



Interim Report Q3/2008

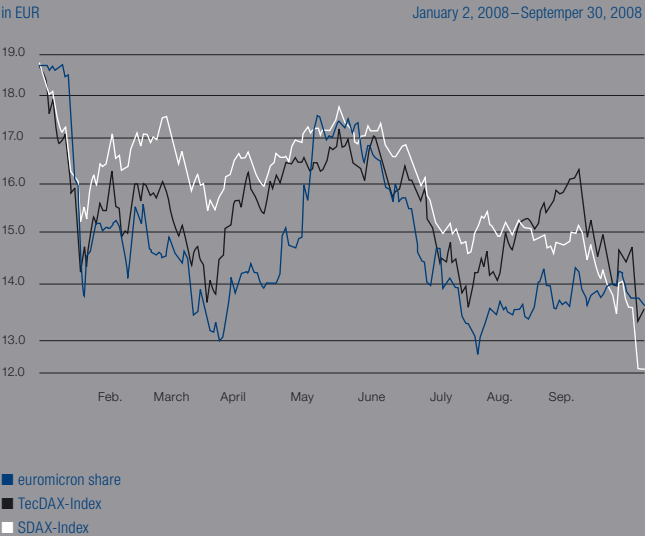
euromicron
Aktiengesellschaft

euromicron Group
KEY INCOME FIGURES AT SEPTEMBER 30, 2008

	2008 EUR thou.	2007 EUR thou.
Consolidated EBIT	6,822	5,444
Operating EBIT	9,763	8,803
EBIT return/total operating performance in %	5.2	5.6
EBITDA	8,494	7,552
Income before taxes	4,835	4,292
Net income	3,042	2,791
Earnings per share in EUR (undiluted)	0.68	0.61

(unaudited acc. to IFRS)

euromicron AG
SHARE PERFORMANCE



Ladies and Gentlemen,

The global financial crisis at the end of the third quarter of 2008 has not yet exhibited any perceptible impact on euromicron's sales market, with the result that we assume we will achieve our targets for 2008.

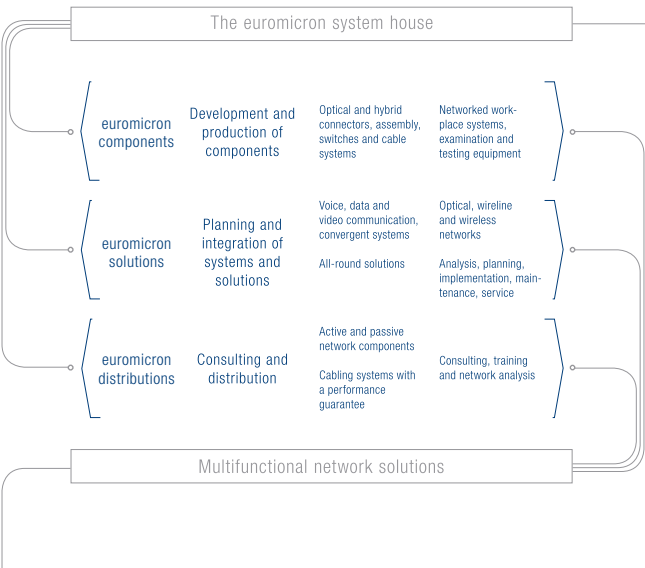
In particular, telecommunications network operators and Deutsche Bahn still displayed the same willingness to invest. There is also growing demand for, mainly Internet-based, surveillance and security solutions, not only in Germany, but also worldwide.

As a solution provider for communications and security applications and a manufacturer of high-quality special products, euromicron was able to participate to an above-average extent in this market development in the third quarter of 2008. euromicron's efforts to internationalize its business from its home market of Germany were impeded by the situation in the Austrian mobile communications market, but are nevertheless reaping their first fruits.

Frankfurt/Main, September 2008

The Executive Board

Corporate structure



Foreword

euromicron is continuing the path it took in 2008 and has also been able to post sharp increases in sales, performance and income in the third quarter. Communication and information are important for people, especially in crisis situations. As a result, expansion of broadband networks and the associated infrastructure for DSL and V-DSL in the current year are of huge importance. More widespread use of fiber optic technology strengthens Internet TV, as well as offering our company additional market opportunities and users lower prices in the medium term.

As in past years, euromicron's business increases sharply in the third quarter, underpinned in particular by our project and system companies; experience shows that their performance does not pick up significantly until the second half of the fiscal year. The comprehensive presence we have achieved in Germany and our broad range of products and services allow us to play a major role in our markets. Our well-filled order books give us cause to look optimistically to the end of the year.

