



Half-Yearly Report 2008

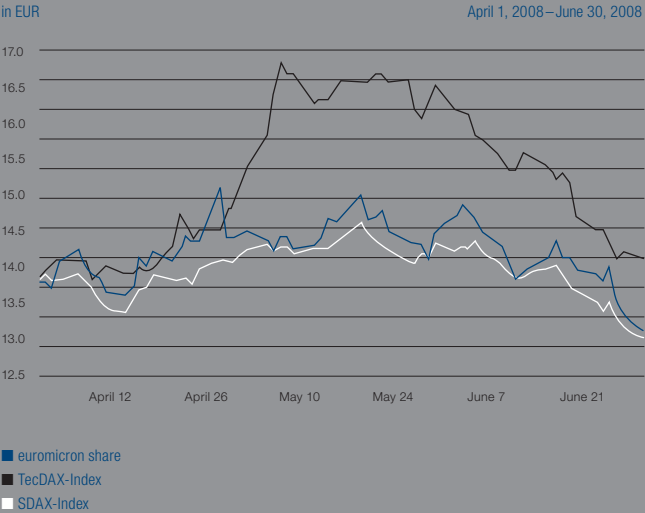
euromicron
Aktiengesellschaft

euromicron Group
KEY INCOME FIGURES AT JUNE 30, 2008

	2008 EUR thou.	2007 EUR thou.
Consolidated EBIT	3,505	2,840
Operating EBIT	5,910	5,283
EBIT return/total operating performance in %	4.6 %	4.5 %
EBITDA	4,561	4,148
Income before taxes	2,449	2,390
Net income	1,824	1,749
Earnings per share in EUR (undiluted)	0.40	0.38

(unaudited acc. to IFRS)

euromicron AG
SHARE PERFORMANCE



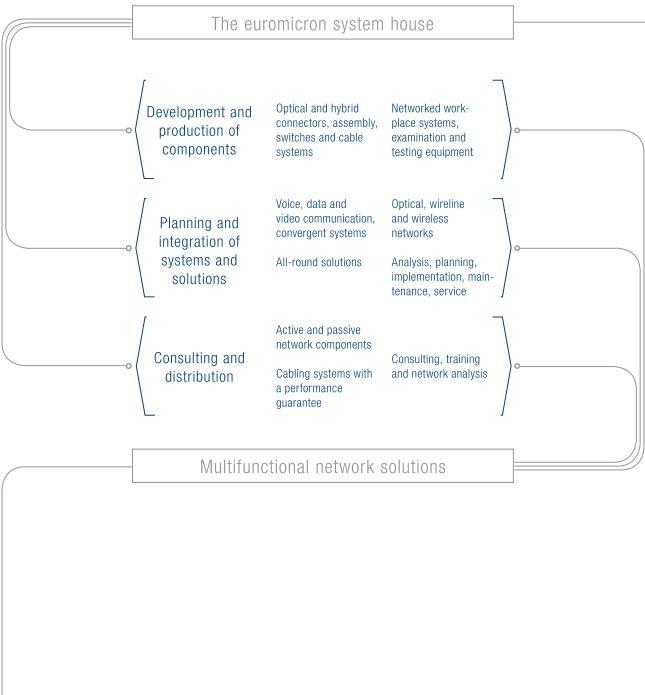
euromicron: systematic network solutions

Ladies and Gentlemen,

The euromicron Group fulfilled its forecasts as planned in the second quarter of 2008. Despite the visible increase in the factors endangering economic growth in Germany and the tougher general conditions in the mobile communications market in Austria, we are well positioned and have been able to grow our sales and earnings. We are confident of achieving our targets for 2008 through further interesting acquisitions and a constant, market-oriented business policy.

Frankfurt/Main, August 2008

Corporate structure



Foreword

In the first half of 2008, the euromicron Group continued its good performance of the past fiscal year 2007. The rise in sales and earnings confirms our strategy of the past years. Our comprehensive presence in Germany and broad range of products and services now make us a competent partner for solution-oriented, tailored projects for industry, services, the public sector and retail. Nicely filled order books mean we can look with optimism to the second half of 2008.

Sales of the euromicron Group increased in the first half of the year to EUR 74.2 million (previous year: EUR 60.3 million), a rise of around 23.1 % over the comparable figure for the previous year. Total operating performance rose in the first six months by 20.1 % to EUR 76.5 million (previous year: EUR 63.4 million).

Earnings before interest and taxes (EBIT) likewise increased pleasingly, by 23.4 % to EUR 3.5 million at June 30, 2008 (previous year: EUR 2.8 million). The EBIT return, relative to the Group's total operating performance, was 4.6 % in the first half of 2008 (previous year: 4.5 %). Operating income of the associated companies was EUR 5.9 million (previous year: EUR 5.3 million). Undiluted earnings per share were EUR 0.40 (previous year: EUR 0.38) on a net profit of EUR 1.8 million (previous year: EUR 1.7 million).

