



**Annual General Meeting of Hoefft & Wessel AG
in Hanover/Germany on 19 June 2008**

**Address by Hansjoachim Oehmen,
Chairman of the Board of Management**

Subject to change – please check against delivery.

Ladies and Gentlemen,

At our last AGM a year ago, we were confident that we would succeed in delivering a success story this year. And today we are pleased to announce that we can present you, the owners of our company, with positive results for the year 2007. And the first half of 2008, which is drawing to a close, is living up to our high expectations. We are on track for success – a success story is a real possibility after all. And we will continue to do everything in our power to make it happen.

What are the reasons for the success of the Hoefft & Wessel AG? It is the business model which we have been applying successfully in the market for a long time now. It is based on **customer orientation** and our **research and development**. And now the third major aspect is **our internationalisation**.

1. Customer orientation

For Hoefft & Wessel AG, maintaining the focus on our customers is the crucial success factor. In our field of activity, which is the Business-to-Business segment, customers are very clear about what their requirements are. One decisive factor is the savings potential the customer can realise thanks to our system solutions. This applies to the mobile data capture segment as well as to

ticketing and parking systems. Together with our customers, we calculate whether and how our system solution can create added value for them. Being a medium-sized enterprise, we are able to exploit our high degree of flexibility. Our three business segments are very agile and able to respond quickly to changing requirements. And thanks to our direct marketing, we receive timely advice regarding the needs and requirements emerging in the market. Another factor is that we concentrate on clearly defined markets with which we are familiar, and where we are able to meet a large proportion of customer expectations with our basic products alone. The modular design of our devices makes us highly adaptable. We have a reputation as 'problem solvers' in our industry, as a company capable of achieving the highest level of integration of mobile data capture devices, ticketing or parking machines into our customers' systems. A high level of flexibility is also generated by outsourcing the production of our equipment, which is the only way we are able to fill large-scale orders at short notice.

For us, the focus on our customers does not stop once we deliver a product. Our products represent investment goods, and our customers can therefore expect us to provide comprehensive service throughout the entire lifecycle of a product. And this level of service is exactly what we provide, in some cases even for equipment that is up to 30 years old. Our customers appreciate our reliability – by maintaining a business relationship with us over a long time, and this in turn boosts our reputation.

In short: we are fast and flexible, and we care for our customers long after the product has been delivered. This strategy has always stood us in good stead against the competition. Our high level of flexibility is an advantage not to be underestimated, especially when we are up against some of our much bigger competitors.

Let me demonstrate this with an example: in 2007, we fitted the service vehicles of the British automobile club RAC with mobile computers. To be able to install the equipment in their Ford Transit vehicles, it was necessary for us to modify the support brackets at short notice. This was done quickly and without

any complications. Some of our bigger competitors would have found it difficult to respond similarly in such a situation.

2. Research and development

A precondition for an optimal customer focus is the constant deployment of new technologies and standards. This is the domain of Research and Development, which has traditionally been a major and important division within Hoeft & Wessel. Our success as a supplier of centralised and de-centralised systems for the capture and processing of data can be attributed not least to our technical expertise. Our R&D division ensures that our core competences in wireless LAN, GPRS or RFID remain at the leading edge. The R&D division is also involved in preparations for the early adoption of new standards, which in turn allows us to offer customers products conforming to such standards at an early stage. We have been operating successfully ever since our enterprise was first established 30 years ago, and thanks to our sophisticated technological systems, we have managed to gain a foothold in new market segments.

The Research and Development division has grown alongside the rest of the company over the last 30 years, and today around one third of our workforce are employed in R&D. We invest ten per cent of sales revenues year after year in this important core division of our company.

While our competitors complain about a shortage of engineering personnel, Hoeft & Wessel AG has been investing in close co-operative ties with universities and advanced educational institutions for a long time now. This allowed us to meet our needs in terms of qualified young talent. Another factor in our favour is the low fluctuation rate in our workforce, which helps us secure our most important resource – our employees. It is their expertise that ensures our success.