In the first nine months of 2008, the euromicron Group's sales rose year-on-year by 21.7 % to EUR 122.5 million (previous year: EUR 100.6 million). Total operating performance in the first nine months of 2008 increased by 34.3 % to EUR 130.9 million (previous year: EUR 97.5 million).

The consolidated EBIT also recorded a pleasing rise. It increased by 25.3% over the same period of the previous year to EUR 6.8 million (previous year: EUR 5.4 million). Operating income of the associated companies was EUR 9.8 million (previous year: EUR 8.8 million). The euromicron Group's net profit for the period was EUR 3.0 million following EUR 2.8 million the year before, corresponding to earnings per share (undiluted) of EUR 0.68 (previous year: EUR 0.61).

We have continued to drive ahead this year with the euromicron Group's structural realignment of its portfolio that was commenced last year. Structuring of euromicron systems and euromicron solutions meant that we accomplished the next stage in pooling our forces into two large system houses in Northern and Southern Germany.

In addition, we merged rako GmbH with LWL-Sachsenkabel GmbH, pooling our competences in the field of assembly at one location and completing an initial step in the direction of euromicron components.

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.

The objective of our takeover of **Neef IT Solutions AG** in August was to expand operational access to key accounts.

euromicron's share price fell sharply in 2008 in the wake of the financial crisis emanating from the USA, the resultant dramatic slumps on all stock markets worldwide and strong pressure on small caps. A brief recovery in the share in spring did not unfortunately last long since the pressure on stock markets since September and great uncertainty in the markets about how the economy will develop further caused all stock prices and indexes to plummet on a scale and at a speed that has been unprecedented. euromicron's share is not able to evade the impact of such massive disruptions. Although the current share price by no means adequately reflects the Group's present situation or its prospects, the general economic conditions will play a key role in its recovery. Irrespective of that, the recommendations from research reports are still "buy" across the board.

Our pleasing business performance so far this year confirms us in our resolve to keep to our strategy. Despite the financial crisis and growing economic insecurity, we are sticking to our targets for 2008 as things stand at present. We believe that we can continue on our path by offering quality and constancy, even in difficult times.

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

General conditions and development of the company

The world economy suffered a sharp decline in the third quarter of 2008. The financial crisis triggered major disruptions worldwide. Key factors in this were considerable uncertainty among consumers due to the banking crisis and, as a result of the loss of trust between banks, a huge liquidity problem that led to a perceptible increase in refinancing costs, including for enterprises. Even though provisional data is only available up to now, there are many indications that real gross domestic product in Western industrialized nations is either stagnating or in some cases declining. That is also true of industrial activity in Germany, which has been extremely robust for a long time, but was hit strongly by the weakening state of the global economy in the third quarter. Although receding demand for energy and commodities caused their prices to fall sharply and it can be assumed that inflation has passed its peak, there was a significant reduction in private consumers' spending power, which will impact industry and public authorities down the road. This also goes for the newly industrializing countries, which are still propping up the global economy, but have now also lost some of their economic dynamism. The USA, the largest industrialized nation, is not expected to deliver any positive signals for the world economy in the foreseeable future. The USA currently seems to be on the brink of recession.

German industry's willingness to invest remains high; however, the financial crisis has already reached a number of industries, for example the automotive one. No-one can assess at present whether this crisis will widen to other sectors or whether government economic stimulus programs are sensible and, if so, on what scale. Falling inflation in Germany helps private households, but there is no certainty that this will increase private consumption. There are currently many risk factors whose effects – individually or in total – on the German economy cannot be evaluated reliably.

In the first nine months of fiscal 2008, the euromicron Group's companies did not feel any effects of the financial crisis and its secondary

consequences. The order books are well filled and were even increased further in the third quarter of 2008. We expect a constant and once more a pleasing business performance in the current year. The latent risk of large-scale postponements or cancellations of projects has without a doubt increased significantly in the past weeks, but we are not receiving any signals from the market that there may be any such postponements or cancellations. There is still the necessity to invest in a powerful network infrastructure in order to meet the high requirements demanded for efficient transfer of voice, data and video. Large carriers still have high capital spending budgets, especially for expanding their high-speed networks. 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. There are presently no signs that this investment activity will be pared back.

The market for security, surveillance and alarm networks is still growing above-proportionately in Germany. We regard these markets as very resilient to economic disruptions, since overriding security aspects are of key relevance to the decisions of most investors. euromicron still sees great potentials for the future in these markets. As niche providers of custom solutions, our companies are very well positioned in this market and can boast above-average growth.

