

3rd quarter report

euromicron
Aktiengesellschaft

euromicron Group
Key earnings indicators

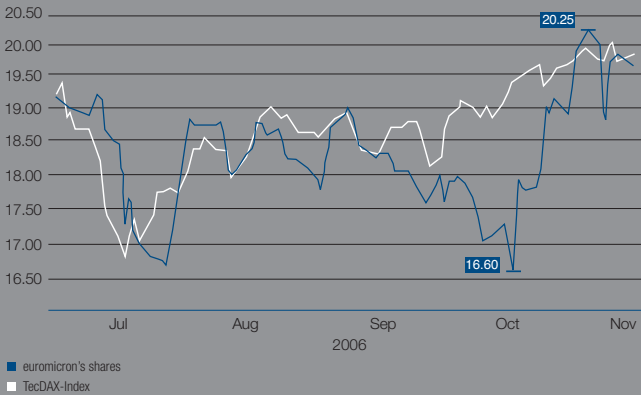
	2006 EUR thou.	2005 adjusted* EUR thou.
Profit from operating activities (EBIT)	2,982	2,042
EBIT/Total operating performance in percent	3.9%	3.2%
EBITDA	4,112	3,272
Income before income taxes	2,865	1,411
Net income for the period	1,991	2,031
Earnings per share, in EUR	0.43	0.43

(unaudited, IFRS)

* To permit better comparison of 2005 with 2006, the figures of the FRAKO GmbH which was deconsolidated at the end of 2005 have been excluded.

euromicron on the stock market

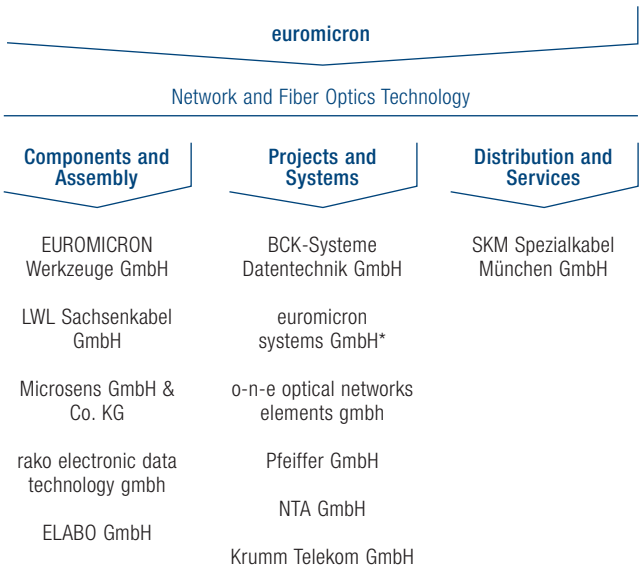
euromicron AG (Xetra)
in EUR



The euromicron Group

euromicron, the system house for integrated,
intelligent networks

Company structure



* euromicron systems GmbH has included delcom GmbH since August 1, 2006.

Foreword

The 3rd quarter also bears out the good development of euromicron AG in 2006. The renewed increase in sales by more than 20% to EUR 76.0 million is outstanding, while consolidated income before taxes has doubled to more than EUR 2.9 million.

For our investors, this also has interesting effects on the key figures for the capital market; however, a comparison of the overall operating situation, in particular as regards taxes, is necessary so that these figures are more meaningful. The restructuring measures we undertook in the previous year and have explained on several occasions have had a reversed effect in 2005 in terms of taxation, resulting in a positive tax balance and causing an exceptional increase in income after taxes and so earnings per share in the 3rd quarter. Despite a far higher tax ratio in the 2006 reporting period, the increase in operating income results in the same good earnings per share of EUR 0.43 and doubling of the cash flow per share compared with at September 2005.

