



Interim Report Q1/2008

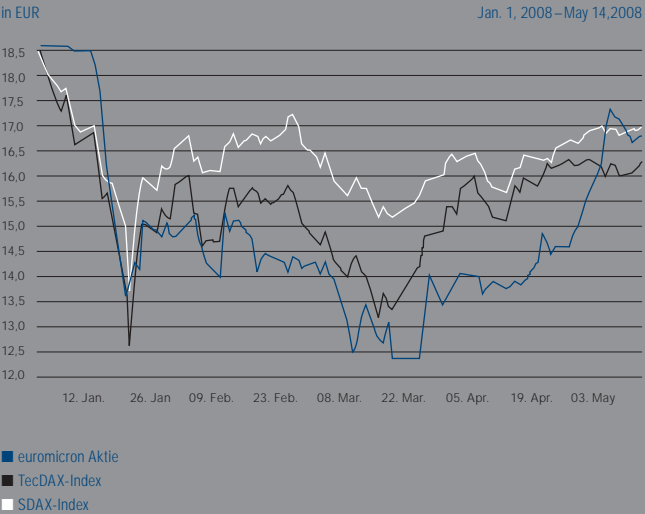
**euromicron**  
Aktiengesellschaft

euromicron Group  
KEY INCOME FIGURES AT MARCH 31, 2008

|  | 2008<br>EUR thou. | 2007<br>EUR thou. |
|--|-------------------|-------------------|
| Consolidated EBIT                            | 2,056             | 1,539             |
| Operating EBIT                               | 2,594             | 2,514             |
| EBIT return/total operating performance in % | 5.2 %             | 5.0 %             |
| EBITDA                                       | 2,591             | 2,194             |
| Income before taxes                          | 1,565             | 1,407             |
| Net income                                   | 1,169             | 988               |
| Earnings per share in EUR (undiluted)        | 0.25              | 0.22              |

(unaudited, acc. to IFRS)

euromicron AG  
SHARE PERFORMANCE



# euromicron: systematic network solutions

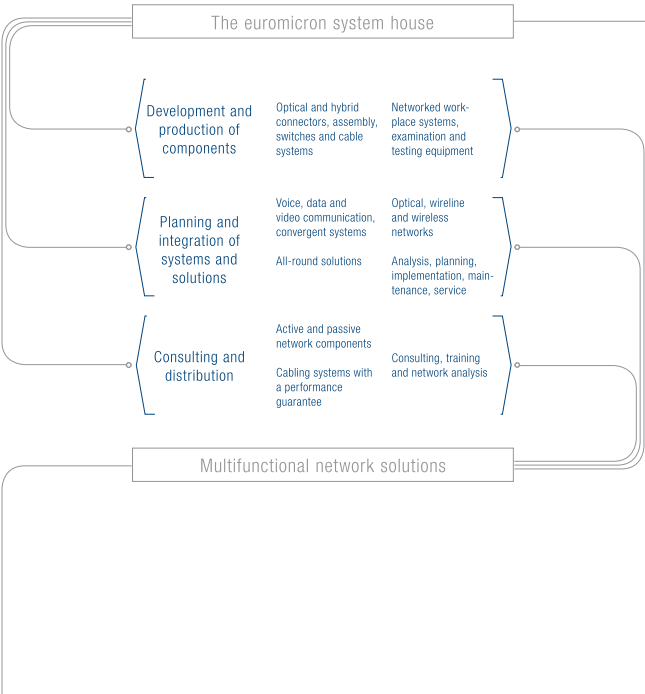
Dear shareholders,

Our fine business performance in the 1st quarter of 2008 and highly promising acquisition projects mean that earnings per share of EUR 2.00 could be within reach in 2008.

Frankfurt/Main, May 2008

The Executive Board

## Group structure



# Foreword

The euromicron Group can follow up its fine development in the past year in the new fiscal year 2008. The first quarter confirms our company's growth course. Most euromicron companies have been able to increase their performance over the previous year. In particular, companies in system and project business, which traditionally have a restrained start to the new fiscal year, are reporting a good beginning to 2008, which gives us cause to be positive about the coming quarters.

Sales grew year-on-year over 2007 by around 22 % to EUR 37 million (previous year: EUR 30.1 million), while total operating performance even rose by 28 % to EUR 39.2 million (previous year: EUR 30.5 million).

Consolidated EBIT was EUR 2.1 million compared with EUR 1.5 million in the previous year, an above-proportionate increase of almost 34 %. Undiluted earnings per share were EUR 0.25 (previous year: 0.22) on a net profit of EUR 1.2 million.