The challenges facing our system houses in retaining and expanding their positions in markets where there is fierce pressure on margins remain. Economic disruptions would not make themselves felt until around half a year later. Nevertheless, we believe we are well prepared to tackle the competition in these markets now and in the future, since the ongoing measures we initiated in the past years and aimed at optimizing processes, rationalization and curbing costs have strengthened our positioning vis-à-vis our rivals.

The buy and build strategy was also continued in fiscal year 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. Effective July 8, 2008, euromicron solutions GmbH acquired the network division of Neef IT Solutions AG in Ettlingen as part of an asset deal and so was able to gain access to interesting large customers. We are currently examining companies in Germany and abroad to determine whether they represent a sensible complement for the euromicron Group. The odd acquisition or more will probably be made this year.

The structural realignment of euromicron AG's associated companies, which was commenced in the past two years and takes the form of their integration, concentration and pooling in a "Northern grouping", euromicron systems GmbH, and a "Southern grouping", euromicron solutions GmbH, was also continued in the current fiscal year. 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. rako electronic data technology GmbH, Grünstadt, was merged with LWL-Sachsenkabel GmbH, Gornsdorf, retroactively effective January 1, 2008. euromicron AG also acquired the remaining 20% stake in BCK-Systeme Datentechnik GmbH, Oberhaid, in 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 integrated system house in the Thuringia, Saxony and Saxony-Anhalt region. Further structural adjustments in euromicron AG's portfolio of associates are planned in the fourth quarter.

The share buyback program adopted by the General Meeting on June 20, 2007, was continued in 2008. In the second and third quarters, euromicron AG bought back 75,649 of its own shares at a value of EUR 1.3 million so that they can be used as an acquisition

currency for company transactions when the time is right. At September 30, 2008, euromicron AG held 157, 234 of its own shares.

Sales

In the first nine months of fiscal 2008, euromicron generated consolidated sales of EUR 122.5 million, a year-on-year increase of 21.7 %. The Group's total operating performance at September 30, 2008, rose from EUR 97.5 million to EUR 130.9 million, or by 34.3 %, compared with the same period of the previous year.

The main contribution to this increase in sales was made by the old companies that were part of the Group at this time last year. Organic growth of these companies accounted for 15 percentage points of the Group's total increase in sales of 21.7 %. After a relatively restrained first two quarters of 2008, these companies were able – as expected – to post an above-proportionate rise in sales in the third quarter. We expect this trend to continue in the fourth quarter.

The companies acquired last year thus contributed 6.7 percentage points to the increase in sales. The realignment of the Austrian mobile communications market, which was not anticipated but nevertheless occurred this year, did not allow euromicron to generate larger sales growth internationally, in particular with Cteam. Cteam will not be able to achieve its expectations and targets in 2008.

The rise in sales revenues and above-proportionate increase in total operating performance in the third quarter underscore euromicron's traditionally asymmetric course of business, with the main portion of its income usually being generated in the second half of the year. This is very difficult to reflect in planning, since the permanently changing project structures, their composition and billing of them in individual periods cannot be defined in planning in the medium and long term. Extrapolating the figures for the year as whole from individual quarters does not give a realistic picture of the euromicron Group's performance.

euromicron's commercial activity still focuses on Germany. This has definitely proven to be a relevant advantage given the current situation of markets. 85 % of total sales was generated in the domestic market. Sales in Germany increased by around 19 % 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 Southeastern Europe. Apart from Cteam's traditional business in the mobile communications arena, we launched a sales strategy in the summer to place the Group's entire portfolio of products and services on the Austrian market. As a response to the changes in Austria's mobile communications market (the word collapse could almost be used to describe it) that have occurred since the last quarter of 2007 and have resulted in a sharp reduction in the volume of investment, we immediately brought forward our launch of euromicron's range of products and services there, something that had originally been planned for 2009. With this step, we are following suit in Austria with our strategic sales activities in France and Poland. We had already begun last year to place larger parts of our portfolio in the latter two markets. Apart from these three countries, which now account for the focus of our commitment in the Euro zone and where we have branch offices, the other countries are served through export and project business, which is controlled from Germany. However, there are new focal areas every year – in 2008, we succeeded in generating large sales volumes through several project deals with network-integrated workplace and testing systems in Spain. We also supply customers in just about every country of Western and Central Europe. Sales in the Euro zone increased by around 34 % year-on-year.