The equity ratio is still at an outstanding level of 65.3% and was only insignificantly affected by the dividend payout.

euromicron's shares were also traded in high daily volumes in the past quarter. The peak figure was 70,000. Their successful performance enabled investors who bought in to them at the beginning of the year to achieve a profit of up to 25%. Interesting increases can also be expected in future. 8 research firms currently analyze euromicron's share regularly. A margin of EUR 27.00 to EUR 30.00 was determined for the upside price target.

A number of new investors have included euromicron on their watch list owing to the opportunities the share harbors. The focus of the roadshows is currently on Germany, Austria and the UK.

Our profitable, organic growth course is to be further boosted in future by the two acquisitions in August and further acquisitions. By buying Microsens GmbH & Co. KG, the euromicron Group is building its development and production competence and now offers its customers tailored, solution-oriented and intelligent fiber optic components.

With BCK-Systeme Datentechnik GmbH, the Group is further expanding its presence in Bavaria and in system business.

These acquisitions not only increase the workforce, but also the breadth of qualification that can be leveraged to implement all-round solutions for customers.

euromicron AG and its team moved into new premises in Speicherstraße at Frankfurt's Westhafen on October 1. As befits a competent network specialist, we equipped our own communications infrastructure with state-of-the-art technology. The Group's subsidiary NTA created the technical conditions for deploying the company's own modular cable system ProfiLINK. This leading-edge system technology is presented in a transparent server cabinet for demonstration purposes. A similar form of transparent presentation was chosen for the cabling system, with the result that the network technology, which would otherwise be concealed under the floor, is now shown off to exemplary advantage. Thanks to this installation as reference, NTA has already been able to capture further orders for equipping office premises in the Westhafen area.

Sales and income at September 30, 2006

At September 30, 2006, the companies in the euromicron Group posted consolidated sales of EUR 76.0 million, an increase of around 21% year-on-year if, for purpose of better comparability, the figures for the last industrial holding, FRAKO GmbH, that was sold at the end of 2005 are ignored.

Just about all our companies were able to increase their sales over the previous year. Demand in the field of equipment investment, which has risen sharply since this March, remains at a high level. In the areas of information processing and telecommunications, a sustained higher level of investment from industry and the public sector is visible. In addition, the market for security and alarm networks is developing above-proportionately, a trend in which the companies in the euromicron Group are able to participate successfully thanks to their many years of experience, acknowledged competence and high standard of quality. We are optimistic, and all indicators point to the fact, that these positive trends will not only continue in the 4th quarter of 2006, but extend well into 2007.

The increase in sales in our domestic market is also very pleasing in the 3rd quarter. Our associated companies mainly operate in Germany, where we earn around 90% of our results. In this traditional core market, we grew sales by around 20% in the first nine months.

Sales in the Euro zone also continue to develop pleasingly. Our sales efforts meant we were able to increase sales by some 50% in the first nine months in this segment. The 3rd quarter was the strongest to date for foreign business, accounting for over 50% of total sales. In absolute terms, the share of sales here is not of major importance; however, we are continuously tapping new sales markets so as to be less dependent on the political and economic imponderabilities of the domestic market and also to gain potentials for future organic growth. An important focus of our sales efforts will be on the Euro zone countries in future. Sales in countries outside the Euro zone are developing satisfactorily, but not at the level of the other markets. We are currently not addressing these countries in a concentrated and strategic manner, since the countries of the Euro zone appear more attractive and profitable given the resources available to us.

euromicron Group

Sales by region for the period January 1 to September 30, 2006

Region	2006 EUR thou.	2005 adjusted* EUR thou.
Germany	69,357	57,755
Euro zone	4,351	2,934
Rest of World	2,325	2,242
Consolidated net sales	76,033	62,931

(unaudited, IFRS)

* To permit better comparison of 2005 with 2006, the figures of the FRAKO GmbH which was deconsolidated at the end of 2005 have been excluded.