The acquisition of Cteam Consulting & Anlagenbau GmbH in Austria last year marked a first major step in internationalization of the Group. Further steps are to follow this year. The rise in sales is accounted for by the new acquisitions of the past fiscal year and to 5 % by organic growth.

Once again, the euromicron Group presented its products and services at CeBIT in the spring and met with a great response. Both the general market mood and the number of visitors to our joint stand, where important deals were concluded, confirm the positive economic situation at present, which we aim to leverage to an even greater extent to our benefit in 2008.

In the 1st quarter of 2008, we rigorously continued the structural realignment of euromicron's portfolio commenced in 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.

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. Even though the signs are still restrained, share prices are rising again at present. This trend, in conjunction with our good business performance and a number of capital market conferences and roadshows, is also having an impact on euromicron's share. Since its low, the share has been able to rise in price by more than 30%. The recommendations from research reports are "buy" across the board.

We also intend to allow our shareholders to participate in our earnings in fiscal 2007 and good business performance in the 1st quarter of 2008. The Executive Board and Supervisory Board will propose a dividend of EUR 0.80 a share to the General Meeting on June 12, 2008.



# Interim management report of the euromicron Group from January 1 to March 31, 2008

## General conditions and development of the company

Following a continued stable and robust performance by the world economy in 2007, economic activity seems to have slightly lost some of its momentum. Triggered by the financial crisis in the USA, which also had significant and perceptible effects on German and European capital markets, there is now great uncertainty as to whether the crisis has bottomed out or sharp corrections can be expected again. This credit crisis is also fuelling fears that the USA, the biggest economic region, could slip into recession. The future scenarios currently diverge, with the result that there is no clear picture for all economic players as to how the world economy will develop in future. The Euro zone remains in stable shape; growth forecasts are being corrected downwards slightly, yet the positive signals clearly predominate. There is also no significant slackening of the dynamic economic growth in the newly industrializing countries. We therefore have to wait and see how the economy in the USA moves. In Germany, investment by industry remains strong, while its capacity utilization is at a high level. The easing on the labor market, which means that it has now become more difficult to find qualified employees, indicates that the economic situation will remain stable. The fact that, for the first time, German industry is offering more training spots than there are applicants to fill them is a small sign that the economy is ticking over well. Risk factors, especially for export-oriented countries like Germany, are the exchange rate for the Euro, as well as increasing prices for energy and raw materials. Both are not having a significant dampening effect on the economy at present, since it appears that enterprises adapted to them in good time. The slight decline in growth forecasts for Germany is mainly due to the uncertainty of how things will develop in the USA.

The companies in the euromicron Group were able to hold their own and perform well against this backdrop. At present, there are no signs of any effects from the financial crisis on our operating companies. Our companies can positively leverage stronger demand, in particular from industry, for new and more powerful networks and infrastructures for voice, data and video transport. Large carriers still have high capital spending budgets, especially for expanding their high-speed networks. For instance, Deutsche Telekom in

particular continues to invest large sums in providing full coverage for its V-DSL network, forcing its competitors to keep on investing and modernizing. There are presently no signs that this investment activity will slacken off.

The market for security, surveillance and alarm networks is growing above-proportionately in Germany. euromicron regards this arena as a growing market of the future and expects to develop there very well as a niche provider, in particular because permanent technical innovations result in significant benefits for customers.

The competition that has been raging and has entailed fierce pressure on margins in system business continues, as we forecast a long time ago, and keeps on posing new challenges for our system houses. Thanks to the rationalization and optimization processes of past years, we regard ourselves as being well prepared to deal with this competition and are tackling this year with optimism. Nevertheless, this market in particular demands a permanent process of selective optimization of process management to overcome this latent risk.

The buy and build strategy also remains one of the key elements in the new fiscal year for the euromicron Group's future. We have already examined several company acquisitions and these should also result in deals being concluded. We will also continue to investigate the markets for interesting companies. An increasing focus in this will be on foreign markets.

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. That means there is now just one company in which euromicron AG does not directly or indirectly hold all the shares. 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 as part of Group integration.

We recently launched the share buyback program adopted by the General Meeting on June 20, 2007, so that we can use our own shares as an acquisition currency for company transactions when the time is right. It was launched on May 6, 2008.

## Sales

In the first three months of fiscal 2008, the euromicron Group generated consolidated sales of EUR 36.8 million, a year-on-year increase of some 22 %. Total operating performance improved by around 28 % compared with the same period.