While difficult to quantify, it stands to reason that the special corporate culture of Hoeft & Wessel AG, with flexible time off work and an informal mode of personal interaction, are a positive factor in the successful performance of our

company. This is something our customers have noted as well: they appreciate our uncomplicated ways and efficient decision-making processes.

3. Internationalisation

Over the last three decades, we have grown into a well-established and renowned provider of systems for mobile data recording and ticketing in Germany. The same can be said for the parking systems segment, where we are the market leader in the United Kingdom. Coming from such a position of strength in our domestic markets, we can now look towards expanding our international business.

In those markets that we consider particularly attractive, we are establishing local sales units run by experienced local management staff. In 2007, new managers were appointed in the sales offices in Milan, in the United Kingdom and in the U.S. state of New Jersey. The initial order intake already demonstrates the potential prevailing in these regions. The contribution of our foreign operations to total sales is increasing steadily. For Hoeft & Wessel AG, going international is synonymous with growth.

This is the business model that has made us successful – and enabled Hoeft & Wessel AG to develop and grow from a small start-up into an established SME over the last 30 years. Fiscal 2007 demonstrates the success of our business model – and it highlights the potential of Hoeft & Wessel AG.

Balance sheet 2007

Hoeft & Wessel AG generated € 99.7 million in sales revenues in 2007. Compared with 2006, this represents an increase of 35 per cent. With sales of that order, we are seeing a clear upward trend again in the longer term.

The positive result achieved in the last financial year is even more significant in view of the slump sustained in 2006. With a profit for the year of € 4.4 million, we are on track for long-term success in this respect as well. Earnings per share improved to € 0.52.

During fiscal 2007, our internationalisation strategy already had a significant impact on the share of our foreign business, rising from just over 26 to more than 40 per cent. The principal markets of Hoefft & Wessel AG are Germany, which contributes just under 45 per cent to total sales revenues, and the United Kingdom with almost 28 per cent. The remaining 27 per cent is accounted for by the markets in the EU and the U.S.

The successful performance of Hoefft & Wessel AG led to an increase in operating cash flow from € 4.6 million to € 12.2 million in 2007. This increase was largely used for investments and the repayment of loans. The result was a significant decrease in net liabilities, which now only account for 13.2 per cent of total assets. The equity ratio improved to 46.5 per cent of total assets.

Outlook

During the last financial year, Hoefft & Wessel AG invested around one million euros in the expansion of the company's international sales activities. The three separate business segments are identified by the catchy brand names Almex, Metric and Skeye, which are also very well suited to our internationalisation strategy.

Each of the three business segments contributes about one-third of total sales. The brand names are used consistently for both product names and presentations. As a result we have already succeeded in gradually increasing the level of brand recognition in the relevant markets. I will therefore discuss the outlook for each of the three business segments separately.

Almex

The circle of customers for our Almex division includes bus and railway companies operating public transport services, airlines, and airports. In the ticketing segment, this is the typical project business.

In 2007, sales revenues generated in this segment rose by around one-third, to reach € 31.9 million. Earnings before interest and taxes (EBIT), at € 1.9 million, are substantially better year-on-year.

The major contract awarded to us by railway operator Deutsche Bahn – for 3,200 ticket vending machines to be delivered over five years – will guarantee a proportion of future revenues and also provides improved planning certainty between now and 2011. And then there is the roll-out currently under way in Scotland. Our local customers there include the First Group, which operates the biggest fleet of buses in the United Kingdom with 9,000 vehicles, and Arriva, the third-largest bus company in the UK. As general contractors, we are installing ticket vending machines along with the entire back-office system according to the new ITSO standard.

In the public transportation segment, we are seeing the emergence of a trend towards modernisation, now that cities and municipalities are once again able to invest in infrastructure. A similar situation prevails in check-in terminals at airports, which are bound to gain in importance with the introduction of E-ticketing systems.

In terms of our technological competence, we are confident that with our products already meeting the public transport standards in the United Kingdom, Germany and Switzerland, we will continue to be successful in tendering for the supply of ticketing systems.