Once again, the euromicron Group presented its products and services at CeBIT in the spring and met with a great response. The general mood in the market and good number of visitors to our joint stand led to a large number of interesting deals. Our companies individually attended further trade fairs in the second quarter of 2008, as well as successfully staging their own in-house shows, the great benefit of which is that we can pinpoint our customer pitch. Further trade shows will follow in the second half of the year.

In the first quarter of 2008, we rigorously continued the structural realignment of euromicron's portfolio commenced in the past year. Apart from the acquisition of the remaining 20 % stakes in Hartmann GmbH and BCK GmbH, the project companies Engel GmbH and Telecom Partner Berlin GmbH were merged with euromicron systems

GmbH and Hartmann GmbH with euromicron solutions GmbH. As a result, the next stage in pooling our forces into two large system houses, in Northern and Southern Germany, was accomplished.

The buy and build strategy was also continued in the first six months. For instance, we acquired 80 % of the shares in NetWays Network Consulting GmbH, Ettlingen, a specialist for active system technology that will excellently complement the knowledge and skills of the Southern grouping. As a premium partner of Nortel, NetWays GmbH can also contribute important know-how to the entire Group. Other companies in Germany and abroad are currently being examined and the one or other acquisition can be expected in the second half.

An important date in the first half of the year was our General Meeting at the premises of the Commerzbank in Frankfurt/Main on June 12, 2008. We were able to report a very successful 2007 to our shareholders. The shareholders not only gave a positive response to the general business performance and management of our company, ratifying them with votes in excess of 99 %, but also our decision to let them share in this success by distributing a dividend of EUR 0.80 a share – an increase of 14 % over the previous fiscal year.

In the wake of the financial crisis in the USA, the resultant slide in equity prices on all stock markets worldwide, the continuing weakness of small caps and the changes in our shareholder structure, euromicron's share price dropped sharply in the first quarter of 2008. A brief recovery in its price did not last long, due to the pressure on stock markets and great uncertainty on the market about future economic development. Regardless of this, we will intensify our investor relations activities, since the present price of the euromicron share by no means adequately reflects the Group's present situation or prospects. The recommendations from research reports are still "buy" across the board.

The successes of the past six months confirm that with our business model we are on the right path to growing the euromicron Group and its value. In an increasingly insecure economic environment, we can offer a high degree of constancy and also reveal perspectives.

Interim management report of the euromicron Group from January 1 to June 30, 2008

General conditions and development of the company

The **global economy's** growth slowed in the first half of 2008. High energy and raw material prices, as well as the impact of the financial market crisis, continue to put an increasing strain on economic activity in the industrialized nations. In contrast, economic growth remains high in the newly industrializing countries of Asia and Central and Eastern Europe.

In particular in the USA, however, the economy weakened sharply in the second quarter of 2008 and the financial market crisis is having a significant effect on private consumption. In Western Europe, a good first quarter of 2008 was following by a significant fall in economic growth. The high prices of energy and food mean that private households are suffering perceptible losses in spending power. That also goes for private households in Germany. The German economy proved to be very robust in the first half of 2008, but there were initial signs of a slowdown in growth toward the end of the period under review.

At the end of the first quarter of 2008, there were widely varying scenarios of how the global economy would develop further, with no clear direction being visible; however, the fears of a recession emanating from the USA are now increasing.

In Germany, investment by industry remains strong, while its capacity utilization also continues to be at a high level. The labor market continues to ease and the dynamism did not lose its momentum in the first half of 2008. However, there has been a clear increase in the risk factors. High energy and food prices are dampening private consumption and resulting in significant inflationary pressure, with the negative consequences of rising interest rates and the risk these entail for economic growth. In addition, the strong Euro is increasingly putting a strain on Germany's export-driven economy. Although the German government is sticking by its forecasts for growth, the first economic institutes expect stable economic activity for 2008, but are revising their growth forecasts for 2009 downward.

In the first half of 2008, the euromicron Group's companies did not feel any effects of the financial crisis and its secondary consequences. Order books are nicely filled, with the result that we can expect a constant and pleasing business performance for the current year. Industry and the public sector alike continue to invest highly in state-of-the-art network infrastructure in order to satisfy their requirements for powerful transport of voice, data and video. Large carriers also still have high capital spending budgets, especially for expanding their high-speed networks. In particular, Deutsche Telekom continues to invest large sums in providing full coverage for its V-DSL network, forcing its competitors to follow suit and keep on investing and modernizing.

The market for security, surveillance and alarm networks is still growing above-proportionately in Germany. Irrespective of economic trends, euromicron see great potentials for the future in this market. As niche providers of custom solutions, our companies are very well positioned in this market.

The challenges facing our system houses in retaining and expanding their positions in markets where there is fierce pressure on margins remain. Likewise, there is still the need to optimize processes, implement rationalization measures and adapt to the market. Nevertheless, we regard ourselves as being well prepared for this competition, and the success of past years bears out our strategy.

We have also directly applied the philosophy underpinning how we manage our company to our new acquisition Cteam in Austria. In the wake of the consolidation in the Austrian mobile communications market since the fourth quarter, which has resulted in lower order potentials, we rigorously geared the company to the new situation in the first half of the year, reduced the workforce and adjusted cost structures to the circumstances.