The main reason for this increase in sales is the changes in the consolidated companies in the past year. The newly acquired companies contributed approximately 17 % to the increase, while the "old companies" were able to post organic growth of around 5 % at March 31. Due to the growing share contributed to the group's total operating performance by the project companies, and in the knowledge that different project structures, compositions and billing arrangements in individual periods can result in significant shifts in reporting of sales in the quarters, linear growth of the Group cannot be realistically extrapolated from individual quarters for the year as a whole.

The economic focus of the operating companies in the euromicron Group continues to be the German market. The euromicron Group generated 82 % of its sales in the 1st quarter there. The year-on-year increase in sales in the German market was around 10 %, of which

the new companies acquired in 2007 and the “old companies” achieved around half each.

Sales were increased by a total of more than 150 % outside the domestic market. The focus of strategic attention in our foreign business remains the market in the Euro zone. Thanks to the purchase of Cteam Consulting & Anlagenbau GmbH in Austria last year, sales in the Euro zone rose almost three-fold. Apart from Austria, the countries that account for most of our exports are mainly France and Poland. We see potential for further growth here. In addition, we will address the countries of Southeastern Europe through our Austrian subsidiary, since Austria offers an ideal platform for this due to its historical ties with the countries in that region. We expect slow and continuous diversification of our markets to bring about a sharp improvement in our country-specific risk structure in the medium term. Sales in the other countries outside the Euro zone and Germany rose by more than 40 %. In absolute terms, the sales contributed by these countries to the Group's total sales are still relatively low. This is the result of our strategic objective of first tackling neighboring markets.

euromicron Group

#### SALES DEVELOPMENT CONSOLIDATED BY REGIONS

AT MARCH 31, 2008

| Regions                       | 2008<br>EUR thou. | 2007<br>EUR thou. |
|-------------------------------|-------------------|-------------------|
| Germany                       | 30,288            | 27,509            |
| Euro zone                     | 6,030             | 2,213             |
| Rest of World                 | 479               | 338               |
| <b>Consolidated net sales</b> | <b>36,797</b>     | <b>30,060</b>     |
|                               |                   |                   |

(unaudited, acc. to IFRS)

## Income

In the first quarter of 2008, the euromicron Group posted income before interest and taxes of EUR 2.1 million, a year-on-year rise of around 34 %. The ratio between the EBIT return and total operating performance was 5.2 %. The first quarter is traditionally the weakest of the four quarters in the fiscal year, since in particular at the project companies, which contribute around 60 % to the Group's operating performance, the strong billing of products and services at the end of the year is followed by the first months of the new year, where there is greater planning, project planning and acquisition activities and to a lesser extent activities that can be billed for. That means the increase in total operating performance and EBIT is all the more pleasing. As a whole, our operating associates are within their planning horizon. Operating income of the associated companies was EUR 2.6 million.

There were more considerable shifts in the ratio between costs and total operating performance compared with the previous year. The ratio of costs of materials rose from 51.8 % to 57.8 %, while the ratio of personnel costs fell from 29.6 % to 24.5 %. This is due to the fact that our companies are increasingly buying in largish parts of the labor-intensive production and service processes. In particular, it is also the result of permanent and pinpointed restructuring at all companies so that simpler activities can continue to be outsourced to a greater extent and we can focus more on higher qualified activities that offer bigger margins.

Depreciation and amortization fell year-on-year again due to the fact that there was hardly any further potential 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. Other operating expenses relative to total operating performance fell from 12.5 % in the previous year to 11.9 %.

Net financing costs were EUR –0.5 million, well down on the previous year's figure. This is attributable to the increase in external ca-

pital raised to finance investments in company acquisitions that, due to the speed of acquisition, cannot be covered solely by liquid funds and the current cash flow in a year. The tax ratio was around 24.4 %, a slight rise over the first quarter of 2007. Net income at March 31, 2008, was EUR 1.2 million, compared with EUR 1.0 million in the previous year. Undiluted earnings per share were EUR 0.25 versus EUR 0.22 at March 31, 2007.