The euromicron Group posted income before taxes of EUR 2.9 million in the first nine months, double the comparable figure for the previous year. Given the fact that total cost ratios were constant, this increase is attributable to a rise in total operating performance by around 18% and far better net financing costs.

The ratio of cost of materials rose year-on-year by 2 percentage points, whereas the ratio of personnel costs fell by almost 3 percentage points. This is the result of our restructuring efforts in past periods and systematic shifting of costs. With the aim of making larger cost blocks more performance-related, we have mainly replaced fixed personnel costs through greater procurement of external services and so variabilized them. We were able to counter price competition successfully thanks to the restructuring efforts we initiated at an early stage, with the result that our gross margin remained constant.

Depreciation and amortization are still at a very low level, since most of our companies are more service-oriented and so do not have any large volumes of fixed assets. Other operating expenses rose slightly in relation to total operating performance due to higher commission payments.

Net financing costs are far better year-on-year, firstly due to income from interest as part of the tax field audit. Secondly, the Group possessed far higher liquid funds that bore a good rate of interest in the current year. The tax ratio is currently around 31%, much higher than in the previous year, due to the consumption of tax losses carried forward.

EBITDA increased around 25% year-on-year and is now EUR 4.1 million. The consolidated EBIT return in the first nine months is 3.9%, following 3.2% in the previous year. Net income is on a par with the previous year due to the higher tax ratio, while earnings per share are EUR 0.43.

Following the more restrained growth of the 2nd quarter of 2006, total operating performance increased again sharply in the 3rd quarter. Our company's total operating performance rose by around 16% over the previous quarter.

euromicron Group

Key earnings indicators for the period January 1 to September 30, 2006

	2006 EUR thou.	2005 adjusted* EUR thou.
Profit from operating activities (EBIT)	2,982	2,042
EBIT/Total operating performance in percent	3.9%	3.2%
EBITDA	4,112	3,272
Income before income taxes	2,865	1,411
Net income for the period	1,991	2,031
Earnings per share, in EUR	0.43	0.43

(unaudited, IFRS)

* To permit better comparison of 2005 with 2006, the figures of the FRAKO GmbH which was deconsolidated at the end of 2005 have been excluded.

New orders at the Group are around 9% up year-on-year at September 30, 2006, whereas they were at the level of the previous year in the first half of 2006. The majority of our companies are experiencing a significant increase in the volume of new orders. This is attributable to growing awareness of the euromicron Group, expansion of our solution competence through new companies and relatively good development in the industry.

Order books fell by around 3% on the reporting date, but are still at a very high level of EUR 52.5 million. Largish parts of these orders on hand are envisaged for 2007, meaning we can already look to the next fiscal year with growing optimism.

euromicron Group

New Orders and order books for the period January 1 to September 30, 2006

	2006 EUR thou.	2005 adjusted* EUR thou.
Consolidated new orders of the group	72,876	66,981
Consolidated order books of the group	52,487	54,196

(unaudited, IFRS)

* To permit better comparison of 2005 with 2006, the figures of the FRAKO GmbH which was deconsolidated at the end of 2005 have been excluded.

Balance sheet at September 30, 2006

The euromicron group has total assets of EUR 100.4 million at September 30, 2006, around the same level as on December 31, 2005. There have been sharp changes within the balance sheet items, among other things due to the acquisition of new companies.

Noncurrent assets have increased by 25% to EUR 54.6 million. This is solely due to goodwill from the newly acquired companies and the resultant additions to property, plant and equipment. Current assets fell by around 20% in the same period. This is attributable to the reduction in liquid funds of EUR 13.8 million in the 3rd quarter of 2006 due to the acquisition of new companies, payment of the dividend for 2005 and scheduled repayment of a further installment of our industry loan. This is in contrast to an increase in inventories, something that is solely due to our project companies, at which there are traditionally high levels of services on which work has commenced in the second half of the year and which are usually invoiced at the end of the year. Well-organized receivables management reduced trade accounts receivable despite the increase in sales.