Markets outside Germany and Europe are still not a focus of our sales strategy, so sales in this segment are below-proportionate. If interesting business opportunities should arise in them, we will naturally pursue them. However, we are not addressing these markets strategically at present.

Regions	2008 EUR thou.	2007 EUR thou.
Germany	104,457	87,835
Euro zone	15,250	11,400
Rest of World	2,796	1,403
Consolidated net sales	122,503	100,638

(unaudited acc. to IFRS)

Income

In the first three quarters of fiscal 2008, euromicron posted consolidated income before interest and taxes of EUR 6.8 million, a rise of 25.3 % over the same period in 2007. The ratio between the EBIT return and total operating performance was 5.2 %, compared with 4.6 % after the first six months of 2008. The first six months were, as in previous years, restrained in terms of performance. As usual, operational business picked up sharply in the third quarter. Compared with the second quarter, our performance increased by around 46 % in the third. That is in line with euromicron's traditional course of business. A further sharp increase in performance is expected in the fourth quarter. As a whole, our operating associates are within their planning horizon. Operating income of the associated companies was EUR 9.8 million, compared with EUR 8.8 million at the same time a year ago.

As of September 30, 2008, the cost of materials at euromicron rose sharply to 57.9 % of total operating performance; the ratio was 49.5 % in the previous year. The main factor for this was the structure of projects. In the third quarter, far more projects with a higher proportion of materials were handled than in the two quarters before. In addition, euromicron's project companies are making greater use of outsourced resources so as to conduct major parts of projects that

have lower qualification requirements using external parties. This is reflected in higher outside services. The decision taken in past years to variablize cost structures in manufacturing operations to a greater extent is helping to minimize the associated risk structures when there are fluctuations in the order situation. In addition, we can usually buy in external services at better terms.

Accordingly, the ratio of personnel costs runs counter to this. As of September 30, 2008, the ratio of personnel costs fell year-on-year from 30.5 % to 24.6 %.

Depreciation and amortization are well down year-on-year due to the fact that there was hardly any potential for writing 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 are around the level of the new investments. 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 fell from 13.5 % in the previous year to 12.1 %.

Net financing costs were EUR –2.0 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 greater investments in company acquisitions that, due to the rapid acquisition activity, cannot be covered solely by liquid funds and the current cash flow in a year. The continued acquisition activity as part of the buy and build strategy results in a greater need for liquidity in the medium term until the expected return on investment begins to be reaped. The tax ratio was 30.2 %, slightly below the level of the previous year. Net income at September 30, 2008, was EUR 3.0 million, 9.0 % up year-on-year. Undiluted earnings per share were EUR 0.68 versus EUR 0.40 at June 30, 2008.

	2008 EUR thou.	2007 EUR thou.
Consolidated EBIT	6,822	5,444
Operating EBIT	9,763	8,803
EBIT return/total operating performance in %	5.2	5.6
EBITDA	8,494	7,552
Income before taxes	4,835	4,292
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Earnings per share in EUR (undiluted)	0.68	0.61

(unaudited acc. to IFRS)

New orders and order books

The euromicron Group recorded new orders worth EUR 114.1 million in the first three quarters of fiscal 2008, an increase of 11.6 % year-on-year. Compared with the first two quarters, average new orders rose sharply by around 13 % in the third quarter. There were no signs of a slowdown in economic activity in euromicron's markets in the first three quarters of 2008. We also do not expect any deterioration in new orders in the fourth quarter.

Order books rose from EUR 61 million at September 30 of the past year to more than EUR 82 million at September 30, 2008, an increase of some 34 %. This figure only includes defined and signed orders from which euromicron can invoice services. Master agreements that do not entail concrete purchase obligations or times are not included in it. The predominant share of these orders on hand is currently scheduled by customers for implementation and completion in 2008. We are not aware of any information that customers intend to postpone orders to the new year or cancel them to any large extent. We therefore expect to be able to achieve our targets for fiscal 2008.

	2008 EUR thou.	2007 EUR thou.
Consolidated new orders	114,067	102,218
Consolidated order books	82,074	61,264

(unaudited acc. to IFRS)

Net assets

Total assets at the euromicron Group rose as of September 30, 2008, to EUR 153.4 million, an increase of 3.6 % compared with December 31, 2007. The main factor in this was the changes in the consolidated companies in the current fiscal year.

On the assets side, noncurrent assets increased to around 59 % of total assets, compared with 56.2 % at December 31, 2007. This was essentially due to the rise in goodwill resulting from acquisition activity. In the first nine months of the fiscal year, goodwill increased by EUR 5.7 million, while the other noncurrent asset items remained relatively constant in comparison.