#### euromicron Group

#### KEY INCOME FIGURES AT MARCH 31, 2008

|  | 2008<br>EUR thou. | 2007<br>EUR thou. |
|--|-------------------|-------------------|
| Consolidated EBIT                            | 2,056             | 1,539             |
| Operating EBIT                               | 2,594             | 2,514             |
| EBIT return/total operating performance in % | 5.2 %             | 5.0 %             |
| EBITDA                                       | 2,591             | 2,194             |
| Income before taxes                          | 1,565             | 1,407             |
| Net income                                   | 1,169             | 988               |
| Earnings per share in EUR (undiluted)        | 0.25              | 0.22              |

(unaudited, acc. to IFRS)

#### New orders and order books

New orders at the euromicron Group were EUR 34.3 million at March 31, 2008, 9 % up year-on-year. This is due to continuing good and stable economic development in our markets, especially in Germany.

Order books rose from EUR 52.8 million in the first quarter of the past year to more than EUR 72 million at March 31, 2008, an increase of some 37 %. The continuing high and still increasing level of order books already covers a large part of those we budgeted for the 2008 fiscal year. Together with the sales invoiced at March 31, the euromicron Group has on its books or has already transacted far more than 50 % of its planned business volume for this fiscal year after the first quarter.

## euromicron Group

### NEW ORDERS/ORDER BOOKS – CONSOLIDATED

AT MARCH 31, 2008

|                          | 2008<br>EUR thou. | 2007<br>EUR thou. |
|--------------------------|-------------------|-------------------|
| Consolidated new orders  | 34,271            | 31,430            |
| Consolidated order books | 72,148            | 52,780            |

(unaudited, acc. to IFRS)

## Balance sheet

Total assets of the euromicron Group at March 31, 2008, were 146.8 million, roughly on a par with the figure at the end of fiscal 2007. The ratios on the assets and liabilities sides of the balance sheet have not changed significantly compared with the annual financial statements as of December 31, 2007.

The main item among noncurrent assets was goodwill, resulting from the Group's buy and build strategy since 2001. Goodwill at March 31, 2008, was EUR 67.5 million. In accordance with the impairment test at the end of 2007, whose parameters did not change in the 1st quarter of 2008, there is currently no need to write down this goodwill. Noncurrent assets comprise around 55 % of total assets and are fully covered by stockholders' equity and long-term outside capital. As part of the current assets, trade accounts receivable rose slightly due to the level of invoicing at the reporting date. In the 2nd quarter, we expect a significant drop in unsettled receivables from projects that were invoiced at the end of 2007 and have above-average periods for payment. Liquid funds fell by around 50%, solely due to financing of working capital.

The euromicron Group's equity ratio increased compared with the end of fiscal 2007 from 47.6 % to 48.5 %, as a result of the reduction in total assets and thanks to the net profit in the 1st quarter of 2008. In absolute terms, stockholders' equity rose by EUR 0.8 million. Long-term debt was around 18 % of total assets. The main item is the

group's long-term external finance component with banks and insurance companies. A further growth in long-term outside capital is planned as a result of continuation of the buy and build strategy. There has been no substantial change in current liabilities compared with December 31, 2007.

## Financing

In the third quarter of 2007, euromicron AG began to restructure its financing after finally replacing all "old loans". Recommencement of the buy and build strategy in 2006 necessitated realignment of the Group's external funding on the basis of free cash flows that could be achieved in future. As part of this, the first long-term financing packages were concluded again, with terms of up to 8 years. The goal was and is to gear over 50% of external financing from the money and capital markets to the medium and long term. This is an ongoing process that is permanently readjusted, in particular to reflect how our buy and build strategy progresses. Around 47 % of our outside financing at March 31, 2008, was long-term. Depending on the cash flow from new companies, we will fund large investments with medium- and long-term financing. Apart from giving security in planning finance to promote the company's further development, this restructuring should also be seen as a means of improving and optimizing the leverage effect. In general, euromicron AG will continue to fund the euromicron Group and its associated companies. There will only be exceptions to this to an insignificant extent.

## Employees

An average of around 900 persons, excluding trainees, were employed by the euromicron Group in the first quarter of 2008. That is 11 % more than the first quarter of 2007 and 4 % more than at the end of the past fiscal year (December 31, 2007).

This increase is primarily the result of the companies acquired since the summer of 2007. The number of new employees hired was almost offset by selective structural adjustments at a number of project companies. In particular, we are hiring new staff for qualified activities

in project controlling and monitoring, development and sales. In contrast, simpler activities are outsourced to optimize earnings.

Personnel costs at the euromicron Group in the first quarter were EUR 9.6 million, a year-on-year increase of 6.6 %. The ratio of personnel costs to total operating performance fell by 5 percentage points compared with the same quarter in the previous year. This is the result of a mix of acquisition of companies that do not have a large workforce and the ongoing structural cost optimization measures at our project companies. In contrast, personnel expenses increased at our labor-intensive production companies, while their operating performance grew above-proportionately.

