengthen and develop its own market position. If the strengthening of the market presence and acceptance cannot be achieved to the desired extent, there is a risk to earnings performance arising from weaker sales figures.

SM Electronic

The company has a relatively broad customer base and supplies large specialist outlets, department stores and retail chains in Germany and other German speaking areas in Europe. The company is thus exposed to general fluctuations in consumer purchasing behavior. The company has long-term contracts with major customers. SM Electronic is constantly adding new lines and segments to its business activities with a view to enhancing the existing product and customer portfolio. The German consumer electronics market is characterized by a large number of participants and strong downward pressure on prices. The Company's procurement business is exposed to fluctuations in the exchange rate of the dollar. The Company's operations are largely financed by intragroup loans. External sources of funding are planned to be developed in the second half of 2011 in order to secure liquidity. Single companies in the SME Group are affected by substantial industrial property right claims from third parties. These claims result from a lawsuit pertaining to the preceding owner of the SME Group before the acquisition by Gigaset. Liability risks and risks from these lawsuits have been sufficiently recognized on the balance sheet and are comprehensively recorded and monitored in the newly implemented internal risk management system at Gigaset AG.

High load fluctuations are the norm in incoming orders. SM Electronic believes that it can exploit considerable business opportunities by optimizing its product portfolio and reorienting its international business. By optimizing internal processes, modernizing IT, and outsourcing logistics and services, SM Electronic can significantly and sustainably improve its cost structure.

SM Electronic also finds significant opportunities for enhancement of its business activities in the development of synergies with Gigaset Communications GmbH, particularly in the optimization of joint supply chain management and joint logistics, a joint service department, merging administrative processes,

and bundling of procurement activities. Additional potential exists in national and international sales due to the mutually complementary customer bases of the two companies.

Opportunity/risk profile of the business model

Risk is a fundamental aspect of all business activity. It comprises the danger that corporate objectives will not be achieved as a result of external or internal events, actions and decisions, or in extreme cases it poses a threat to the continued existence of the company as a going concern.

General economic risks

Economic risks

General economic developments in Germany, the EU, and worldwide have many and varied influences on the Company's business development.

Industry risks

Industry risks are risks that relate to a particular market or a particular branch of industry. Due to its concentration on the telecommunications and accessories sector, the Company is particularly dependent on developments in this industry. Here as well, there are fundamental dependencies on commodity prices and the risk of new, aggressive competitors entering the market.

Company-related risks

Acquisition/integration

In the future, the focus of acquisitions of investments by Gigaset AG will be on increasing synergies and long-term and sustainable integration into the Gigaset Group. In this context, the successful implementation of integration measures represents a risk. Due to its profound knowledge of the industry, the Company's risk of unsuccessful acquisitions is limited.

Information systems and reporting structure

Reliable, consistent and meaningful information systems and reporting structures are required to monitor and manage the corporate group and run the subsidiaries. Gigaset employs professional accounting, controlling, information and risk management systems and has instituted a regular system of subsidiary controlling and risk management throughout the Group. Appropriate IT support is provided around the clock to ensure that the systems are available at all times. The Executive Board is promptly informed of sustained developments in the subsidiaries on a regular basis.

It cannot be ruled out, however, that the information system could fail in specific cases, or would not be operated properly by the employees concerned, such that negative economic developments in a given subsidiary would not be detected in a timely manner.

Other company-related risks

Default risks exist for existing receivables of individual Gigaset companies vis-à-vis Group companies if the receivable could not be repaid by the debtor company. With the exception of the contingent liabilities presented in the section "Risks arising from contingent liabilities and lawsuits" below, there are no legal bases that could justify liability of Gigaset for liabilities of the subsidiaries.

Financial risks

Liquidity risks and review of liquidity planning and the financing structure are generally managed by the individual subsidiaries themselves, in consultation with the Corporate Finance Department.

Liquidity of Gigaset Communications GmbH

Business activity is primarily financed using capital resources. The cash flow from operating activities covers short-term financing needs. The factoring of trade accounts receivable that was begun on October 1, 2008, continued to be used as a means of short-term financing. Gigaset Communications GmbH has almost no liabilities to banks.

Debt and liquidity of Gigaset AG

On the reporting date, Gigaset AG is largely free of financial liabilities owed to third parties. Existing financial liabilities within the Group can be and are negotiated bilaterally.

The level of debt of the parent company has been consistently reduced over the past three fiscal years.

Moreover, Gigaset has proved that it can obtain fresh liquidity on the capital markets. Its significantly over-subscribed capital increase and convertible bond are an expression of this new attractiveness for our shareholders and lenders.

Interest rate, currency and liquidity risks

Gigaset AG continually optimizes its corporate finance system and limits its financing risk in order to preserve the Group's financial independence. Financing risks are covered by the risk management system and are also monitored closely in connection with the liquidity management system.

The companies of the Gigaset Group generate income in foreign currencies. The associated foreign currency risks are generally hedged by means of currency-matched financing of international operations or other currency hedging transactions. Changes in capital market interest rates could lead to changes in the market value of fixed-income securities, uncertificated receivables and plan assets used to fund pension obligations. Gigaset conducts customary bank transactions to hedge its interest rate risks on a case-by-case basis.

To hedge its cash flow risk and protect the Group's liquidity, Gigaset employs various instruments to fund and protect its receivables, including factoring and credit default insurance, for example.

Interest rate, currency and liquidity risks are generally managed by the individual subsidiaries themselves, in consultation with the Corporate Finance Department.

Tax risks

Like all other operating risks, tax risks are isolated on the level of the individual subsidiaries and are not aggregated on the holding company level by means of intercompany tax relationships or Group-level taxation, for example. By capitalizing deferred taxes on usable tax loss carry-forwards, the Company achieves a below-average rate of taxation. Profits on the sale of subsidiaries were collected largely on a tax-exempt basis after intense review of the corporate income tax regulations; however, the relevant years are still subject to the reservation of subsequent audit. The Company minimizes any risks by obtaining expert opinions on tax issues on a regular basis.