The equity ratio fell slightly from 66.0% to 65.4% due to payment of the 2005 dividend on June 26, 2006.

The capital resources available to the Group remain at a very comfortable level.

Long-term debt fell sharply as a result of repayment of the penultimate installment of the industry loan of EUR 5 million. In contrast, current liabilities rose by almost the same figure, since the Group's financing is currently geared more to the short term due to the situation on the capital markets. The remainder of the industry loan is EUR 5.1 million at September 30, 2006, and will be repaid in 2007.

Working capital has increased by EUR 4 million to EUR 18 million compared with December 31, 2005. The ratio of equity to assets is still over 100%.

euromicron Group
Consolidated balance sheet
Assets

	September 30, 2006 EUR thou.	December 31, 2005 EUR thou.
Noncurrent assets		
Intangible assets	47,410	37,841
Property, plant and equipment	4,696	3,331
Financial assets	259	243
Other receivables and assets	0	0
Deferred tax assets	2,276	2,324
	54,641	43,739
Current assets		
Inventories	19,757	15,837
Trade accounts receivable	15,604	17,031
Receivables from affiliates	178	0
Other receivables and other assets	3,607	3,711
Marketable securities and cash	6,639	20,466
	45,785	57,045
Total assets	100,426	100,784

(unaudited, IFRS)

euromicron Group
Consolidated balance sheet
Liabilities and stockholders' equity

	September 30, 2006 EUR thou.	December 31, 2005 EUR thou.
Stockholders' equity		
Subscribed capital	11,914	11,914
Additional paid-in capital	61,781	61,781
Consolidated retained earnings	-10,250	-13,101
Net income for the period	1,991	5,647
Minority interests	193	234
	65,629	66,475
Long-term debt		
Accrued liabilities	808	670
Liabilities	539	5,276
Deferred taxes	1,292	1,834
	2,639	7,780
Current liabilities		
Accrued liabilities	1,986	2,618
Trade accounts payable	6,340	8,044
Other liabilities	23,832	15,867
	32,158	26,529
Total liabilities and stockholders' equity	100,426	100,784

(unaudited, IFRS)

euromicron Group
Statement of changes in stockholders' equity
from January 1, 2005 to September 30, 2006

	Subscribed capital EUR thou.	Additional paid-in capital EUR thou.	Consoli- dated retained earnings EUR thou.	Minority interests EUR thou.	Total EUR thou.
Balance at January 1, 2005	11,914	61,781	-10,305	374	63,764
Consolidated net income for 2005			5,647		5,647
Dividend for 2004			-2,796		-2,796
Profit share for minority interest				-140	-140
Balance at December 31, 2005	11,914	61,781	-7,454	234	66,475
Consolidated net income for Q3 2006			1,991		1,991
Dividend 2005			-2,796		-2,796
Profit share for minority interest				-41	-41
Balance at September 30, 2006	11,914	61,781	-8,259	193	65,629

(unaudited, IFRS)

euromicron Group
Consolidated income statement for the
period January 1 to September 30, 2006

	3-months' report		9-months' report	
	July 01, 2006 September 30, 2006 EUR thou.	adjusted* July 01, 2005 September 30, 2005 EUR thou.	January 01, 2006 September 30, 2006 EUR thou.	adjusted* January 01, 2005 September 30, 2005 EUR thou.
Net sales	24,040	20,646	76,033	62,931
Inventory changes	3,509	1,927	461	1,902
Other operating income	281	-82	625	13
Cost of material	-14,563	-12,273	-39,177	-31,869
Personnel costs	-8,844	-7,344	-23,904	-22,019
Depreciation and amortization expense	-369	-403	-1,130	-1,230
Other operating expense	-3,468	-2,129	-9,926	-7,686
Profit from operating activities	586	342	2,982	2,042
Net financing costs	-130	-166	-117	-631
Income before income taxes	456	176	2,865	1,411
Income taxes	-19	830	-879	750
Consolidated net income for the period, before minority interests	437	1,006	1,986	2,161
Minority interests	5	-35	5	-130
Consolidated net income for the period	442	971	1,991	2,031
Earnings per share (basic), in EUR	0.09	0.21	0.43	0.43
Earnings per share (diluted), in EUR	0.09	0.21	0.43	0.43
Average number of outstanding shares (basic)	4,660,000	4,660,000	4,660,000	4,660,000
Average number of outstanding shares (diluted)	4,660,000	4,660,000	4,660,000	4,660,000