The Group currently has 47 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.

## Research and development

In the field of data storage, we expect to see new technologies – above all de-duplication methods – that will have an impact on the performance of our customers and their infrastructures.

The future transfer rates of 40 GBit and 100 GBit that are currently being discussed will entail fundamental changes in transport technology that will have a direct impact on cabling infrastructures. euromicron is involved in the responsible standardization committees and is accompanying the developments at first hand.

Documentation of the cabling infrastructures is growing ever more crucial in our rapidly changing world. Keeping pace demands the utmost effort and discipline. euromicron has made it its objective to provide its customers with particular support in this issue. State-of-the-art technologies are examined for their ability to be deployed specifically in the sensitive data center arena. Customers benefit from greater reliability of the connection data and so security; in ad-

dition, costs are also cut since there is no need for manual examination of the cable infrastructure on site.

Supplying power to IP components that are installed locally or on a wide scale, be they phones or cameras, is a further focal topic of the euromicron Group's Innovation Circle. The expertise in cabling infrastructure and switch technology within the euromicron Group enables synergies in a highly topical issue.

Thanks to its broad lineup, the euromicron Group is excellently positioned to integrate complex development topics and drive and implement them with its own know-how and skills. Development of all-round solutions on a broad-scale basis is a strategic task and strength of the euromicron Group.

## Market, technology and products

The first quarter of 2008 was shaped by the introduction of new data processing technologies. The new and more powerful CPU generation that was presented in the middle of the quarter opens up new horizons for operators of high availability data centers. Specifically, providers of Internet-based platforms benefit from the power of the modern computer architecture. The anticipated market penetration entails greater investment in related infrastructure and communications components. euromicron was prompt to recognize this trend and is excellently positioned to implement forthcoming projects.

As in every year, the computer and information technology trade fair CeBIT is a milestone in the first quarter, enabling an excellent overview of the latest developments and direct comparison with other providers and vendors. At this year's CeBIT, euromicron gave an impressive demonstration of the whole breadth and depth of the Group's abilities. The focus was not on individual products, but an end-to-end perspective and so the solution approach. As a result, euromicron is continuing the path it has taken toward becoming a powerful system house in the field of communications and security solutions.



The issue of "green IT" was very much to the fore at CeBIT. "Green IT" subsumes all topics related to energy efficiency – from power-saving computer chips to optimization of existing active systems and passive infrastructures. euromicron is a forerunner in this field: for many years, one of the company's core competences has been fiber optics technology, which is far superior to copper technology – including in terms of its energy balance.

Faster data transfer rates in all application areas means that the efficiency and future viability of the infrastructures already in place have to be reviewed. In particular, operators of high availability data centers must ensure that their infrastructures offer the performance required for the next generation of devices. In this regard, euromicron is excellently positioned to offer customers high-quality infrastructure services, for example through network qualification.

There is a growing need for network infrastructure in security-related areas. What is crucial here are not only high-speed components, but above all the solution as well. Traffic surveillance in the train system, on autobahns and in tunnels is evolving into an important market segment.

The use of VoIP connections by our customers increased significantly in the first quarter. The office arena is mainly affected by this; however, industrial areas and company-specific special applications will follow this example in future. As part of the more widespread use of IP telephony, we are planning complete FTTO solutions, including power-over-Ethernet, as an integral part of our intelligent office solutions.

In the areas of training and laboratory systems, the euromicron company elabo has added new applications to and further developed the universal testing system, which was premiered in 2007, for use in networked automated facilities. A new laboratory workplace with installed equipment connected via state-of-the-art Ethernet communication not only sets new standards in the field of teaching and training, but also enables remote workplaces to be controlled by means of central software.

The foundation for our company's sustained development is the expertise, experience and in-depth market knowledge of our employees. In order to further expand our lead in know-how and skills, we invest in our human resources using suitable measures.

euromicron is continuing the approach it has taken, namely to differentiate itself through quality in products, solutions and services. The existing unique selling points in the divisions will be systematically developed further and completed by new ones. A hallmark of our solutions is their flexibility and adaptability to meet the specific needs of the various customer applications – something that our customers value as being an especial benefit.

## Risk report

As part of the quarterly financial statements as of March 31, 2008, reports from the risk management system at the euromicron Group at December 31, 2007, have been examined and updated. There have been no significant 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. There are currently no signs that the reported risks will undergo significant change in the foreseeable future. Taking into account all facts and circumstances known at present, 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 euromicron Group expects a sharp year-on-year increase in sales and income in fiscal 2008. The target is sales of EUR 200 million. However, it should always be seen in relation to the extent to which the buy and build strategy can be implemented.