Current assets remained roughly around the level of the end of the last fiscal year. Inventories rose by some EUR 10 million, solely as a result of increase in work in progress. This reflects the course of business of euromicron project companies, which traditionally post a sharp improvement in their performance as of the third quarter and complete and invoice the majority of projects in progress at the end of a fiscal year. Trade accounts receivable were reduced by around 11 % as a result of stricter receivables management. Liquid funds also fell by more than 50 % compared with at the end of 2007. The liquid funds were used to acquire new companies, to finance projects being worked on by the project companies and to pay the dividend. Noncurrent assets comprise around 56 % of total assets

and are fully covered by stockholders' equity and long-term outside capital.

Stockholders' equity was EUR 68.6 million at September 30, 2008, around EUR 2 million below the level at the end of 2007. The main factors influencing this were payment of the dividend for fiscal year 2007 and recommencement of the share buyback program, pursuant to which the value of the acquired shares is deducted from stockholders' equity. The equity ratio is 44.7 %.

Long-term debt was around 17 % of total assets. This essentially contains the long-term components of the Group's outside financing with banks and insurance companies. Among the current liabilities, there was an increase in the other liabilities. This was mainly due to a rise in short-term financing for working capital, which will be reduced again sharply by the end of the year.

Financial position

The euromicron Group's net debt at September 30, 2008, was around EUR 53 million. The ratio of medium- and long-term financing at the reporting date was 40 %. The increase in short-term outside financing compared with figure for the first half of 2008 is solely attributable to the financing of the increase in working capital.

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, in particular in the second half of a fiscal year, since that is when higher up-front funding is required, depending on the structure of projects. However, the target in the medium and long term remains not to increase outside debt beyond the mark stated above.

The financial crisis has not yet had any significant effects on the Group's growth strategy. All of the partners providing our financing

stand by their promises and agreements, meaning that euromicron can continue to make advances along the path its has taken. Adjustments in margins may be expected in the short term in individual cases; however, they will not be of a magnitude of relevance to the group's earnings.

In general, euromicron AG will continue to fund the euromicron Group and its associated companies. The biggest exception to this rule at the beginning of the year from the international aspect was Cteam GmbH. However, its financing structure has now been mainly integrated in the Group's funding system and its liabilities to banks have been reduced to a number of remaining old obligations. Around 90% of outside financing has been currently raised by euromicron AG.

Employees

An average of 898 persons, excluding trainees, were employed by the euromicron Group in the first nine months of fiscal 2008. That is around 8% more than the same quarter of 2007 and 3.5% more than at the end of fiscal year 2007. The Group employs more than 90% of its workforce in Germany.

The increase is mainly due to changes to the consolidated companies from the past year, which are having a full impact this year. At the old companies, the total number of employees remained constant, with new hirings being offset by structural adjustments. New employees are being hired in particular for highly qualified activities in project controlling and monitoring. In addition, our sales staff have been strengthened considerably, both in key account management and regional and product sales.

Personnel costs at the euromicron Group in the first nine months of 2008 were EUR 32.2 million, a year-on-year increase of 8.2%. This was mainly due to changes in the consolidated companies and new hirings, especially in sales. However, the ratio of personnel costs to total operating performance fell by around six percentage points compared with the same quarter in the previous year.

The Group currently has 72 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 have launched qualification programs in a wide range of fields so as to address steadily growing requirements in project controlling and monitoring, in particular in project management and production.

Market, products, development

In Germany, Deutsche Telekom is still pressing ahead with expansion of availability of DSL connections so as to market “T-Home”, which means greater demand for euromicron’s fiber optic products. As part of the expansion activities of the metropolitan network operator NetCologne with fiber to the building (FTTB), euromicron again demonstrated its competence as a fiber optic specialist in laying fiber to the building with the “blow-in” technique, where fiber optic cables are blown through empty pipes so as to avoid time-consuming and labor-intensive building and civil engineering work.

On the basis of its experience with passenger guidance systems, euromicron has systematically expanded its solution portfolio to include intelligent visitor guidance systems. The first pilot project was put into operation in October.

There is a growing requirement for surveillance and fire prevention in many train stations and tunnels.

euromicron not only has the certification required to carry out work for the railways and on security systems, but also boasts the broad competence and product range to match in order to plan and install security solutions end-to-end. Danger alarm systems, IP video technology, emergency power supply, etc. integrated on a single system are just a few examples of end-to-end security solutions that euromi-

cron has not only installed for the railways, but also at the Höchst Industrial Estate, for example.