(unaudited, IFRS)

* To permit better comparison of 2005 with 2006, the figures of the FRAKO GmbH which was deconsolidated at the end of 2005 have been excluded.

euromicron Group

Statement of cash flows for the period January 1 to September 30, 2006

	January 01, 2006 September 30, 2006 EUR thou.	January 01, 2005 September 30, 2005 EUR thou.
Consolidated net profit for the period	1,991	2,031
Depreciation and amortization of noncurrent assets	1,130	1,542
Disposal of assets, net	-74	-11
Change in accrued liabilities	-494	-2,324
Cash flow	2,553	1,238
Change in deferred taxes	143	-248
Changes in other short- and long term assets and liabilities		
– Inventories	-3,920	-3,636
– Trade accounts receivables	1,427	2,763
– Trade accounts payable	-1,704	822
– Other operating assets and liabilities	-428	3,426
Net cash resulting from operating activities	-1,929	4,365
Proceeds from disposals of assets and capital expenditures, net	-11,932	-1,397
Net cash resulting from investment activities	-11,932	-1,397
Dividends paid	-2,796	-2,796
Change in financial debt	2,871	-5,166
Change in minority interests	-41	-184
Net cash resulting from financing activities	34	-8,146
Change in cash and cash equivalents	-13,827	-5,178
Cash and cash equivalents at start of period	20,466	11,377
Cash and cash equivalents at end of period	6,639	6,199
Cash and cash equivalents are composed of:	6,639	6,199
Cash	4,902	3,961
Securities	1,737	2,238

(unaudited, IFRS)

Other details

Reporting and measurement methods

euromicron AG prepares its consolidated financial statements in compliance with the International Financial Reporting Standards (IFRS) in their valid version dated December 31, 2005. The same reporting and measurement methods were used for the financial accounts for the 3rd quarter of 2006 as in the annual statements for 2005. Consequently, an explanation of the reporting and measurement methods is dispensed with. The quarterly financial accounts have been prepared in compliance with IAS 34.

Unless otherwise stated, the consolidated financial statements of euromicron AG are presented in thousand euros.

Changes in the consolidated companies

NTA Mainz GmbH acquired all the shares in KRUMM Telekom GmbH, Langen, effective February 1, 2006. The company was consolidated for the first time on January 1, 2006.

euromicron AG acquired a further 20% stake in NTA Mainz GmbH, Mainz, effective February 2006 and now holds all the shares in that company.

euromicron AG acquired a 80% stake in Microsens GmbH & Co. KG, Hamm, and a 80% stake in Microsens Beteiligungs GmbH, Hamm, effective August 25, 2006. The companies were consolidated for the first time on August 1, 2006.

euromicron AG acquired a 80% stake in BCK-Systeme Datentechnik GmbH, Oberhaid, effective August 26, 2006. The company was consolidated for the first time on August 1, 2006.

Supplementary report

Special events that have a significant impact on our business activity did not occur after the end of the quarter.

Investment, research and development

The volume of investment in the 3rd quarter was around EUR 12 million, including acquisition of MICROSENS GmbH & Co. KG and BCK GmbH.

This figure also contains investment in continuous optimization of our structures and processes in line with market requirements, as well as capital spending on replacements, rationalization and expansion of production. In addition, we incurred costs for the development and quality of our own products and services and in qualifying employees.