The euromicron Group does not assume at present that the financial crisis will result in significant economic slowdown or even a sharp

reduction in anticipated economic growth. However, the current forecasts by the government and various economic institutes do not speak with one tongue in this regard. We therefore look optimistically to 2008 and expect that our company will perform well all in all. The current high level of order books confirms this assumption, since most of these orders will be largely completed in this year.

The buy and build strategy will be continued and, after ensuring regional coverage in Germany and rounding out our portfolio of products and services, we will direct our attention toward neighboring countries, volume growth and complementing our company technologically. With the aid of Cteam Consulting & Anlagenbau GmbH in Austria, we will try to gain a stronger foothold in Eastern and Southeastern Europe; however, other European countries will increasingly become a focus of our strategy. Alongside this, we will also try to win and acquire lucrative niche providers 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 undertaken in the first three months. This 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.

After beginning to restructure financing in the second half of fiscal 2007, the euromicron Group will also undertake further restructuring measures in 2008 to continue to optimize financing in the medium and long term. 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. That means a secure financial foundation for our strategy in the coming years.

Our investor relations work will be continued and expanded intensively in 2008. Apart from our General Meeting on June 12, 2008, we are planning a fairly large number of roadshows and one-on-one meetings

in the course of this year in order to win new investors and increase the liquidity in our shares further. Since April 1, 2008, we have had a new designated sponsor, Close Brothers Seydler AG. We hope to have found in this company a partner who can address the specific requirements of small and mid-cap companies successfully.

Since its low, euromicron's share price has risen again by more than 30%. We are convinced that it can recover to its former level by the summer as long as there are no new massive negative influences. The analysts accompanying us rate the share as a clear "buy".

euromicron is sticking rigorously in 2008 to the strategy it has been pursuing so as to actively exploit the opportunities in its markets. 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 sure that we have taken the right path and are acting fully in accord with the interests of our shareholders and company. We will continue to work towards this goal in future.

euromicron Group  
CONSOLIDATED INCOME STATEMENT  
AT MARCH 31, 2008

|  | 3-month report                              |   |
|--|---|---|
| Income statement   | Jan. 1, 2008<br>March 31, 2008<br>EUR thou. | Jan. 1, 2007<br>March 31, 2007<br>EUR thou. |
| <b>Net sales</b>   | <b>36,797</b>                               | <b>30,060</b>                               |
| Inventory changes  | 2,431                                       | 483   |
| Other operating income   | 309   | 316   |
| Cost of materials  | -22,673                                     | -15,811                                     |
| Personnel costs  | -9,622                                      | -9,029                                      |
| Depreciation and amortization expense                                  | -535  | -655  |
| Other operating expenses   | -4,651                                      | -3,825                                      |
| <b>Operating profit</b>  | <b>2,056</b>                                | <b>1,539</b>                                |
| Net financing costs  | -491  | -132  |
| <b>Earnings before interest and taxes<br/>(and minority interests)</b> | <b>1,565</b>                                | <b>1,407</b>                                |
| Income taxes   | -382  | -312  |
| <b>Income before minority interests</b>                                | <b>1,183</b>                                | <b>1,095</b>                                |
| Minority interests   | -14   | -107  |
| <b>Net profit for the period</b>                                       | <b>1,169</b>                                | <b>988</b>                                  |
| <b>Earnings per share<br/>(undiluted) in EUR thou.</b>                 | <b>0.25</b>                                 | <b>0.22</b>                                 |
| <b>Earnings per share<br/>(diluted) in EUR thou.</b>                   | <b>0.25</b>                                 | <b>0.20</b>                                 |

(unaudited, acc. to IFRS)

euromicron Group

CONSOLIDATED BALANCE SHEET

ASSETS

|                                    | March 31, 2008<br>EUR thou. | Dez. 31, 2007<br>EUR thou. |
|------------------------------------|-----------------------------|----------------------------|
| <b>Noncurrent assets</b>           |                             |                            |
| Intangible assets                  | 73,164                      | 72,660                     |
| Property, plant and equipment      | 7,795                       | 8,009                      |
| Financial assets                   | 54                          | 66                         |
| Other receivables and other assets | 22                          | 84                         |
| Deferred tax assets                | 2,453                       | 2,296                      |
|                                    | <b>83,488</b>               | <b>83,115</b>              |
| <b>Current assets</b>              |                             |                            |
| Inventories                        | 12,771                      | 12,523                     |
| Trade accounts receivable          | 39,481                      | 36,243                     |
| Other receivables and other assets | 4,863                       | 3,689                      |
| Marketable securities and cash     | 6,222                       | 12,442                     |
|                                    | <b>63,337</b>               | <b>64,897</b>              |
| <b>Net assets</b>                  | <b>146,825</b>              | <b>148,012</b>             |