Risks arising from contingent liabilities and lawsuits Guarantees of the parent company

Gigaset AG has issued various guarantees and warranties in the past in conjunction with sales and purchases of subsidiaries. Furthermore, the parent company has issued also financial guarantees in favor of its subsidiaries in the past. The Company was able to further reduce the latent risks from these guarantees in the first half of 2011 not at last due to limitation of claim in 2010. The probability of utilization of the remaining guarantees is mostly estimated as low or very low.

Legal Disputes Gigaset AG

In connection with its ordinary activities, Gigaset AG is involved in, or may in the future be involved in various lawsuits and administrative proceedings, or such proceedings may be initiated or brought in the future. Even if the outcome of the individual

proceedings cannot be predicted with certainty, considering the imponderability of legal disputes, it is the current estimation of management that the matters in question will not have a significant adverse effect on the financial performance of the Group beyond the risks that have been recognized in the financial statements in the form of liabilities or provisions.

In addition, not delimiting, the board of directors referred to the following development: In July 2009, the European Commission imposed a total fine of EUR 61.1 million on various European companies in the calcium carbide sector in the context of anti-trust law investigations. In this context, a fine totaling EUR 13.3 million was imposed jointly and severally on SKW Stahl-Metallurgie Holding AG, Gigaset AG and SKW Stahl-Metallurgie GmbH. On the reporting date of December 31, 2010, the fine imposed on Gigaset in the amount of EUR 6.65 million including interest was fully paid. However, Gigaset has filed an appeal against this ruling. In this context, there was a chance that Gigaset would be reimbursed for the fine already paid. This appeal was denied by a ruling dated July 13, 2011. From a legal and a factual perspective Gigaset do not agree to this decision and will appeal against this judgment.

Opportunity and risk report of non-continued business activities

Opportunities and risks of the sold subsidiaries were reflected in the present consolidated financial statements until they were deconsolidated. Generally the opportunities and risks related to the operating business of the sold subsidiaries were completely eliminated by the individual sale. With the exception of the contingent liabilities from the sale of the sold subsidiaries presented in the section "Risks arising from contingent liabilities and lawsuits", there are no legal bases and risks that could justify liability of Gigaset for liabilities of the sold subsidiaries.

Description of the material characteristics of the internal controlling and risk management system with regard to the accounting processes of Gigaset AG and the Gigaset Group (Sections 289 (5) and 315 (2) (5) HGB)

Internal controlling and management using a group-wide planning and reporting process

The internal controlling system in the Gigaset Group comprises all principles, procedures, and measures that were implemented with the goal of ensuring efficiency, orderliness, and effectiveness of the account and to guarantee compliance with all legal regulations.

As a subsidiary, it is of particular importance to Gigaset to monitor and manage development and risks in the individual subsidiary companies consistently and on a timely basis. This occurs in the form of a regular planning and reporting process that is based on uniform group-wide accounting guidelines (the Gigaset Accounting Manual).

The basis for this is the timely availability of high-quality and consistent information. Securing the database is the responsibility of the accounting and controlling departments of the individual subsidiaries and the holding company. Corresponding processes and monitoring measures both integrated into and independent from the process have been implemented by adapting them to the individual company situation and branch of industry. This procedure ensures rapid access to the information necessary for the group management process.

At Gigaset, the preparation and analysis of the information from the subsidiaries occurs primarily in the financial division, specifically in the departments of subsidiary controlling, financial accounting and reporting, liquidity management, and risk controlling. The completeness and correctness of the data from accounting are regularly checked. The Group auditor and other auditing bodies are included in the controlling environment of the Gigaset Group with process-independent audit activities. The audit of the consolidated financial statements by the consolidated financial statements auditor in particular, as well as the audit of the included financial statements of the group companies represent the primary process-independent monitoring measure with regard to the group accounting process.

Moreover, the Supervisory Board of Gigaset AG, and in this context particularly its Audit Committee, are integrated into Gigaset's internal monitoring system with process-independent auditing activities.

The procedures in bookkeeping and accounting are clearly regulated in general, and particularly in the context of annual and quarterly financial statements, by the following measures, for instance:

Structural information:

- › At Gigaset, accounting occurs on a decentralized basis in the individual subsidiaries, as well as in the holding company for the holding company's issues.
- › The separate financial statements are prepared according to local accounting regulations and adjusted for the needs of group accounting to the requirements of the International Financial Reporting Standards (IFRS) as they are to be applied in the EU, and to the supplementary

commercial law regulations to be applied under Section 315a (1) HGB.

- › The consistency of the accounting policies and valuation in the group is guaranteed by the Gigaset Accounting Manual.
- › The entry of accounting transactions is carried out by individually selected professional accounting systems adjusted to the Company's needs, such as DATEV or SAP.

Process and controlling information:

- › Centralized and decentralized tasks and responsibilities have been defined.
- › Controlling mechanisms such as the double-verification principle, system-side validation, manual monitoring, and change documentation have been implemented.
- › Time and process plans have been prepared for separate and consolidated financial statements and then distributed or made generally accessible.
- › Analysis and possibly correction of the reporting packages submitted by the Group companies.
- › Technical plausibility checks at the Group level.
- › One-step consolidation process using a professional consolidation system.
- › Use of standardized and complete sets of forms.
- › Use of experienced, trained employees.
- › The auditor carries out a controlling function as a process-independent instrument in the context of his legal audit engagement.

Special analyses and ad-hoc analysis are created as needed in a timely manner. In addition, the Executive Board has the permanent option of contacting employees from the Finance division or the local subsidiary manager.

The Gigaset planning and reporting process is based on a professional, standardized consolidation and reporting system into which the data are loaded manually or using automatic interfaces and are then available to the Group departments for processing. A qualitative analysis and monitoring possibility is ensured using internal reports and a user-friendly interface.

Group-wide systematic risk management

Risk management at Gigaset forms an integral part of corporate management and planning. The purpose of risk management is to help achieve the goals set as part of the business strategy by systematically and promptly identifying, recording, reporting and managing risks on all levels and in all units of the Group. That makes it possible to avoid developments that might jeopardize the company's continued existence as a go-

ing concern and to optimally exploit the available business opportunities.

The risk profile and the risk management process are defined, coordinated and monitored on group level and implemented operationally in the holding company and in the individual subsidiaries. Risks are identified, systematically recorded and assessed, and measures defined, wherever the greatest expertise and assessment capability exists.