The buy and build strategy was also continued in the first half of 2008. Effective June 11, 2008, euromicron AG acquired an 80 % stake in NetWays Network Consulting GmbH in Ettlingen, a specialist in active network technology. Following the purchase last year of

LAN-Technik GmbH, a specialist for active network technology, the deficit in this field at the Southern grouping was also able to be plugged by the acquisition of NetWays. We are currently examining companies in Germany and abroad to determine whether they represent a sensible complement for the euromicron Group.

Structural realignment of the associated companies of euromicron AG resulted in a pooling of the “Northern grouping” euromicron systems GmbH and the “Southern grouping” euromicron solutions GmbH. In this connection, the remaining 20 % stake in Gustav Hartmann Nachrichten- und Fernmeldetechnik GmbH, Munich, was acquired by euromicron AG. At the same time, the company was merged with euromicron solutions GmbH, Mainz, retroactively effective January 1, 2008. In addition, the companies Engel & Co. GmbH, Schwerin, and Telecom Partner in Berlin GmbH, Berlin, were merged with euromicron systems GmbH, likewise retroactively effective January 1, 2008. In addition, euromicron AG acquired the remaining 20 % stake in BCK-Systeme Datentechnik GmbH, Oberhaid, as preparation for further structural adjustments.

As part of the regional realignment, the Erfurt branch office was affiliated with SSM euromicron GmbH effective January 1, 2008, so that we can address the market with one system house in the Thuringia, Saxony and Saxony-Anhalt region. Further mergers are planned in the second half of the year as part of Group integration.

The share buyback program adopted by the General Meeting on June 20, 2007, was continued in 2008. In the second quarter, euromicron AG bought back 71,395 of its own shares at a value of EUR 1.2 million so that they can be used as an acquisition currency for company transactions when the time is right. At June 30, 2008, euromicron AG held 152,980 of its own shares.

Sales

In the first six months of fiscal 2008, the euromicron Group generated consolidated sales of EUR 74.2 million, a year-on-year increase of 23 %.

Total operating performance improved from EUR 63.4 million to EUR 76.5 million, or by around 21 %, at June 30, 2008, compared with the same period of the previous year.

Key factors in this were the company acquisitions last year, which are now bearing fruit in full this year. The companies acquired in 2007 contributed around 13 % to this 23 % increase in sales, while the “old” companies posted organic growth of 10 %. The shift in growth rates between the new and old companies compared with the first quarter of 2008 is a result of the Group’s highly heterogeneous project structure, which varies greatly from quarter to quarter. It is very difficult to reflect the permanently changing structure of projects, their composition and billing of them in individual periods as part of planning, with the result that there may be sharp fluctuations in sales reported for individual segments, markets, companies and sectors within a fiscal year. Extrapolating the figures for the year as whole from individual quarters does not give a realistic picture of the euromicron Group’s performance.

In addition, the first two quarters of a fiscal year are usually – as was the case this year – the ones where sales are at their weakest. As a rule, 60 % of sales are reported in the second half of the fiscal year. This trend will continue in future due to the growing volume that the project companies contribute to the Group’s total operating performance.

Germany remains the focus of the euromicron Group’s operational business. The group companies generate 84 % of total sales in their domestic market. Sales in Germany increased by 17 % year-on-year.

Operational business outside Germany centers on Austria, France and Poland. Thanks to the acquisition of Cteam Consulting & Anlagenbau GmbH, the euromicron Group gained a foothold in the Austrian market, giving it the prospect of implementing the strategic objective of expanding toward Eastern and Southern Europe. Apart from Cteam's traditional business in the mobile communications arena, we began in July to place the Group's entire portfolio of products and services on the Austrian market. In response to reductions in the mobile communications market in Austria, which has begun to consolidate since the last quarter of 2007 and in which the volume of investment has fallen sharply, we immediately brought forward our entry into this market, which was originally planned for 2009. A euromicron team is currently working to develop the market. We had already initiated this strategic operational alignment last year for our two other strong foreign markets of France and Poland. Apart from these three, the other countries of the Euro zone are the focus of our export business, with constantly changing target markets. In fiscal 2008, Spain is crystallizing as an interesting purchaser of our network-integrated workplace and testing systems. Sales in the Euro zone increased by around 77 % year-on-year.

euromicron Group

SALES DEVELOPMENT CONSOLIDATED BY REGIONS

AT JUNE 30, 2008

Regions	2008 EUR thou.	2007 EUR thou.
Germany	62,659	53,460
Euro zone	10,443	5,893
Rest of World	1,103	911
Consolidated net sales	74,205	60,264

(unaudited acc. to IFRS)

Income

In the first six months of the fiscal year, the euromicron Group posted earnings before interest and taxes of EUR 3.5 million, a rise of 23 % over the comparable figure for the previous year. The EBIT return relative to total operating performance was 4.6 %, slightly up year-on-year. The first half of the year traditionally trends to be restrained at the euromicron Group, since in particular our project companies do not complete and bill most of their projects until the second half of the year, mainly in the fourth quarter. Consequently, the first six months usually account for just 40 % of the Group's total operating performance for the year, yet have to shoulder an above-proportionate share of costs. As total operating performance increases in the second half, income rises above-proportionately. As a whole, our operating associates are within their planning horizon. Operating income of the associated companies was EUR 5.9 million, compared with EUR 5.3 million in the previous year.