(unaudited, acc. to IFRS)

## CONSOLIDATED BALANCE SHEET

## LIABILITIES AND STOCKHOLDERS' EQUITY

|  | March 31, 2008<br>EUR thou. | Dez. 31, 2007<br>EUR thou. |
|--|-----------------------------|----------------------------|
| <b>Stockholders' equity</b>              |                             |                            |
| Subscribed capital                       | 11,914                      | 11,914                     |
| Own shares at acquisition cost           | -1,680                      | -1,680                     |
| Additional paid-in capital               | 61,781                      | 61,781                     |
| Gain/loss on the valuation of securities | -170                        | -170                       |
| Consolidated retained earnings           | -2,084                      | -9,086                     |
| Consolidated net income                  | 1,169                       | 7,002                      |
| Minority interests                       | 317                         | 684                        |
|  | <b>71,247</b>               | <b>70,445</b>              |
| <b>Long-term debt</b>                    |                             |                            |
| Accrued liabilities                      | 657                         | 644                        |
| Liabilities                              | 24,160                      | 23,615                     |
| Deferred taxes                           | 2,166                       | 3,111                      |
|  | <b>26,983</b>               | <b>27,370</b>              |
| <b>Current liabilities</b>               |                             |                            |
| Accrued liabilities                      | 1,898                       | 1,731                      |
| Trade accounts payable                   | 9,542                       | 11,514                     |
| Other liabilities                        | 37,155                      | 36,952                     |
|  | <b>48,595</b>               | <b>50,197</b>              |
| <b>Net assets</b>                        | <b>146,825</b>              | <b>148,012</b>             |

(unaudited, acc. to IFRS)

euromicron Group

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (IFRS)

FROM JANUARY 1, 2007, TO MARCH 31, 2008

|   | Subscribed<br>capital<br>EUR thou. | Additional-<br>paid-in capital<br>EUR thou. |
|---|------------------------------------|---|
| <b>Balance at January 1, 2007</b>                           | <b>11,914</b>                      | <b>61,781</b>                               |
| Consolidated net income for 2007                            |                                    |   |
| Dividend for 2006   |                                    |   |
| Purchase of own shares                                      |                                    |   |
| Gain/loss on the valuation of<br>derivatives and securities |                                    |   |
| Profit share for minority interests                         |                                    |   |
| <b>Balance at December 31, 2007</b>                         | <b>11,914</b>                      | <b>61,781</b>                               |
| Consolidated net income Q1 2008                             |                                    |   |
| Profit share for minority interests                         |                                    |   |
| <b>Balance at March 31, 2008</b>                            | <b>11,914</b>                      | <b>61,781</b>                               |

(unaudited, acc. to IFRS)



| Own<br>shares<br>EUR thou. | Consoli-<br>dated<br>retained<br>earnings<br>EUR thou. | Gain/loss on the                                   |   | Minority<br>interests<br>EUR thou. | Total<br>EUR thou. |
|----------------------------|--|--|---|------------------------------------|--------------------|
|                            |  | Currency<br>translation<br>difference<br>EUR thou. | Valuation of<br>derivatives<br>and<br>securities<br>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             |
|                            | 1,169  |  |   |                                    | 1,169              |
|                            |  |  |   | -367                               | -367               |
| -1,680                     | -915   | 0  | -170  | 317                                | 71,247             |