Metric

Parking management systems is the second business division of the Hoefft & Wessel Group. Metric Parking – located at Swindon, between London and Bristol – develops, manufactures, sells and maintains parking management systems. These are primarily traditional “pay-and-display” machines, where motorists purchase a ticket and display it in their vehicles. With 24,000 installed car park ticketing machines in cities, municipalities and among commercial car park operators, Metric is one of the largest providers of its kind in the United Kingdom.

Sales revenues were up by 20 per cent in 2007, to € 27.4 million. At € 0.1 million, EBIT matched the previous year’s level.

The newly developed product “Aura”, a ticket vending machine of the latest generation, will further boost our opportunities on the market, especially outside the UK. Our “pay-by-space” parking system – where parking fees are paid in advance at a central payment terminal without the need to display the ticket in the car – generated a great deal of interest in the U.S. in particular.

Metric will be focusing its activities on the domestic market in the United Kingdom and the North American growth market. The existing network will be extended simultaneously with new distributors in the Baltic States, in Ireland, Italy, Switzerland and Malaysia. We also expect an increase in orders for the new automated parking systems.

In addition, Metric is planning to increase its profile in the growing market for parking management systems. Our track record as the biggest service provider in this sector will serve as an entry qualification to this market segment.

Skeye

Under the brand name Skeye, Hoeft & Wessel AG provides mobile data capture products for the retail and logistics sector. In 2007, Skeye managed to increase its strong market position and increase sales by an impressive 47 per cent, to € 40.4 million. Earnings before interest and taxes (EBIT) were doubled year-on-year, to € 5.4 million.

In Germany, Skeye has become the market leader in the retail sector. Our customers include nearly all large to medium-size retailers. Large quantities were also sold to logistics companies for use in petroleum and liquid-gas transportation.

The biggest single order for the Skeye division, involving the roll-out of mobile data capture equipment to Schweizerische Post, had a marked effect on fiscal 2007.

In the U.S., Skeye recently began co-operating with one of the leading providers of mobile data capture equipment for the retail sector. The first units capable of real-time capture of customer data have already been sold.

The Metro company is already using our new check-out solutions in Germany and in Austria. The result is a 30-per cent increase in efficiency in the shopping process. Hoefft & Wessel AG is also participating in the «Future Store Initiative» of Metro. One example of this initiative are RFID readers used to quickly locate items of clothing on the shop floor in Essen. Karstadt and REWE are also deploying our RFID-capable equipment in their materials management systems.

Share price

During the current financial year, we will once again invest more than a million euros in expanding our growth strategy. We are confident that the consistent implementation of this strategy will translate into concrete business deals, which in turn will boost the price of Hoefft & Wessel shares. It is our view – and our judgment here is backed by ‘buy’ recommendations from analysts – that the current share price in no way reflects the actual value of the company. We are saying this in the light of excellent order receipts, an outstanding order backlog, our range of state-of-the-art products, as well as expectations that all business divisions will again contribute towards generating substantial earnings this financial year. We managed to do so in 2007, and will again prove to our shareholders that they can rely on our forecasts.

A look at the share price trend since the beginning of 2007 shows an uneven picture, with fluctuations ranging from 3.50 to almost 6 euros. It is gratifying to see that the price dipped slightly below 4 euros only at the beginning of this year. Hoefft & Wessel shares were trending more or less in line with the Technology All Share index, and slightly above that in recent months.

As you may be aware, we have changed our designated sponsor. We changed from Bayerische Landesbank to NORD/LB, where we expect closer collaboration thanks to the geographical proximity.

From today's perspective, we expect the current fiscal year to yield Group sales revenues in the order of 108 million euros, and a further improvement in earnings compared with 2007. The performance for the first half of the year has kept us on track.

With our three success factors

1. Customer orientation
2. Research and development
3. Internationalisation

and with our capabilities as a flexible SME, we will continue with the expansion of our business, especially on an international scale, and keep Hoeft & Wessel AG on a growth track again in 2008.

The guarantors for the success of Hoeft & Wessel AG are our highly qualified and highly motivated employees, whom I would like to thank especially.

Ladies and gentlemen,

Thank you for your kind attention.