However, this expertise of euromicron is not only in demand in Germany. In Kazakhstan, euromicron has won an order to install intruder alarm and video technology for a top-class residential complex. Other largish projects, such as the security technology for a five-star hotel, are planned there.

As a solution provider, euromicron is always geared to its customers' requirements, including in the industrial market. euromicron components has developed a system for mobile industrial cabling and launched marketing of it. Legal protection of this as a utility model and patenting of it have been applied for.

In addition, the new connector EM-RJ® has now been implemented as a hybrid variant in an IP-67 housing, a standard customary in industry, and marketing of it has commenced.

The next generation of fiber optic connection, the "lens connector", from euromicron is now being marketed. This connector's principle is based on optical focusing of the beam of light between two fiber optics instead of mechanical contact between polished fiber optic surfaces. Accordingly, the demands on mechanic precision of this connector are far higher. Development of the lens connector is renewed proof of euromicron's substantial competence in high-precision production of fiber optic components.

Another focus of euromicron's R&D activities apart from new developments is adaptation and further development of our standard products for special conditions of use and the needs of our customers.

For instance, increasing mobility is not only demanded in communications technology, but also in trade and craft. Out of the polishing machine used in production, euromicron has now developed the SPM2, a mobile and extremely handy mini polishing machine that, in a small tool case with all the accessory parts, provides an installer on site with everything he needs for fiber optic installation.

Fully automatic testing systems in mass production of “white goods” must be equipped with active and passive network technology due to the increasing volume of test data. This is where euromicron’s subsidiary ELABO unfolds its many years of experience in measurement and testing systems along with the core competence of the euromicron Group in network technology. An order from the Far East worth EUR 0.5 million shows that this competence is now in demand worldwide.

In times where there is a shortage of skilled workers, training is all the more important again. euromicron’s subsidiary ELABO has made remarkable contributions in this field for many years, be it by participating in the European vocation training program LEONARDO DA VINCI or equipping a school in Abu Dhabi with technical workplaces.

Be it industry or training, ELABO and its core competence of measurement and testing systems and technical workplace and assembly stations is being integrated in the euromicron Group, with its core competence of active and passive network technology, at increasing speed, driven by greater market requirements and customer needs.

Integration of competence, the local units and the various channels to customers within the euromicron Group – coupled with a focus on solution sales by means of cross-selling throughout the Group – has been significantly increased by the sales team being strengthened by around 20%. Individual sales training and coaching underscore this integration process, with the aim of ensuring end-to-end customer care and support and a focus on professional key account management.

Risk report

As part of the interim report as of September 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 September 20,

2008, there were no significant material changes in the analysis of risks and their structure or evaluation at the euromicron Group compared with as stated in the management report in the 2007 Annual Report, despite the deterioration in macroeconomic prospects due to the financial crisis.

Despite the economic slowdown and taking into account all known facts and circumstances, euromicron does not anticipate any significant effects on its operational business and does not see any 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 euromicron Group's business performance in the first nine months of fiscal 2008 was pleasing and much as we expected. Our performance in the past quarters confirms us in our intention to stick to the path we have adopted in future. Given the economic insecurity engendered by the aggravation of the financial crisis, however, it is difficult to give a forecast for the first months of 2009. At present, we do not see any major impact on our business in 2008. If, as has started in the second and third quarters, the economy should decline more strongly in the fourth quarter and spread to the broad economy, we cannot rule out any influences of this on our Group. However, we regard this risk for 2008 as being slight, given the Group's high order books.

The euromicron Group expects a sharp year-on-year increase in sales and income for the whole of 2008, despite the plight in Austria. The sales target remains EUR 180 million. However, this target should be seen in relation to the extent to which and when the buy and build strategy can be implemented, as well as how the collapse – along with the reduction in investment in Austria – will impact Cteam in the final quarter in terms of volume. Acquisitions planned for the third quarter have been delayed; nevertheless, we believe we can achieve our targets.

The buy and build strategy will be continued until the end of 2008. We are currently conducting talks with a number of companies, some of which are already well advanced. We assume that we will conclude the odd acquisition or more in the fourth quarter. The objective remains to round out our portfolio of products and services, achieve regional coverage throughout Germany and also tap the new markets in Eastern and Southeastern Europe.

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.

The strategy for 2009 envisages a year of consolidation in which integration of the new companies is to be completed, synergy effects are to be leveraged to a greater extent, the cash flow is to grow considerably, initial repayment of outside debt is possible and the Group's competences can be conveyed successfully nationwide to all potential customers by means of our new sales philosophy.