Uniform standards for risk recording, documentation and monitoring are applied throughout the corporate group, as documented in the Gigaset Risk Management Manual. The Corporate Risk Manager monitors compliance with the mandatory guidelines.

Gigaset employs a systematic, web-based risk management system known as ArqRisk to record all risks throughout the corporate group and to present the risks separately for each subsidiary or on aggregate for the entire Group. Thus, the system makes it possible to control and manage individual risks efficiently on the subsidiary level, while also providing an up-to-date, comprehensive picture of the Group's overall risk situation. Therefore, compliance with and monitoring of the risk strategy adopted for the Gigaset Group by the Executive Board is assured to the greatest extent possible.

The Corporate Risk Manager is tasked with constantly refining and improving the system, monitoring and coordinating the Group-wide risk management system and reporting to the management.

Besides training courses and seminars, the company provides checklists and what is known as the Risk Atlas as tools to assist in systematic risk identification. The Risk Atlas shows the areas to which risks can typically be allocated at Gigaset.

- › Market risks (economic/industry/competition, products/patents/certificates, legal framework, customers)
- › Business/process risks (research/development, procurement, production, sales/marketing, delivery/after sales, accounting/finance/controlling, organization/internal auditing/IT, human resources, insurance, special events, customer acquisition/operations/exit)
- › Financial risks (operating profit, liquidity, debt/financing, equity, taxes, other financing risks)
- › Contingent liabilities (guarantees/contingent liabilities, other financial obligations, lawsuits, integrated company liability)

A 4x4 matrix is employed to assess risks on a quantitative basis with respect to the factors of probability of occurrence and the extent of loss or damage. The matrix is used to assess the possible impact on earnings of a negative event over a period of 12 months. Appropriate risk mitigation or risk avoidance measures and the name of the responsible manager in every case are recorded for each individual risk, along with the grounds for the given assessment. The extent of loss or damage is assessed on the basis of the measures implemented to date, but does not include planned measures. The classification results are presented in tabular format in a so-called risk map or illustrated in a portfolio.

Reports on the current situation of all subsidiaries are submitted to the Executive Board on a regular basis.

All risks are completely updated on a quarterly basis. Furthermore, the emergence of significant new risks or the actual occurrence of significant existing risks are documented and reported immediately to the Executive Board, regardless of the normal reporting schedule. The Executive Board, in turn, informs the company's Supervisory Board about the risk situation and risk management system at regular intervals.

The business responsibility for the risk management process lies with the operating units on the level of the subsidiaries. Accordingly, operational risk management is conducted within these companies. Moreover, each employee is responsible for identifying and managing risks within his or her immediate area of responsibility. The management of every subsidiary is responsible for coordinating and tracking risks. All risks and information deemed to be significant on the basis of risk management criteria must be reported immediately to the management, as well as the Group Executive Board and Corporate Risk Manager, when appropriate.

Other risk management activities include personal visits by members of the Executive Board to the subsidiaries on a regular basis in order to obtain a first-hand impression of their current developments and the attention given to risk considerations as part of the annual budgeting process.

In parallel to the risk management process, the Subsidiary Controlling department performs monthly actual vs. budget comparisons and adjusts the budget and current forecast figures promptly, as needed. Liquidity management is performed on the basis of weekly intervals. The timely provision of information to the Executive Board and the management of the subsidiaries make it possible to devise and implement necessary counter-measures on short notice.

Qualifying comments

The internal control and risk management system makes it possible to fully record, process and assess company-related matters and present them in the consolidated financial statements. However, it is fundamentally not possible to completely exclude the possibility of personal discretionary decisions, deficient controls, other mistakes or other circumstances, any of which could possibly reduce the effectiveness of the control and risk management system employed by the company.

Events after the reporting date

The Company has no knowledge of material events after the reporting date.

Outlook for the Gigaset Group

Expected development of revenues and earnings: operating profit threshold targeted for 2011

Given the previous development of the operating activities of our subsidiaries, we expect to generate revenues of EUR 540 million and an EBITDA of EUR 57 million for 2011..

Expected changes in financial position, capital expenditures and liquidity development

The Gigaset Group is free of financial liabilities to the greatest extent. Investments can be financed from the Company's own resources. For the year as a whole, we expect to earn a positive free cash flow.

Overall view of the Executive Board regarding the likely development of the Group:

The Management Board of Gigaset AG shares the view of economic experts that the global economy will weaken. Despite the partial difficult development the Management Board expect a potential growth for the Gigaset AG generated by the four pillar strategy. This opens up opportunities for a discernible recovery of the profits as well as an additional improvement in the quality of the balance sheet. On this basis, the Executive Board believes that the Group will show a positive profit trend in 2011. For 2011 and beyond, the Executive Board anticipates a continuation of the profitable growth rate.

Munich, August 11, 2011

Gigaset AG

The Management Board

Consolidated Financial Statements at June 30, 2011

Consolidated Income Statement for the period from January 1 to June 30, 2011

EUR'000
Revenues
Change in inventories of finished and unfinished goods
Other internal production capitalized
Other operating income
Purchased goods and services
Personnel expenses
Other operating expenses
EBITDA
Depreciation and amortization
Impairments
EBIT
Income / expenses from non-current financial assets accounted for by the equity method
Other interest and similar income
Interest and similar expenses
Net financial income / expenses
Income / loss from ordinary activities
Income taxes
Consolidated net income / loss
- Share of consolidated net income / loss attributable to non-controlling interests
- Shares of consolidated net income / loss attributable to shareholders of Gigaset AG
Earnings per common share
- Basic earnings per share, in EUR
- Diluted earnings per share, in EUR

Statement of Comprehensive Income for the Period from January 1 to June 30, 2011

EUR'000
Consolidated net income / loss
Currency translation differences
Total changes not recognized in the income statement
Total comprehensive income and expenses
thereof non-controlling interests
thereof attributable to shareholders of Gigaset AG