## STATEMENT OF CASH FLOWS

|  | Jan. 1, 2008<br>March 31, 2008<br>EUR thou. | Jan. 1, 2007<br>March 31, 2007<br>EUR thou. |
|--|---|---|
| <b>Net profit for the period (after taxes)</b>   | <b>1,169</b>                                | <b>988</b>                                  |
| Depreciation and amortization of noncurrent assets                                       | 535   | 655   |
| Disposal of assets, net  | 0   | -45   |
| Change in accrued liabilities  | 180   | 62  |
| <b>Cash flow</b>   | <b>1,884</b>                                | <b>1,660</b>                                |
| Change in deferred taxes   | 68  | -730  |
| Changes in current assets and other operating liabilities:                               |   |   |
| – Inventories  | -248  | -6,117                                      |
| – Trade accounts receivable  | -3,240                                      | 450   |
| – Trade accounts payable   | -1,972                                      | -889  |
| – Other operating assets and liabilities   | -346  | 5,817                                       |
| <b>Cash used in (provided by) operating activities</b>                                   | <b>-3,854</b>                               | <b>191</b>                                  |
| Balance from proceeds from retirement of noncurrent assets and cash paid for investments | -813  | -410  |
| <b>Net cash used in investment activities</b>  | <b>-813</b>                                 | <b>-410</b>                                 |
| Change in financial debt   | -1,187                                      | -3,626                                      |
| Change in minority interests   | -367  | 73  |
| <b>Net cash used in financing activities</b>   | <b>-1,554</b>                               | <b>-3,553</b>                               |
| Own shares   | 0   | -851  |
| Net change in cash and cash equivalents  | -6,221                                      | -3,772                                      |
| Cash and cash equivalents at start of period   | 12,442                                      | 8,242                                       |
| <b>Cash and cash equivalents at end of period</b>  | <b>6,221</b>                                | <b>3,619</b>                                |
| <b>Composition of cash and cash equivalents</b>  | <b>6,221</b>                                | <b>3,619</b>                                |
| Cash   | 4,891                                       | 2,281                                       |
| Securities   | 1,330                                       | 1,338                                       |

(unaudited, acc. to IFRS)

euromicron Group

SEGMENT REPORTING AT MARCH 31, 2008

| 2008                             | euromicron<br>North<br>EUR thou. | euromicron<br>South<br>EUR thou. |
|----------------------------------|----------------------------------|----------------------------------|
| Sales                            | 17,307                           | 20,987                           |
| Income before interest and taxes | 2,311                            | 283                              |
| Assets                           | 59,196                           | 121,747                          |
| of which goodwill                | 27,851                           | 39,651                           |
| Liabilities                      | 24,290                           | 56,677                           |
| Amortization / depreciation      | 237                              | 288                              |

| 2007                             | euromicron<br>North<br>EUR thou. | euromicron<br>South<br>EUR thou. |
|----------------------------------|----------------------------------|----------------------------------|
| Sales                            | 17,060                           | 13,916                           |
| Income before interest and taxes | 1,704                            | 810                              |
| Assets                           | 58,861                           | 59,495                           |
| of which goodwill                | 25,638                           | 23,848                           |
| Liabilities                      | 25,188                           | 29,397                           |
| Amortization / depreciation      | 331                              | 308                              |

(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 quarterly report as of March 31, 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 quarterly financial statements are presented in thousands of euros.

## Reporting and measurement methods

The same reporting and measurement methods were used in interim reporting 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 315a 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 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 quarterly report requires a number of assumptions and estimates by management. As a result, the actual figures may differ from the amounts reported in the quarterly financial statements.

## Consolidated companies

Apart from euromicron AG, the consolidated financial statements at March 31, 2008, include 14 German companies and one foreign company, 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 one compared with at December 31, 2007.

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.

## Own shares

No further shares were bought back in the first quarter 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 March 31, 2008       | 0                |
| Sale of own shares                             | 0                |
| <b>Shares in circulation at March 31, 2008</b> | <b>4,578,415</b> |

(unaudited, acc. to IFRS)

At the balance sheet date at March 31, 2008, a total of 81,585 bearer shares were held by the company with a value of EUR 209 thousand measured by the capital stock or 1.75 % of the capital stock. The value

of its own shares at acquisition cost is EUR 1,680 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.

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

With the notarized agreement dated April 30, 2008, Engel & Co. GmbH, Schwerin, and Telecom Partner Berlin GmbH, Berlin, were merged with euromicron systems GmbH, Essen, retroactively effective January 1, 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, May 15, 2008

The Executive Board

Dr. Willibald Späth

Dr. Edgar Bernardi



# Financial Calendar 2008:

|                   |   |
|-------------------|---|
| May 15, 2008      | Publication of the business figures for the 1st quarter of 2008 |
| June 12, 2008     | General Meeting   |
| August 14, 2008   | Half-yearly Report  |
| November 14, 2008 | Publication of the business figures for the 3rd quarter of 2008 |

This quarterly report is available in German and English.

Both versions can also be downloaded from the Internet at **[www.euromicron.de](http://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.

ISIN: DE0005660005

Securities identification number: 566 000

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