Integration of the Group companies and structural realignment will be rounded out further in the final quarter of 2008 so that we embark on 2009 with a far leaner structure. Important steps have already been undertaken in the first three quarters and others have now been initiated. In principle, these integration measures are always geared to the circumstances of the market, customers and processes. Securing these two parameters, and so the basis for our business, has top priority.

The euromicron Group's earnings strength will continue to improve considerably in the final quarter of 2008, due to growing performance of services, in particular by our project companies, and higher invoicing of customers. We also expect this to generate a sharp increase in the cash flow, which will in turn reduce our net debt.

Despite the financial crisis, we will strictly pursue our objective from 2007 to further optimize our financing structure and give it a greater orientation toward the medium and long term so as to gear financing as a whole to the anticipated cash flow in an optimized and more

timely manner. Our financial partners and banks have indicated to us that they welcome this and want to organize this refinancing with us.

Regardless of the change in our financing structure, the Group's funding for the future is essentially secure.

euromicron has established itself in the market as an all-round provider of communications and security solution, from planning, project planning, execution to turnkey handover, as well as maintenance and service. We have the blanket coverage to offer customers any desired solution tailored to their needs.

In the next stage of the company's development, we aim to continue to position and establish the brand name euromicron in the market. It is a byword for quality, solution-oriented expertise and know-how in all areas relating to network-based information, communications and security technology.

We feel sure that we have taken the right path and so are acting fully in accord with the interests of our shareholders and company. This will also shape our work in future.

euromicron Group

CONSOLIDATED INCOME STATEMENT

AT SEPTEMBER 30, 2008

	3-month report		9-month report	
	July 1, 2008 – Sept. 30, 2008 EUR thou.	July 1, 2007 – Sept. 30, 2007 EUR thou.	Jan. 1, 2008 – Sept. 30, 2008 EUR thou.	Jan. 1, 2007 – Sept. 30, 2007 EUR thou.
Net sales	48,298	40,375	122,503	100,639
Inventory changes	6,132	–6,305	8,435	–3,147
Other operating income	551	543	1,378	1,206
Cost of materials	–34,464	–16,175	–75,807	–48,230
Personnel costs	–11,175	–9,873	–32,165	–29,716
Amortization/ depreciation	–616	–800	–1,672	–2,108
Other operating expenses	–5,409	–5,161	–15,850	–13,200
Operating profit	3,317	2,604	6,822	5,444
Net financing costs	–931	–702	–1,987	–1,152
Income before taxes (and minority interests)	2,386	1,902	4,835	4,292
Income taxes	–874	–781	–1,461	–1,353
Income before minority interests	1,512	1,121	3,374	2,939
Minority interests	–294	–79	–332	–148
Net profit for the period	1,218	1,042	3,042	2,791
Earnings per share (undiluted) in EUR thou.	0.27	0.23	0.68	0.61
Earnings per share (diluted) in EUR thou.	0.26	0.22	0.65	0.60

(unaudited acc. to IFRS)

CONSOLIDATED BALANCE SHEET

ASSETS

	Sept. 30, 2008 Euro thou.	Dec. 31, 2007 Euro thou.
Noncurrent assets		
Intangible assets	78,066	72,660
Property, plant and equipment	7,828	8,009
Financial assets	310	66
Other receivables and other assets	0	84
Deferred taxes	3,631	2,296
	89,835	83,115
Current assets		
Inventories	22,010	12,523
Trade accounts receivable	32,307	36,243
Other receivables and other assets	3,726	3,689
Marketable securities and cash	5,492	12,442
	63,535	64,897
Total assets	153,370	148,012

(unaudited acc. to IFRS)

CONSOLIDATED BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

	Sept. 30, 2008 Euro thou.	Dec. 31, 2007 Euro thou.
Stockholders' equity		
Subscribed capital	11,914	11,914
Own shares at acquisition cost	-2,939	-1,680
Additional paid-in capital	61,781	61,781
Gain/loss on the valuation of derivatives and securities	-170	-170
Consolidated retained earnings	-5,690	-9,086
Consolidated net income	3,042	7,002
Minority interests	639	684
	68,577	70,445
Long-term debt		
Accrued liabilities	710	644
Liabilities	23,435	23,615
Deferred taxes	2,317	3,111
	26,462	27,370
Current liabilities		
Accrued liabilities	3,218	1,731
Trade accounts payable	11,421	11,514
Other liabilities	43,692	36,952
	58,331	50,197
Total assets	153,370	148,012