FINANCIAL STATEMENTS

	01/01 – 06/30/2011			01/01 – 06/30/2010		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	218,787	40,438	259,225	237,780	286,863	524,643
	-779	-1,667	-2,446	1,164	5,320	6,484
	8,589	0	8,589	10,003	894	10,897
	19,428	3,214	22,642	24,178	11,777	35,955
	-109,413	-25,756	-135,169	-121,750	-190,927	-312,677
	-56,450	-5,718	-62,168	-61,874	-54,332	-116,206
	-54,437	-6,393	-60,830	-66,683	-44,175	-110,858
	25,725	4,118	29,843	22,818	15,420	38,238
	-14,863	0	-14,863	-17,775	-11,340	-29,115
	0	-153	-153	0	-7,799	-7,799
	10,862	3,965	14,827	5,043	-3,719	1,324
	0	0	0	0	106	106
	399	10	409	198	74	272
	-3,334	-133	-3,467	-4,533	-2,076	-6,609
	-2,935	-123	-3,058	-4,335	-1,896	-6,231
	7,927	3,842	11,769	708	-5,615	-4,907
	-2,653	-20	-2,673	-1,080	-2,140	-3,220
	5,274	3,822	9,096	-372	-7,755	-8,127
	0	126	126	0	544	544
	5,274	3,696	8,970	-372	-8,299	-8,671
	0.14	0.09	0.23	-0.02	-0.31	-0.33
	0.12	0.07	0.19	-0.02	-0.31	-0.33

	01/01 – 06/30/2011			01/01 – 06/30/2010		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	5,274	3,822	9,096	-372	-7,755	-8,127
	-660	0	-660	3,191	-611	2,580
	-660	0	-660	3,191	-611	2,580
	4,614	3,822	8,436	2,819	-8,366	-5,547
	0	126	126	0	544	544
	4,614	3,696	8,310	2,819	-8,910	-6,091

Consolidated Income Statement for the period from April 1 to June 30, 2011

EUR'000
Revenues
Change in inventories of finished and unfinished goods
Other internal production capitalized
Other operating income
Purchased goods and services
Personnel expenses
Other operating expenses
EBITDA
Depreciation and amortization
Impairments
EBIT
Income / expenses from non-current financial assets accounted for by the equity method
Other interest and similar income
Interest and similar expenses
Net financial income / expenses
Income / loss from ordinary activities
Income taxes
Consolidated net income / loss
- Share of consolidated net income / loss attributable to non-controlling interests
- Shares of consolidated net income / loss attributable to shareholders of Gigaset AG
Earnings per common share
- Basic earnings per share, in EUR
- Diluted earnings per share, in EUR

Statement of Comprehensive Income for the Period from April 1 to June 30, 2011

EUR'000
Consolidated net income / loss
Currency translation differences
Total changes not recognized in the income statement
Total comprehensive income and expenses
thereof non-controlling interests
thereof attributable to shareholders of Gigaset AG

FINANCIAL STATEMENTS

	04/01 – 06/30/2011			04/01 – 06/30/2010		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	100,177	8,872	109,049	112,461	145,281	257,742
	-1,351	-443	-1,794	346	1,063	1,409
	4,570	0	4,570	5,025	764	5,789
	6,247	-153	6,094	16,071	7,885	23,956
	-50,639	-4,025	-54,664	-59,462	-95,788	-155,250
	-27,879	-1,961	-29,840	-29,038	-27,310	-56,348
	-22,085	-2,113	-24,198	-39,951	-23,148	-63,099
	9,040	177	9,217	5,452	8,747	14,199
	-7,523	1	-7,522	-8,786	-6,055	-14,841
	0	-337	-337	0	-4,881	-4,881
	1,517	-159	1,358	-3,334	-2,189	-5,523
	0	0	0	0	-8	-8
	329	5	334	-192	45	-147
	-1,734	-16	-1,750	-2,848	-1,024	-3,872
	-1,405	-11	-1,416	-3,040	-987	-4,027
	112	-170	-58	-6,374	-3,176	-9,550
	583	-12	571	1,665	-1,274	391
	695	-182	513	-4,709	-4,450	-9,159
	0	-16	-16	7	915	922
	695	-166	529	-4,716	-5,365	-10,081
	0.03	-0.01	0.02	-0.18	-0.20	-0.38
	0.01	0.00	0.01	-0.18	-0.20	-0.38

	04/01 – 06/30/2011			04/01 – 06/30/2010		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	695	-182	513	-4,709	-4,450	-9,159
	609	0	609	2,481	-454	2,027
	609	0	609	2,481	-454	2,027
	1,304	-182	1,122	-2,228	-4,904	-7,132
	0	-16	-16	7	915	922
	1,304	-166	1,138	-2,235	-5,819	-8,054

Consolidated Statement of Financial Position at June 30, 2011

EUR'000	06/30/2011	12/31/2010
ASSETS		
Non-current assets		
Intangible assets	40,466	38,322
Property, plant and equipment	45,527	48,680
Deferred tax assets	7,657	3,985
Total non-current assets	93,650	90,987
Current assets		
Inventories	39,864	36,498
Trade receivables	57,323	83,355
Other assets	36,631	33,631
Current tax assets	1,577	1,495
Cash and cash equivalents	42,518	36,608
	177,913	191,587
Non-current assets held for sale	0	62,989
Total current assets	177,913	254,576
Total assets	271,563	345,563

Consolidated Statement of Financial Position at June 30, 2011

EUR'000	06/30/2011	12/31/2010
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	50,015	39,629
Additional paid-in capital	87,981	74,606
Retained earnings	20,290	20,290
Accumulated other comprehensive income	-91,261	-99,580
	67,025	34,945
Non-controlling interests	0	95
Total equity	67,025	35,040
Non-current liabilities		
Convertible bonds	0	23,092
Pension obligations	8,444	8,188
Provisions	6,058	10,439
Liabilities under finance leases	0	8
Other liabilities	9,291	10,120
Deferred tax liabilities	18,079	14,142
Total non-current liabilities	41,872	65,989
Current liabilities		
Provisions	30,044	37,147
Financial liabilities	5,853	4,726
Liabilities under finance leases	38	50
Trade payables	87,574	89,798
Current tax liabilities	3,860	3,268
Other liabilities	35,297	45,072
	162,666	180,061
Liabilities related to assets held for sale	0	64,473
Total current liabilities	162,666	244,534
Total equity and liabilities	271,563	345,563