The ratio of costs of materials to total operating performance rose from 50.5 % to 54.0 % year-on-year. Rising raw material prices only place a minor role here; the main factor influencing this increase was the decision we took in previous years to outsource and buy-in services that are personnel-intensive to a greater extent. This means not only variabilization of large parts of our cost structures and so a reduction in our risk structures in the event of fluctuating order situations, but usually also allows us to buy in services at better terms.

Accordingly, the ratio of personnel costs runs counter to this. At June 30, 2008, the ratio of personnel costs had fallen year-on-year from 31.3 % to 27.4 %. Taken together, both cost blocks fell slightly compared with June 30, 2007.

Depreciation and amortization are well down year-on-year due to the fact that there was hardly any need to write off the purchase price allocations for the dormant reserves that were disclosed as part of the acquisition of new companies. Depreciation of plant, fixtures and fittings, tools and equipment must be carried at the level

of the new investment. Since most of the euromicron Group's companies are service companies, the figure for depreciation and amortization is of no relevance.

Other operating expenses relative to total operating performance rose from 12.7 % in the previous year to 13.6 %.

Net financing costs were EUR –1.1 million, well down on the previous year's figure. This is mainly attributable to the increase since last year in external capital raised to finance investments in company acquisitions that cannot be covered solely by liquid funds and the current cash flow in a year. The pickup in acquisition activity as part of the buy and build strategy requires a greater need for liquidity in the medium term until the expected return on investment begins to be reaped. The tax ratio was 24 %, on a par with the previous year and the first quarter of 2008. Net income at June 30, 2008, was EUR 1.8 million, 4.3 % up year-on-year. Undiluted earnings per share were EUR 0.40 versus EUR 0.25 at March 31, 2008.

euromicron Group

KEY INCOME FIGURES AT JUNE 30, 2008

	2008 EUR thou.	2007 EUR thou.
Consolidated EBIT	3,505	2,840
Operating EBIT	5,910	5,283
EBIT return/total operating performance in %	4.6 %	4.5 %
EBITDA	4,561	4,148
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(unaudited acc. to IFRS)

New orders and order books

New orders in the first six months of fiscal 2008 were EUR 67.4 million, an increase of 6.4 % over the figure for the previous year. A leveling-off of the good economic situation, as is currently a subject of public debate, was not discernable in our markets in the first half of 2008 and, in our present estimate, is not to be expected in the second half.

Order books rose from EUR 57 million in the first half of the past year to more than EUR 78 million at June 30, 2008, an increase of some 37 %. This figure only includes actually defined and signed orders: master agreements that do not entail concrete purchase obligations or times are not included. A large part of the orders on hand are to be accomplished for customers in 2008, with the result that this high figure gives us cause to look to the second half of 2008 with calm and optimism and covers our sales expectations for fiscal 2008 to a very large extent.

euromicron Group

NEW ORDERS/ORDER BOOKS – CONSOLIDATED

AT JUNE 30, 2008

	2008 EUR thou.	2007 EUR thou.
Consolidated new orders	67,366	63,305
Consolidated order books	78,639	57,176

(unaudited acc. to IFRS)

Net assets

Total assets of the euromicron Group fell to EUR 141.1 million at June 30, 2008, 4.7 % below the figure at December 31, 2007. Whereas there were no major changes in the balance sheet ratios compared with the annual financial statements at December 31, 2007, there were some significant changes to individual items on the asset and liabilities sides.

Noncurrent assets increased to 60 % of total assets, from 56.2 % at December 31, 2007, mainly due to the rise in goodwill pursuant to the buy and build strategy. Goodwill rose by around EUR 1.6 million in the first half of the year, while the other noncurrent asset items remained constant.

Current assets fell by around EUR 8.3 million compared with the balance sheet at December 31, 2007. This is mainly attributable to the decline in trade accounts receivable by some EUR 2.4 million and in liquid funds by around EUR 9.3 million. Major reasons for the fall in liquid funds are payment of the dividend for fiscal 2007, the acquisition of NetWays GmbH in June 2008 and financing of working capital. Noncurrent assets comprise around 58 % of total assets and are fully covered by stockholders' equity and long-term outside capital.

The equity ratio was 47.5 %, on the level with the figure at the end of fiscal 2007. Stockholders' equity fell by EUR 3.4 million to EUR 67.1 million at June 30, 2008. This is attributable to the payment of the dividend for fiscal 2007 and recommencement of the share buyback program, due to which the value of the acquired shares is deducted from stockholders' equity. Long-term debt was around 19% of total assets. It essentially comprises long-term outside financing of the Group from banks and insurance companies. There has been no substantial change in current liabilities compared with December 31, 2007. The decline in trade accounts payable is largely compensated for by the increase in payments on account, which are carried in the other liabilities.