Growing demands due to the complexity of communications and security technology, in conjunction with convergence of voice, data and video signal transmission, again necessitated continuous investment in qualifying our employees. In this regard, measurement technology with high-quality equipment for network analysis and security checks is of the utmost importance for our customers. We are experiencing growing demand for such measurements and analyses from our customers and so are offering them increasingly as a service. In particular the high data rates in the data center arena (2 and 4 GBit Fiber Channel) require high-quality measurement technology and employees with the commensurate training. Apart from extensive training in products and systems, our sales staff in particular were trained in system consulting so as to satisfy customers' needs for solutions with competent consulting and professional implementation.

At the ECOC trade show in Cannes, we premiered the new connector generation EM-RJ, this time as a hybrid connector (fiber optic and copper connection in compliance with the RJ-45 standard) and in a POF (polymer optical fiber) design. To enable the surface polishing of fiber optic connectors that is necessary in assembly, in particular in angled polishing, we have developed the new APC 8000 polishing machine and also presented it at ECOC. In addition, URM – the fiber optic system that was developed by us and has since proven its worth on many occasions – has been adapted to the new blade server technology. In fiber optic distribution and splicing technology, we have developed a new IP65 housing for outdoors use in different climatic zones so as to cater for customers' requirements quickly and reliably.

Market, technology and products

Market trends in the 3rd quarter were shaped by increased demand for network solutions in the security arena, as well as refreshment and expansion of the communications infrastructure as a consequence of the pent-up investment of the past. Carriers also continued expanding their fiber optic infrastructure in the access segment for high-speed networks (triple play). Our production firms and system companies alike profited from this in terms of operational growth.

Planning and preparation were commenced for large projects running over many years, such as the video surveillance system for prisons in North Rhine-Westphalia. In cooperation with HOCHTIEF PPP-Solutions, we have assumed responsibility for complete planning and installation of the data, electrical and low-current engineering at Gladbeck's privately financed town hall. The Federal Statistical Office in Wiesbaden has placed its trust in us by awarding a major order for planning and installing a high-quality fire alarm and intrusion detection system, as well as an access control system with video surveillance.

Apart from the pleasing expansion in operational business, we also shared in market trends by making two important acquisitions in the 3rd quarter:

By acquiring MICROSENS, we now have for the first time a competent and also internationally acknowledged developer and manufacturer of active fiber optic components in the euromicron Group and are thus enhancing our power and capabilities with expertise in special active solutions based on fiber optics.

With the acquisition of BCK in Bamberg, the second in the period under review, we have now achieved nationwide coverage in Germany and can give our customers local assistance anywhere in global projects. In addition, BCK contributes, among other things, project experience with international security forces – in keeping with our strategy of acquiring not only a regional presence, but also additional know-how and access to new customers with every new company.

Moreover, we have launched further alliances with companies whose products or services round out our portfolio so as to ensure that customers obtain a comprehensive and competent solution to every

problem from a single source. For instance, our cooperation partner JUNGSMANN Systemtechnik enables us to add product know-how in large-panel displays and presenting alerts and security signals to our range for control and data centers. Our first joint presentation at the SECURITY 2006 fair in Essen met with a great response among customers.

Our customers have now realized that euromicron also plans and implements high-quality, reliable communications and security networks with the competence of a developer of sophisticated fiber optics technology. As a result, the euromicron Group has now advanced to become a broad solution provider for superior-quality networks and security systems.

Employees

The euromicron Group employed an average of 680 people, excluding trainees, in the first nine months of 2006, a year-on-year decline of around 9%. This is mainly due to the sale of FRAKO GmbH at the end of fiscal 2005 and selective staff cuts as part of restructuring actions. The still satisfactory order situation and robust economic activity meant, on the contrary, that we hired new employees again and that employees were exchanged in connection with our goal of enhancing quality. Added to this is an increase in the headcount from the acquisition of new companies.