Consolidated Statement of Changes in Equity at June 30, 2011

EUR'000

January 1, 2010

1	Capital increase
2	Appropriation to retained earnings
3	Withdrawal from additional paid-in capital
4	Stock option program
5	Changes in non-controlling interests
6	Other changes
7	Total transactions with shareholders
8	Consolidated loss 2010
9	Non-controlling interests
10	Consolidated loss after non-controlling interests
11	Currency translation differences
12	Total changes not recognized in the income statement
13	Total net loss (10+12)
14	Treasury shares

June 30, 2010

January 1, 2011

1	Capital increase
2	Appropriation to retained earnings
3	Withdrawal from additional paid-in capital
4	Stock option program
5	Changes in non-controlling interests
6	Other changes
7	Total transactions with shareholders
8	Consolidated net income 2011
9	Non-controlling interests
10	Consolidated loss after non-controlling interests
11	Currency translation differences
12	Total changes not recognized in the income statement
13	Total net income (10+12)
14	Treasury shares

June 30, 2011

FINANCIAL STATEMENTS

Subscribed capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Adjustment items for non-controlling interests	Consolidated equity
26,402	73,580	20,290	-1,920	3,109	121,461
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	23	0	23
0	0	0	0	-956	-956
0	0	0	0	0	0
0	0	0	23	-956	-933
0	0	0	-8,671	0	-8,671
0	0	0	0	544	544
0	0	0	-8,671	544	-8,127
0	0	0	2,580	0	2,580
0	0	0	2,580	0	2,580
0	0	0	-6,091	544	-5,547
0	0	0	0	0	0
26,402	73,580	20,290	-7,988	2,697	114,981
39,629	74,606	20,290	-99,580	95	35,040
10,348	13,268	0	0	0	23,616
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	9	0	9
0	0	0	0	-221	-221
0	0	0	0	0	0
0	0	0	9	-221	-212
0	0	0	8,970	0	8,970
0	0	0	0	126	126
0	0	0	8,970	126	9,096
0	0	0	-660	0	-660
0	0	0	-660	0	-660
0	0	0	8,310	126	8,436
38	107	0	0	0	145
50,015	87,981	20,290	-91,261	0	67,025

Consolidated Cash Flow Statement for the Period from January 1 to June 30, 2011

EUR'000	01/01 - 06/30/2011	01/01 - 06/30/2010
Income / loss from ordinary activities before taxes (EBT)	11,769	-4,907
Reversal of negative goodwill	-3,333	0
Depreciation and amortization of property, plant and equipment and intangible assets	14,863	29,115
Impairments	153	7,799
Increase (+) / decrease (-) in pension provisions	256	128
Gain (-) / loss (+) on the sale of non-current assets	-190	1,337
Gain (-) / loss (+) on deconsolidation	-2,580	0
Gain (-) / loss (+) on currency translation	-461	3,242
Issuance of stock options	9	23
At-equity valuation result	0	-106
Other non-cash income and expenses	-8,589	-10,983
Net interest expenses	3,058	6,337
Interest received	148	230
Interest paid	-1,383	-2,665
Income taxes paid	-602	-2,275
Increase (-) / decrease (+) in inventories	402	-18,100
Increase (-) / decrease (+) in trade receivables and other receivables	39,214	27,278
Increase (+) / decrease (-) in trade payables, other liabilities and other provisions	-45,146	-31,191
Increase (+) / decrease (-) in other statement of financial position items	-2,689	1,609
Cash inflow (+) / outflow (-) from operating activities (net cash flow)	4,899	6,871
Payments for shares in companies	-650	-981
Cash acquired with the acquisition of shares in companies	1,626	0
Proceeds from the sale of shares in companies	305	-35
Cash transferred with the sale of shares in companies	-1,079	-760
Proceeds from the sale of non-current assets	231	4,700
Payments for investments in non-current assets	-3,459	-7,131
Cash inflow (+) / outflow (-) from investing activities	-3,026	-4,207

EUR'000	01/01 - 06/30/2011	01/01 - 06/30/2010
Free cash flow	1,873	2,664
Cash flows from the borrowing (+)/ repayment (-) of current financial liabilities	1,045	-4,429
Repayment of non-current financial liabilities	0	-1,065
Payments related to liabilities under finance leases	-20	-618
Sale of treasury shares	145	0
Cash inflow (+) / outflow (-) from financing activities	1,170	-6,112
Net funds at beginning of period	30,515	60,784
Changes due to exchange rate differences	728	-2,585
Net funds at beginning of period, measured at prior-year exchange rate	29,787	63,369
Increase (-) / decrease (+) in restricted cash	933	4,652
Change in cash and cash equivalents	3,043	-3,448
Net funds at end of period	34,491	61,988
Restricted cash	8,027	9,477
Cash and cash equivalents	42,518	71,465
Cash presented within the statement of financial position item of „assets held for sale“	0	2,143
Cash and cash equivalents according to the balance sheet	42,518	69,322

Notes to the Interim Financial Report as of June 30, 2011

General information on accounting and valuation methods

The consolidated financial statements of Gigaset AG at June 30, 2011, and the prior-year figures presented have been prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and the interpretations of the Standard Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC), as applicable in the EU, as well as the IFRS as a whole. Accordingly, the present unaudited interim financial report at June 30, 2011, which was not subjected to any review, was prepared in accordance with IAS 34. All the standards in effect and applicable up to June 30, 2011, have been observed. They help to provide a true and fair view of the financial position, liquidity, and financial performance of the Gigaset Group.

The explanations in the Notes to the 2010 Consolidated Financial Statements apply accordingly, particularly with regard to the significant accounting policies.