Financial position

Net financial debt of the euromicron Group was EUR 49 million at June 30, 2008. Around 44 % of this outside funding is medium and long term, for up to seven years. The objective is to gear at least 50 % of the volume of financing to the medium and long term. To enable this, there will be further adjustments in the structure of financing in the second half of the year.

The Group's buy and build strategy and growth are subject to the premise that the maximum net debt we aim to achieve is of a magnitude that allows it to be reduced to zero with three to four net annual profits. This target can be exceeded due to circumstances relating to the key date. This should be seen in relation to higher short-term financing of working capital. However, this target is aimed for in the medium and long term.

In general, euromicron AG will continue to fund the euromicron Group and its associated companies. The biggest exception from this rule to date is at Cteam GmbH, which utilized short-term interim financing from its banks due to market changes and restructuring. This will be repaid by the end of the third quarter. The other exceptions at the Group are insignificant.

Employees

An average of 881 persons, excluding trainees, were employed by the euromicron Group in the first six months of fiscal 2008. That is an increase of around 10 % over the end of fiscal 2007 and of 1.5 % from December 31, 2007.

The increase is mainly due to changes to the consolidated companies from the past year, which are having a full impact this year. There were a large number of new hirings at the “old” companies; these were almost offset by structural adjustments, in particular at the project companies. In particular, we are hiring new staff for highly qualified activities in project controlling and monitoring, special assembly skills, and in development and sales. In contrast, simpler activities are outsourced to optimize earnings.

Personnel costs at the euromicron Group rose in the first six months to EUR 21 million or by 5.8 % year-on-year, whereas there was a decline in the personnel ratio relative to total operating performance by around four percentage points compared with the figure for the same period of the previous year. This is a result of changes to the consolidated companies in the past year, the acquisition of companies that are not so personnel-intensive, and ongoing adjustments to fixed costs, in particular at our project companies.

The Group currently has 55 trainees in a wide range of different business administration and technical vocations. This is seen as a key component in acquiring and building future qualifications for the Group now so as to counter the current trend, one where it is becoming increasingly difficult to find qualified employees.

In addition, we are currently conducting a qualification program for employees in project management so as to address growing requirements in project controlling and monitoring and to ensure optimized processes.

Research and development

Activities in the FTTH and FITH arenas

euromicron has developed a concept for mobile industrial cabling. The patent application and legal protection of it as a utility model will be the signal for active marketing of the system.

Ethernet will establish itself again as a means of transport over large distances. There are currently efforts to integrate proprietary protocols, such as FICON, in Ethernet in order to standardize and simplify transport methods in fiber-optic wide area networks.

The greater requirements placed on data archiving and increasing volumes of data – caused in part by private users (Internet storage space) and in part initiated by official stipulations – demand new concepts for transporting and accessing data. It is not only essential to store data, but also to access it promptly. It is also necessary to ensure that the stored data can be read, which means the data has to be recopied regularly. In particular as regards long-term storage media, there are developments that also follow the idea of energy efficiency: for instances, research is being conducted into holographic data storage of data and its commercial use is being considered. euromicron is observing these technological market trends attentively in order to adapt solutions in its portfolio promptly to changes in general conditions. Very crucially, euromicron is strengthening the focus of its development in the field of system solutions with the aim of integrating numerous individual components originating from euromicron to create solutions that can be used universally.

Maximum compatibility is demanded in interface programming and configuring our systems, specifically when our active and passive network components are integrated in customized, heterogeneous environments. In order to satisfy these market requirements, we have expanded the numbers and qualifications of our development team.

Market, technology and products

The hype about speed in data processing continues unabated. At present, we are on the verge of 8 GBit/s and 10 GBit/s Fibre Channel applications in the mainframe and server arena respectively, whereas the current standard of 10 GBit/s in the Ethernet field will increase to at least 40 GBit/s. InfiniBand technology with its 10 GBit transmission is gaining more and more in ground.

These rapid developments mean that users and system integrators face challenges that can only be mastered with in-depth technical know-how and extensive understanding of the customer applications. An end-to-end approach, such as euromicron has been propagating and living for some time, is the key to success in the face of such complex challenges. euromicron is distinguished in this regard by extreme precision and fast response times, as well as the ability to address individual customer requirements.

The euromicron Group's setup is broadly based, covering applications for narrowly confined solutions, such as fiber in the home, as well as large-scale projects in the fields of tunnel or motorway surveillance.

Traffic safety technology is one of the segments with the highest demands. Among other things, it covers motorways, airports, tunnels, mining and other areas such as transport and logistics. The euromicron Group is able to boast numerous references for its products in Germany and abroad, as well as long-standing customers that include the world's largest motorway operators ASF and Cofiroute in France and the Belgium railway company SNCB. euromicron is currently working on certification of Microsens' Ethernet industry switch, which has already been installed as a pilot project at a number of important German railway stations, such as Munich, Stuttgart and Mannheim.