(unaudited acc. to IFRS)

euromicron Group

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (IFRS)
FROM JANUARY 1, 2007, TO SEPTEMBER 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 Q3 2008		
Dividend for 2007		
Purchase of own shares		
Gain/loss on the valuation of derivatives and securities		
Profit share for minority interests		
Balance at September 30, 2008	11,914	61,781

(unaudited acc. to IFRS)

Own shares EUR thou.	Consolidated retained earnings EUR thou.	Gain/loss from		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
	3,042				3,042
	-3,606				-3,606
-1,259					-1,259
					0
				-45	-45
-2,939	-2,648	0	-170	639	68,577

STATEMENT OF CASH FLOWS

	Jan. 1, 2008 – Sept. 30, 2008 EUR thou.	Jan. 1, 2007 – Sept. 30, 2007 EUR thou.
Net profit for the period (after taxes)	3,042	2,791
Depreciation and amortization of noncurrent assets	1,672	2,108
Disposal of assets, net	–521	–376
Change in accrued liabilities	1,553	1,811
Cash flow	5,746	6,334
Change in deferred taxes	–1,265	–1,320
Changes in current assets and other operating liabilities:		
– Inventories	–9,487	–4,754
– Trade accounts receivable	3,935	–3,343
– Trade accounts payable	–93	–2,901
– Other operating assets and liabilities	–737	–788
Cash used in operating activities	–1,901	–6,772
Balance from proceeds from retirement of non-current assets and cash paid for investments	–6,653	–18,259
Cash used in investing activities	–6,653	–18,259
Dividends paid	–3,606	–3,205
Change in financial debt	6,514	27,102
Change in minority interests	–45	–89
Net cash provided by financing activities	2,863	23,808
Own shares	–1,259	–851
Net change in cash and cash equivalents	–5,691	–1,223
Cash and cash equivalents at start of period	12,442	8,242
Cash and cash equivalents at end of period	5,492	6,168
Composition of cash and cash equivalents	5,492	6,168
Cash	4,155	4,760
Securities	1,337	1,408

(unaudited acc. to IFRS)

euromicron Group

SEGMENT REPORTING AT SEPTEMBER 30, 2008

2008	euromicron North EUR thou.	euromicron South EUR thou.
Sales	58,819	66,188
Income before interest and taxes	8,054	1,709
Assets	61,419	111,533
of which goodwill	29,375	43,199
Liabilities	22,941	56,252
Amortization/depreciation	710	843

2007	euromicron North EUR thou.	euromicron South EUR thou.
Sales	47,357	55,369
Income before interest and taxes	5,252	3,551
Assets	57,039	88,914
of which goodwill	25,634	38,360
Liabilities	19,573	53,018
Amortization/depreciation	922	1,140

(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 interim report as of September 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.). The previous year’s figures were determined using the same principles.

Unless otherwise stated, the nine-month 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 third quarter of 2008 as for preparing the consolidated financial statements at December 31, 2007. A detailed description of these methods is published in the 2007 Annual Report. 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. 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 interim 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 September 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 three compared with at December 31, 2007.

There were the following changes in the investment structure of euromicron AG in the first three quarters 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.

With the notarized agreement dated August 18, 2008, rako electronic data technology GmbH was merged with LWL Sachsenkabel GmbH retroactively with effect January 1, 2008.

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

	2008 EUR thou.
Noncurrent assets	211
Current assets	1,606
Noncurrent liabilities	0
Current liabilities	1,673

Own shares

75,649 shares were bought back in the first nine months 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 September 30, 2008	75,649
Sales of own shares	0
Sales in circulation at September 30, 2008	4,502,766

(unaudited acc. to IFRS)

At September 30, 2008, a total of 157,234 bearer shares were held by the company with a value of EUR 403 thousand measured by the capital stock or 3.38 % of the capital stock. The value of its own shares at acquisition cost is EUR 2,939 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 September 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, September 30, 2008

The Executive Board

Dr. Willibald Späth

Dr. Edgar Bernardi

Financial Calendar 2008/2009:

December 3, 2008	Munich Small and Mid Cap Conference
December 9, 2008	Munich Capital Market Conference
March 31, 2009	Publication of the 2008 Annual Report
May 15, 2009	Publication of the business figures for the 1st quarter of 2009
June 18, 2009	General Meeting
August 14, 2009	Publication of the business figures for the 2nd quarter of 2009
November 13, 2009	Publication of the business figures for the 3rd quarter of 2009

This quarterly 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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