In addition, application of the following standards and interpretations revised and newly issued by the IASB was obligatory starting from fiscal 2011:

- › Amendment to IFRS 1 (First-time Adoption of International Financial Reporting Standards)
- › Amendment to IAS 24 (Related Party Disclosures)
- › Amendment to IAS 32 (Financial Instruments: Presentation)
- › Amendment to IFRIC 14 (IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction)
- › Amendment to IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)
- › Collective Standard „Improvements to IFRS“ (2010)

The amendment of IFRS 1 in the course of amending IFRS 7 exempts first-time adopters of IFRS from specific disclosures in the Notes that were introduced in IFRS 7. The amendment of IFRS 1 now also allows companies adopting IFRS for the first time to take advantage of the exemption from providing comparative figures for fair value measurements and for liquidity risk. IFRS 7 provides for these exemptions in cases in which the comparison periods end prior to December 31, 2009. This ensures that first-time adopters of IFRS will also benefit from the transitional rules for the application of the amended IFRS 7. The amendments to IFRS 1 and IFRS 7 are to be applied no later than at the beginning of the first fiscal year commencing after June 30, 2010. The amendments had no effect on the consolidated financial statements.

The amendments to IAS 24 were published in November 2009. The amendments for government-related entities did not result in any effects on the presentation of the financial information. Furthermore, the amendment to IAS 24 clarified the definition of a related company or related person. The amended standard enters into force for reporting periods beginning on or after January 1, 2011. Earlier application is permitted. The amendments had no effect on the consolidated financial statements.

Amendments to IAS 32 “Financial Instruments: Presentation” The amendments regulate the accounting at the issuer of preemptive rights, options, and warrants for the acquisition of a fixed number of equity instruments that are denominated in a different

currency than the issuer's functional currency. In the past, such cases were carried as derivative liabilities. Such preemptive rights, which are issued proportionally to the existing shareholders of a company at a fixed currency amount, must be classified as equity. The currency that the exercise price is stated in is irrelevant. The amendments had no effect on the consolidated financial statements.

Amendment of IFRIC 14: "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". The amendment of IFRIC 14 is relevant in those rare cases in which a company is subject to minimum funding requirements and makes advance contribution payments in order to comply with these minimum funding requirements. The amendment permits companies to recognize the advantage from such an advance payment as an asset in these cases. Application of the amendments was first obligatory for fiscal years starting on or after January 1, 2011. The amendments had no effect on the consolidated financial statements.

IFRIC 19: "Extinguishing Financial Liabilities with Equity Instruments" IFRIC 19 explains the requirements of IFRS when a company partially or completely repays a financial liability by issuing shares or other equity instruments. The interpretation clarifies the fact that the equity instruments issued to a creditor to extinguish a financial liability are components of the "remuneration paid" within the meaning of IAS 39.41 and that the corresponding equity instruments must fundamentally be carried at fair value. If this fair value cannot be reliably determined, the equity instruments must be carried at the fair value of the repaid obligation and the difference between the carrying amount of the financial liability to be derecognized and the initial valuation rate of the issued equity instruments must be recorded in the income statement. Application of this interpretation was first obligatory for fiscal years starting on or after July 1, 2010. The amendments had no effect on the consolidated financial statements.

The IASB publishes improvements to existing standards annually. These are generally minor changes. The Gigaset Group applied the amendments at January 1, 2011 (2010 improvement project). This did not result in any effects on the financial position, liquidity, or financial performance and the presentation of the financial information.

The obligatory application of amendments to standards or interpretations resulted in no significant effect on the financial position, liquidity, and financial performance of the Gigaset Group.

Application of the following revised and newly issued standards and interpretations already adopted by the IASB was not yet mandatory in fiscal 2011:

		Application mandatory from	Adopted by EU Commission
Standards			
IFRS 1	Strong hyperinflation and withdrawal of fixed times of initial application for first-time IFRS appliers	07/01/2011	No
IFRS 7	Information—Transfer of financial assets	07/01/2011	No
IFRS 9	Financial instruments: Classification and impairment of financial assets	01/01/2015	No
IFRS 10	Consolidated financial statements	01/01/2013	No
IFRS 11	Accounting for joint venture companies	01/01/2013	No
IFRS 12	Information on shares in other companies	01/01/2013	No
IFRS 13	Assessment of the fair value	01/01/2013	No
IAS 12	Deferred taxes: Realization of underlying assets	01/01/2012	No
IAS 19	Employee benefits	01/01/2013	No
IAS 27	Separate financial statements	01/01/2013	No
IAS 28	Shares in associated companies and joint venture companies	01/01/2013	No
Interpretations			
-			

The effects of the first-time application of these revised or newly issued Standards and Interpretations cannot be reliably estimated at the present time.

1. Seasonal effects

The core business of Gigaset Communications GmbH is subject to distinct seasonal fluctuations on account of the regularly changing patterns of consumer behavior during the course of the calendar year. The highest revenues are generated in the Christmas trade, which explains why the fourth quarter is traditionally so strong. The first quarter, on the other hand, is used to replenish stocks after the Christmas rush, which means that it is usually similar in volume to the third quarter. Sales to build up the stocks of distributors and retailers for the Christmas trade already start in the third quarter, although July and August are still weak summer months during which consumers tend to spend less. As a result of this, the third quarter is generally weaker than the fourth quarter. The second quarter is already affected by seasonal downturn in consumer spending in the early summer months of May and June, while distributors and retailers are also reducing their stocks for the weak summer months at the same time. Consequently, the lowest quarterly revenues in the year are traditionally recorded in the second quarter.

Alongside the traditional general seasonal fluctuations, there are also country-specific and regional seasonal factors, including sales promotions in connection with specific trade fairs (such as CEBIT and IFA), back-to-school activities and Chinese New Year.

2. Discontinued operations

In accordance with IFRS 5, non-current assets and disposal groups are presented separately in the statement of financial position as "held for sale" if they could be sold in their current condition and the sale is highly probable. Assets classified as "held for sale" are measured at fair value less costs to sell, if that amount is less than the carrying amount. Based on this classification, liabilities that are directly related to such assets are presented separately in the statement of financial position as liabilities "held for sale." A discontinued operation is a component of a company that has been disposed of or is classified as held for sale. The Carl Froh Group, the Oxxynova Group, the van Netten Group, and the discontinued operation "Home Media" are carried under the discontinued operations.

At December 31, 2010, the van Netten Group (the "Other" segment) was classified as a discontinued operation due to its planned sale. The sale of the Group was successfully concluded in the second quarter of 2011. The companies of the Carl Froh Group ("Other" segment) and the Oxxynova Group ("Other" segment) that were likewise included in this item were sold in the first quarter.