On this year's Optatec, euromicron presented innovative product families that will enable the company to advance into new applications and markets. With its "Eurolens", euromicron now offers a new optical connector family that has been especially adapted to harsh ambient conditions and has protection in accordance with IP-67. These connectors are specially suitable for mobile use and are intended for broadcasting and military applications.

euromicron is tapping a completely different field with "Vacom LWL", a product that has been developed together with the vacuum specialists Vacom. As a result, euromicron is penetrating a highly innovative niche area involving reliable, light-based data transfer from and to ultrahigh-vacuum apparatuses.

Risk report

As part of the half-yearly financial report as of June 30, 2008, reports from the risk management system at the euromicron Group at December 31, 2007, have been examined and updated. The main opportunities and risks of the Group's anticipated development are described in the group management report for fiscal 2007. At June 30, 2008, there were no significant changes in the analysis risks and their structure or evaluation at the euromicron Group compared with as stated in the management report in the 2007 Annual Report. There are currently no signs that the reported risks will undergo significant change in the foreseeable future.

Taking into account all known facts and circumstances, there are also currently no risks that might jeopardize the existence of the euromicron Group in a foreseeable period of time or, as far as can be assessed at present, will have a significant influence on the Group's financial position, net assets and results of operations.

Outlook

The successful business performance in the first six months strengthens the conviction of euromicron's management that the growth course adopted by the Group can also be continued in the second half of fiscal 2008. Nevertheless, the euromicron Group sees increasingly difficult general continues ahead of it in the second half of fiscal 2008 due to weakening in economic dynamism.

The euromicron Group should be confronted by the effects of an extensive crisis in the global economy next year at the latest.

The euromicron Group expects a sharp year-on-year increase in sales and income for the whole of 2008. The target remains sales of EUR 180 million. However, it should always be seen in relation to the extent to which and when the buy and build strategy can be implemented. High order books at June 30, 2008, means that our estimate for fiscal year 2008 is largely safeguarded and we can look to the second half with optimism.

The buy and build strategy will also be continued in the second half of 2008. Apart from rounding out regional coverage in Germany and the portfolio of products and services, the strategic objective remains to address new markets in Eastern and Southeastern Europe, as well as to analyze the other neighboring European countries for interesting markets and companies.

Alongside this, we will also try to win and acquire lucrative niche providers in the domestic market whose products and services complement our Group if a suitable opportunity arises.

Integration of the Group companies and our structural realignment will be continued undiminished in fiscal 2008. Initial steps have already been taken in the first half of the year, and further steps have been instigated for the second six months. These integration measures will be guided in principle by the circumstances of the market and customers; safeguarding these two parameters and so our business foundation has top priority.

The euromicron Group's earnings strength will improve considerably in the second half of the year, meaning a significant increase in key earnings ratios can be expected over the first half. Likewise, net cash provided by operating activities will increase sharply in the second half and reduce our net debt further.

After it began realigning its financing structure in the second half of fiscal 2007, the euromicron Group will take the next step in reorganizing its funding in the second half of 2008 in order to obtain an optimized financing structure at matching maturities that is suited to the Group's size and its cash flow. The Group currently has sufficient pledges of unutilized financing, both for the acquisition of new companies and for growing working capital requirements. Moreover, our partner banks have indicated to us that they would also assist euromicron with funding for larger mergers. With these pledges and our own cash flow, we assume that the Group's financing is essentially secure for the coming years.

We are convinced that we have taken the right path. Our success in the past proves us right and means will continue to stick by this path. As an all-round provider of communications and security solutions, from planning, project planning, execution to turnkey handover, including maintenance and service, we have the blanket coverage to offer customers any desired solution tailored to their needs.

We will continue to position the brand name euromicron in the market as a byword for quality, solution-oriented expertise and know-how in all areas relating to network-based information, communications and security needs.

We feel certain that this path also reflects the interests of our shareholders and company as best possible. We will continue to work towards this goal in future.

euromicron Group
CONSOLIDATED INCOME STATEMENT
AT JUNE 30, 2008

	3-month report		6-month report	
	April 1, 2008– June 30, 2008 EUR thou.	April 1, 2007– June 30, 2007 EUR thou.	Jan. 1, 2008– June 30, 2008 EUR thou.	Jan. 1, 2007– June 30, 2007 EUR thou.
Net sales	37,408	30,204	74,205	60,264
Inventory changes	–128	2,675	2,303	3,158
Other operating income	518	347	827	663
Cost of materials	–18,670	–16,244	–41,343	–32,055
Personnel costs	–11,368	–10,814	–20,990	–19,843
Depreciation and amortization expense	–521	–653	–1,056	–1,308
Other operating expenses	–5,790	–4,214	–10,441	–8,039
Operating profit	1,449	1,301	3,505	2,840
Net financing costs	–565	–318	–1,056	–450
Income before taxes (and minority interests)	884	983	2,449	2,390
Income taxes	–205	–260	–587	–572
Income before minority interests	679	723	1,862	1,818
Minority interests	–24	38	–38	–69
Net profit for the period	655	761	1,824	1,749
Earnings per share (undiluted) in EUR thou.	0.15	0.16	0.40	0.38
Earnings per share (diluted) in EUR thou.	0.14	0.16	0.39	0.38