As part of our personnel development policy, we began in fiscal 2006 with training potential junior staff for future management tasks in the Group in order to expand their potential for entrepreneurial thinking, encourage them and enhance their loyalty to the company so as to be able to leverage all the options for a generation change in the medium term.

Outlook

Given the continuing economic upturn, the euromicron Group assumes that its existing companies will enjoy sharp organic growth up to the end of the year and will achieve its ambitious objectives.

In particular, we reaffirm that our earnings will rise above-proportionally in relation to the growth in sales, also as a result of the successful cost-cutting and restructuring measures in previous years. We see the Group as staying on the path to profitable growth. The Group's order situation already indicates that the company will start 2007 with respectable order books. By accomplishing the planned acquisitions, the company is expected to exceed its planned target for adding annualized EBIT of EUR 3.5 to EUR 4 million.

Following the acquisitions of KRUMM Telekom GmbH, MICROSENS GmbH & Co. KG and BCK Systeme Datentechnik GmbH, we expect to complete our acquisition phase for 2006 in the 4th quarter by selectively buying further companies. In fiscal 2006, we are focusing on acquiring small companies that generate sales of less than EUR 10 million and have high earnings strength. The objective here has been and is to extend our range of products and services, expand our competence and the market position of individual companies and the group, and to bolster our regional presence.

With the upcoming company acquisitions, euromicron will achieve its acquisition objectives and will have invested the liquidity for this to benefit and increase the value of the company, as well as to increase earnings. euromicron AG can still draw on the lines from its partner banks to enable additional growth and further acquisitions.

On the basis of this strategy, we are systematically driving expansion of the euromicron Group into a large and acknowledged system house and full-line provider of intelligent, innovative and integrated networks, with the focus on increasing our value, something that has priority over quality alone. The announced expansion of the holding's team for the areas of Strategy, Integration, Investor Relations, Sales and Key Account Management will be completed by the end of the fiscal year when contracts of employment are signed with a total of 3 new staff members. This will create the foundation for our plans to grow sales to EUR 200 million.

There will be a series of investor conferences, roadshows and talks with investors in the 4th quarter with the aim of extending the shareholder structure and increasing the volume of trading. Among other things, SES Warburg will accompany euromicron AG on a roadshow in the UK. Other interesting meetings are scheduled in Vienna and Frankfurt, for example.

We are convinced that we can best meet the interests of our shareholders if we continue to operate with economic success and cater for the requirements and wishes of our customers as best possible. The Executive Board looks optimistically to the last quarter of the fiscal year and, as announced, expects euromicron to grow strongly and organically on the back of acquisitions.

Note on the predictive statements in this 3rd quarter Report:

This 3rd quarter Report also includes predictive statements and information on future developments that are based on the convictions of euromicron AG's management and on assumptions and information currently available to euromicron. Where the terms "assume", "believe", "assess", "expect", "intend", "can/may/might", "plan" or similar expressions are used, they are intended to indicate predictive statements that are subject to certain elements of insecurity, such as competitive pressure, changes to the law, political and economic changes, changes to business strategy, other risks and uncertainties.

Financial Calendar 2006

23. November 2006	Roadshow Lampe Bank, Frankfurt am Main
08. December 2006	Roadshow London (planned)

Trade Fair Calendar 2006

German pavilion

18. – 22. November 2006 GITEX, Dubai

ELABO GmbH

14. – 16. November 2006 Protech, Warschau

14. – 17. November 2006 Electronica, München

Microsens GmbH & Co. KG

28. – 30. November 2006 SPS/IPC/DRIVES, Nürnberg

ISIN: DE0005660005

WKN: 566 000

euromicron Aktiengesellschaft

Speicherstrasse 1
60327 Frankfurt am Main

Tel.: +49 69 63 15 83-0

Fax: +49 69 63 15 83-17

Internet: www.euromicron.de