The assets and liabilities of the corporate groups classified as "held for sale" at year-end are no longer included on the balance sheet at the reporting date because these corporate groups were deconsolidated.

The income from the companies classified as discontinued operations are carried in the consolidated income statement under discontinued operations in all of the reporting timeframes presented.

The cash and cash equivalents attributable to the discontinued operations are presented in the table below:

EUR'000	01/01 – 06/30/ 2011	01/01 – 06/30/ 2010
Cash inflow (+)/ outflow (-) from operating activities	-1,365	418
Cash inflow (+)/ outflow (-) from investing activities	-774	138
Cash inflow (+)/ outflow (-) from financing activities	0	-3,043
Change in cash and cash equivalents	-2,139	-2,487

3. Conversion of the convertible bond.

The convertible bond was exchanged effective June 30, 2011. Holders received 0.8696 no-par shares with a notional amount of EUR 1.00 per share of the Company's total capital stock for each debenture. The total number of shares issued by Gigaset AG thus rose to 50,014,911. Considering direct allocatable costs and deferred taxes, the conversion increased the consolidated equity amounting to EUR 23.616 thousand. The interest of 9 % p.a. payable on the bond from January 1, 2011 fell due for payment at the time of conversion and was credited at July 1, 2011.

4. Changes in consolidation group

Notes on company purchases

In February 2011, Gigaset took over the shares in the SM Electronic Group held by management. With the shares already held by Gigaset, the Group now holds 100 % of the shares in SME Holding GmbH, 100 % of the shares in SM Electronic GmbH and their wholly-owned subsidiaries Skymaster Electronic HK Limited and Emanon GmbH.

The companies were included in the consolidated financial statements of Gigaset AG starting February 3, 2011.

Their inclusion in the consolidated financial statements occurred based on preliminary accounting. Since a purchase price allocation is time-consuming, the best available information at the time the statements were prepared was used.

The purchase price for the acquisition of SM Electronics Group was EUR 650 thousand in cash, of which EUR 648 thousand is allocated to the purchase of owner loans. In addition to the company shares, Gigaset also bought the owner loans from the management with a nominal amount of about EUR 1,551 thousand. These payments and the acquired assets and liabilities, along with the recognition of already existing loan claims results in a negative difference from capital consolidation in the amount of EUR 3,333 thousand, which recognized in the income statement under other operating income.

The earnings of SM Electronics Group from the acquisition date through June 30, 2011, amounted to EUR -4,925 thousand. This already includes the material startup and takeover losses as well as losses from restructuring. This does not include the other operating income arising from the negative difference from capital consolidation. The operating revenues of SM Electronics Group from January 1, 2011, through the acquisition date were EUR 2,656 thousand, while the operating revenues through June 30, 2011, were EUR 8,396 thousand. Retroactive conversion at January 1, 2011, was not applied because the reorganization measures that were initiated mean that the calculated values of previous months would not be comparable to the figures after the reorganization and would thus lead to distorted results. Therefore, the contribution to the result from January 1, 2011, to the acquisition date was not calculated separately.

The acquired assets and liabilities of SM Electronics Group break down as follows:

EUR'000	Carrying amounts	Fair value
Non-current assets		
Intangible assets	381	381
Buildings	758	758
Other assets	707	707
Deferred tax assets	0	0
Current assets		
Inventories	3,768	3,768
Trade receivables	6,655	6,655
Other assets	9,268	9,268
Cash and cash equivalents	1,626	1,626
Liabilities		
Provisions	-520	-520
Trade payables	-17,171	-17,171
Other liabilities	-14,674	-14,674
Deferred tax liabilities	0	-806
Total		-10,008

The acquired cash amounted to EUR 1,626 thousand, resulting in a total cash inflow in the amount of EUR 976 thousand.

No operations were discontinued or sold in the context of the company acquisition.

It is practically impossible to provide the particulars under IFRS 3.70. Due to the reorganization measures that were implemented, the calculated values would lead to distorted results, in the Company's opinion.

No further acquisitions occurred up to June 30, 2011.

Notes on company sales

Effective January 1, 2011, the Carl Froh Group (part of the "Other" segment), which was classified as a discontinued operation, was sold to the investment manager at a symbolic price. The assets sold amounted to EUR 21.8 million, of which EUR 0.3 million were cash and cash equivalents, and the liabilities were EUR 21.8 million. The deconsolidation profit amounts to EUR 0.0 million, taking into account consolidation effects as well as other expenses incurred in connection with the transaction.

At the end of February, the Oxxynova Group (part of the "Other" segment), which was classified as a discontinued operation, was sold to an investor for a symbolic price. The assets sold amounted to EUR 27.2 million, of which EUR 0.6 million were cash and cash equivalents, and the liabilities were EUR 29.8 million. The deconsolidation profit amounts to EUR 2.6 million, taking into account consolidation effects as well as other expenses incurred in connection with the transaction, and is carried under other operating income.

At the end of June, the Van Netten Group, which was classified as a discontinued operation (part of the "Other" segment) was sold to a strategic investor at a price of EUR 405 thousand. The assets sold amounted to EUR 17.8 million, of which EUR 0.2 million were cash and cash equivalents, and the liabilities were EUR 15.2 million. The deconsolidation profit amounts to EUR 0.0 million, taking into account retained account receivables, consolidation effects as well as other expenses incurred in connection with the transaction.

The sold assets and transferred liabilities are aggregated in the table below:

EUR'000	
Assets	
Intangible assets	1,906
Property, plant and equipment	24,517
Other assets	40,348
Total	66,771
Liabilities	
Provisions	20,694
Liabilities	46,094
Total	66,788

5. Segment reporting

Due to the reorientation of the Gigaset Group's business model at the end of 2010, the segment reporting was adjusted accordingly. The activities of Gigaset and the Holding are presented separately. Due to the information on the internal control of Gigaset that was included, the presentation of the Gigaset Group is additionally subdivided by geographical areas.