(unaudited acc. to IFRS)

CONSOLIDATED BALANCE SHEET

ASSETS

	June 30, 2008 EUR thou.	Dec. 31, 2008 EUR thou.
Noncurrent assets		
Intangible assets	74,274	72,660
Property, plant and equipment	7,835	8,009
Financial assets	40	66
Other receivables and other assets	22	84
Deferred tax assets	2,313	2,296
	84,484	83,115
Current assets		
Inventories	13,588	12,523
Trade accounts receivable	33,820	36,243
Other receivables and other assets	6,084	3,689
Marketable securities and cash	3,132	12,442
	56,624	64,897
Total assets	141,108	148,012

(unaudited acc. to IFRS)

CONSOLIDATED BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 2008 EUR thou.	Dec. 31, 2008 EUR thou.
Stockholders' equity		
Subscribed capital	11,914	11,914
Own shares at acquisition cost	-2,881	-1,680
Additional paid-in capital	61,781	61,781
Gain/loss on the valuation of securities	-170	-170
Consolidated retained earnings	-5,690	-9,086
Consolidated net income	1,824	7,002
Minority interests	317	684
	67,095	70,445
Long-term debt		
Accrued liabilities	625	644
Liabilities	23,654	23,615
Deferred taxes	2,285	3,111
	26,564	27,370
Current liabilities		
Accrued liabilities	2,579	1,731
Trade accounts payable	5,346	11,514
Other liabilities	39,524	36,952
	47,449	50,197
Total assets	141,108	148,012

(unaudited acc. to IFRS)

euromicron Group

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (IFRS)
FROM JANUARY 1, 2007, TO JUNE 30, 2008

	Subscribed capital EUR thou.	Additional paid-in capital EUR thou.
Balance at January 1, 2007	11,914	61,781
Consolidated net income for 2007		
Dividend for 2006		
Purchase of own shares		
Gain/loss on the valuation of derivatives and securities		
Profit share for minority interests		
Balance at December 31, 2007	11,914	61,781
Consolidated net income Q2 2008		
Dividend for 2007		
Purchase of own shares		
Gain/loss on the valuation of derivatives and securities		
Profit share for minority interests		
Balance at June 30, 2008	11,914	61,781

(unaudited acc. to IFRS)

Own shares EUR thou.	Consolidated retained earnings EUR thou.	Gain/loss on the		Minority interests EUR thou.	Total EUR thou.
		Currency translation difference EUR thou.	Valuation of derivatives and securities EUR thou.		
-828	-5,882	0	-92	440	67,333
	7,002				7,002
	-3,204				-3,204
-852					-852
			-78		-78
				244	244
-1,680	-2,084	0	-170	684	70,445
	1,824				1,824
	-3,606				-3,606
-1,201					-1,201
				0	0
				-367	-367
-2,881	-3,866	0	-170	317	67,095

STATEMENT OF CASH FLOWS

	Jan. 1, 2008– June 30, 2008 EUR thou.	Jan. 1, 2007– June 30, 2007 EUR thou.
Net profit for the period (after taxes)	1,824	1,749
Depreciation and amortization of noncurrent assets	1,056	1,308
Disposal of assets, net	–25	–126
Change in accrued liabilities	829	919
Cash flow	3,684	3,850
Change in deferred taxes	503	–904
Changes in current assets and other operating liabilities:		
– Inventories	–1,065	–3,657
– Trade accounts receivable	2,422	–3,311
– Trade accounts payable	–6,168	–4,641
– Other operating assets and liabilities	–723	6,726
Cash used in operating activities	–1,347	–1,937
Balance from proceeds from retirement of non-current assets and cash paid for investments	–2,445	–18,268
Cash used in investment activities	–2,445	–18,268
Dividends paid	–3,606	–3,205
Change in financial debt	–344	20,588
Change in minority interests	–367	–169
Net cash used in (provided by) financing activities	–4,317	17,214
Own shares	–1,201	–851
Net change in cash and cash equivalents	–8,109	–2,991
Cash and cash equivalents at start of period	12,442	8,242
Cash and cash equivalents at end of period	3,132	4,400
Composition of cash and cash equivalents	3,132	4,400
Cash	1,802	272
Securities	1,330	4,128

(unaudited acc. to IFRS)

euromicron Group

SEGMENT REPORTING AT JUNE 30, 2008

2008	euromicron North EUR thou.	euromicron South EUR thou.
Sales	35,671	41,510
Income before interest and taxes	4,338	1,572
Assets	61,556	123,874
of which goodwill	29,066	39,618
Liabilities	20,664	55,464
Amortization/ depreciation	425	552

2007	euromicron North EUR thou.	euromicron South EUR thou.
Sales	32,096	29,891
Income before interest and taxes	3,233	2,050
Assets	56,884	81,717
of which goodwill	25,637	38,513
Liabilities	21,653	35,252
Amortization/ depreciation	631	645

(unaudited acc. to IFRS)

Notes

Preliminary remarks

euromicron AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable on the balance sheet date and with their interpretations by the International Financial Reporting Interpretations Committee (IFRIC). The half-yearly financial report as of June 30, 2008, was prepared in compliance with the stipulations of the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and with the requirements of standard no. 16 “Interim Financial Reporting” of the DRSC (Deutsche Rechnungslegungs Standards Committee e.V.).

Unless otherwise stated, the half-yearly financial report is presented in thousands of euros.

Reporting and measurement methods

The same reporting and measurement methods were used in the abridged presentation of the consolidated financial statements for the first half of 2008 as for preparing the consolidated financial statements at December 31, 2007. The consolidated financial statements of euromicron AG as of December 31, 2007, were prepared on the basis of Section 315 a of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards, as are applicable in the European Union.

A tax rate of 30 % is used as the basis for calculating the income taxes for German companies following the 2008 corporate tax reform. This tax rate is also applied to the deferred taxes.

The respective national rates of tax are used for calculating the income taxes for foreign companies.

Preparation of the half-yearly financial report requires a number of assumptions and estimates by management. As a result, the actual figures may differ from the amounts reported in the interim report.

Consolidated companies

Apart from euromicron AG, the consolidated financial statements at June 30, 2008, include twelve German companies and two foreign companies, in which euromicron AG has the majority of voting rights directly or indirectly. The number of companies consolidated in the euromicron Group has fallen by two compared with at December 31, 2007.

There were the following changes in the investment structure of euromicron AG in the first half of 2008:

With the notarized agreement dated February 18, 2008, euromicron AG acquired the remaining 20 % stake in BCK Systeme Datentechnik GmbH.

With the notarized agreement dated March 17, 2008, euromicron AG acquired the remaining 20 % stake in Gustav Hartmann Nachrichten- und Fernmeldetechnik GmbH, Munich. At the same time, the company was merged with euromicron solutions GmbH, Mainz, retroactively effective January 1, 2008.

With the notarized agreement dated April 30, 2008, Engel & Co. GmbH, Schwerin, and Telecom Partner Berlin GmbH, Berlin, were merged with euromicron systems GmbH retroactively effective January 1, 2008.

With the notarized agreement dated June 11, 2008, euromicron AG acquired 80 % of the shares in NetWays Network Consulting GmbH, Ettlingen.

Additions in assets and debts from the newly acquired companies upon first-time consolidation:

	2008 EUR thou.
Noncurrent assets	211
Current assets	1.548
Noncurrent liabilities	0
Current liabilities	1.669

Own shares

71,395 shares were bought back in the first half of 2008 as part of the share buyback program that was launched in 2006. There were the following changes in the number of shares in circulation:

	Number
Total number of bearer shares	4,660,000
Own shares at December 31, 2007	81,585
Own shares acquired up to June 30, 2008	71,395
Sales of own shares	0
Sales in circulation at June 30, 2008	4,507,020

(unaudited acc. to IFRS)

At June 30, 2008, a total of 152,980 bearer shares were held by the company with a value of EUR 392 thousand measured by the capital stock or 3.25 % of the capital stock. The value of its own shares at acquisition cost is EUR 2,881 thousand. In accordance with IAS 32.33, the value of its own shares was deducted in one sum from stockholders' equity.

Segment information

The structure of the primary reporting format for segment reporting is based on the internal reporting and management at the euromicron Group. Management currently makes a distinction between the two divisions euromicron North and euromicron South and the holding.

The applied accounting principles and methods are identical for all segments. The information shown for the individual segments contains segment-related consolidations.

Business transactions with related parties

Apart from the compensation for the Executive Board and Supervisory Board, there are no significant relations with related persons. There are also no business transactions between consolidated companies of the euromicron group and non-consolidated or associated companies of the euromicron Group.

Contingencies

There were no significant changes in contingencies, contingent liabilities and other financial obligations from December 31, 2007.

Postscript report

Events that require reporting in accordance with IAS 10 (Events after the Balance Sheet Date) did not occur after June 30, 2008.

Declaration by the legal representatives

“We declare to the best of our knowledge that the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the accounting principles to be applied for interim reporting and that the course of business, including the business results and the Group’s position, is presented in the interim group management report in such a way that a true and fair view is given and the main opportunities and risks of the Group’s anticipated development in the remainder of the fiscal year are described.”

Frankfurt/Main, August 14, 2008

The Executive Board

Dr. Willibald Späth

Dr. Edgar Bernardi

Financial Calendar 2008:

August 14, 2008	Half-Yearly Report 2008
November 14, 2008	Publication of the business figures for the 3rd quarter of 2008

This half-yearly report is available in German and English.

Both versions can also be downloaded from the Internet at **www.euromicron.de**.

In cases of doubt, the German version is authoritative.

Note / disclaimer

This report also includes predictive statements and information on future developments that are based on the convictions and current views 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 and risks, such as competitive pressure, changes to the law, political and economic changes, changes to business strategy, other risks and uncertainties that euromicron AG in many cases cannot influence and that may result in significant deviations between the actual results and predictive statements.

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