The geographical areas of Gigaset comprise the following areas:

- › „Europe“
The „Europe“ geographical area comprises all operating activities of the Gigaset Group in the European countries, as well as the operating activities in Russia, since they are also managed by the European companies. Thus, this area comprises the operating activities in Germany, France, Great Britain, Italy, the Netherlands, Austria, Poland, Russia, Sweden, Switzerland, Spain and Turkey.
- › „America“
The „America“ geographical area comprises the operating activities of the Gigaset Group in Canada, the U.S., Brazil, and Argentina.
- › „Asia-Pacific/Middle East“
The „Asia-Pacific/Middle East“ geographical area comprises the operating activities in China and the United Arab Emirates.

Since all operations not belonging to the core activities were or are intended to be discontinued or sold, the affected groups are presented in the “Other” segment.

At June 30, 2011, the “Other” segment comprised the following companies: van Netten Group (sold in the second quarter of 2011), Carl Froh Group (sold in the first quarter of 2011), Oxxynova Group (sold in the first quarter of 2011), and the “Home Media” operation (discontinued).

In the comparison period at June 30, 2010, the “Other” segment comprises the following companies: Carl Froh Group (formerly “Steel” segment), Wanfried Group (formerly “Print” segment), van Netten Group (formerly “Industrial Production” segment), Anvis Group (formerly “Automotive” segment), Fritz Berger Group (formerly “Retail” segment), Golf House Group (formerly “Retail” segment), SM Electronics Group (formerly “Retail” segment), Oxxynova Group (formerly “Specialty Chemistry” segment), the “Home Media” operation (formerly “Home Media” segment).

01/01 – 06/30/2011

EUR'000	Europe	Asian-Pacific/ Middle East	Americas
Revenues			
External revenues	180,760	16,691	21,267
Continued operations	180,760	16,691	21,267
<i>Discontinued operations</i>	0	0	0
Internal revenues	0	0	0
Continued operations	0	0	0
<i>Discontinued operations</i>	0	0	0
Total revenues	180,760	16,691	21,276
Continued operations	180,760	16,691	21,276
<i>Discontinued operations</i>	0	0	0
Segment profit or loss/EBITDA	25,019	2,062	1,327
Continued operations	25,019	2,062	1,327
<i>Discontinued operations</i>	0	0	0
Depreciation and amortization	-14,807	-15	-13
Continued operations	-14,807	-15	-13
<i>Discontinued operations</i>	0	0	0
Impairments	0	0	0
Continued operations	0	0	0
<i>Discontinued operations</i>	0	0	0
Segment profit or loss/EBIT	10,212	2,047	1,314
Continued operations	10,212	2,047	1,314
<i>Discontinued operations</i>	0	0	0
Income from financial investments accounted for by the equity method			
Net interest expenses			
Profit/loss before taxes			
Income tax expenses			
Consolidated net income for the year			
Non-controlling interests			
Consolidated net income, share of shareholders of Gigaset AG			

FINANCIAL STATEMENTS

Gigaset TOTAL	Holding	Others	Eliminations	Consolidated
218,718	69	40,438	0	259,225
218,718	69	0	0	218,787
0	0	40,438	0	40,438
0	310	0	-310	0
0	310	0	-310	0
0	0	0	0	0
218,718	379	40,438	-310	259,225
218,718	379	0	-310	218,787
0	0	40,438	0	40,438
28,408	-2,683	4,118	0	29,843
28,408	-2,683	0	0	25,725
0	0	4,118	0	4,118
-14,835	-28	0	0	-14,863
-14,835	-28	0	0	-14,863
0	0	0	0	0
0	0	-153	0	-153
0	0	0	0	0
0	0	-153	0	-153
13,573	-2,711	3,965	0	14,827
13,573	-2,711	0	0	10,862
0	0	3,965	0	3,965
				0
				-3,058
				11,769
				-2,673
				9,096
				126
				8,970

01/01 – 06/30/2010

EUR'000	Europe	Asian-Pacific/ Middle East	Americas
Revenues			
External revenues	202,435	16,982	18,327
Continued operations	202,435	16,982	18,327
<i>Discontinued operations</i>	0	0	0
Internal revenues	0	0	0
Continued operations	0	0	0
<i>Discontinued operations</i>	0	0	0
Total revenues	202,435	16,982	18,327
Continued operations	202,435	16,982	18,327
<i>Discontinued operations</i>	0	0	0
Segment profit or loss/EBITDA	25,379	2,623	-1,017
Continued operations	25,379	2,623	-1,017
<i>Discontinued operations</i>	0	0	0
Depreciation and amortization	-17,666	-17	-21
Continued operations	-17,666	-17	-21
<i>Discontinued operations</i>	0	0	0
Impairments	0	0	0
Continued operations	0	0	0
<i>Discontinued operations</i>	0	0	0
Segment profit or loss/EBIT	7,713	2,606	-1,038
Continued operations	7,713	2,606	-1,038
<i>Discontinued operations</i>	0	0	0
Income from financial investments accounted for by the equity method			
Net interest expenses			
Profit/loss before taxes			
Income tax expenses			
Consolidated net loss for the year			
Non-controlling interests			
Consolidated net loss, share of shareholders of Gigaset AG			

Gigaset TOTAL	Holding	Others	Eliminations	Consolidated
237,744	36	286,863	0	524,643
237,744	36	0	0	237,780
0	0	286,863	0	286,863
0	858	0	-858	0
0	858	0	-858	0
0	0	0	0	0
237,744	894	286,863	-858	524,643
237,744	894	0	-858	237,780
0	0	286,863	0	286,863
26,985	-4,167	15,420	0	38,238
26,985	-4,167	0	0	22,818
0	0	15,420	0	15,420
-17,704	-71	-11,340	0	-29,115
-17,704	-71	0	0	-17,775
0	0	-11,340	0	-11,340
0	0	-7,799	0	-7,799
0	0	0	0	0
0	0	-7,799	0	-7,799
9,281	-4,238	-3,719	0	1,324
9,281	-4,238	0	0	5,043
0	0	-3,719	0	-3,719
				106
				-6,337
				-4,907
				-3,220
				-8,127
				544
				-8,671

6. Significant events after the balance sheet date

The Company has no knowledge of additional material events after the reporting date that could have a material effect on the development of the company.

7. Insurance for the legal representatives

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group."

Munich, dated August 11, 2011

