

Development

From technology
to solution

Half-Yearly Report 2010

euromicron Group

KEY INCOME FIGURES AT JUNE 30, 2010

	2010 EUR thou.	2009 EUR thou.
Consolidated EBIT	7,117	6,140
Operating EBIT	10,096	9,756
EBIT return/total operating performance in %	7.4%	7.0%
EBITDA	8,862	7,535
Income before taxes	5,760	4,939
Net income	4,057	3,349
Earnings per share in EUR (undiluted)	0.82	0.74

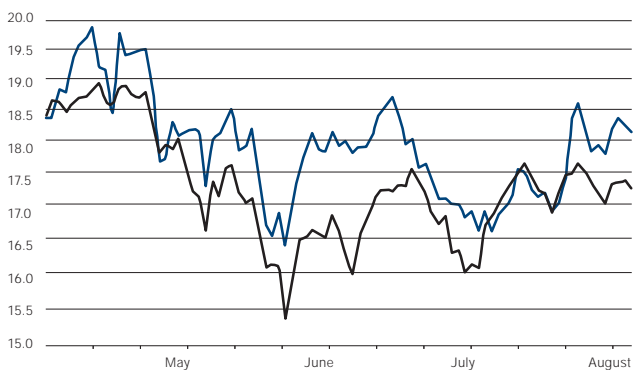
(unaudited acc. to IFRS)

euromicron AG

SHARE PERFORMANCE

in EUR

Jan. 1, 2010 – Aug. 5, 2010



■ EUC GY Equity
 ■ TecDAX Index

Dear shareholders,

Work on integrating euromicron continues smoothly in 2010.

Intensive cultivation of the market and growing our market volume are the tasks of our significantly expanded sales team, which has been trained in our entire portfolio of products and services.

Frankfurt/Main, August 2010

The Executive Board

Company profile

Development and
production of components and
product categories

- Optical and hybrid connectors, assembly, switches and cable systems
- Networked workplace systems, examination and testing equipment
- Customized product solutions
- Voice, data and video communication, convergent systems
- All-round solutions for networked working and living
- Optical, wireline and wireless networks
- Analysis, planning, implementation, maintenance and service

Planning and
integration of
systems and
solutions

Consulting,
distribution
and services

- Active and passive network components from a global range
- Top-performance cabling systems
- Consulting, training, network analysis and services

Multifunctional network solutions

Foreword

Following a 2009 that was impacted by the financial and economic crisis, initial signs of recovery were visible in the first quarter of fiscal 2010, a trend that continued in the second quarter.

euromicron has actively exploited the recovery in the market and continued on its path of its sustained operational growth. New orders in the first six months of the fiscal year were around EUR 108.9 million, some 23% up year-on-year. Order books at the balance sheet date are EUR 100.8 million, well in excess of the comparable figure for the previous year (EUR 71.3 million), and have thus surpassed the EUR 100 million mark for the first time in the company's history.

Given this solid order situation, we assume that we will achieve our target of sales of EUR 200 million for the current year.

In the first six months of fiscal 2010, euromicron generated consolidated sales of EUR 96.2 million, a year-on-year increase of 9.6%.

Earnings before interest and taxes (EBIT) also developed very positively and were EUR 7.1 million, an increase of 15.9% over the same period in 2009 (EUR 6.1 million). The ratio between the EBIT return and total operating performance was 7.4% (previous year: 7.0%). Operating income of the associated companies was as we expected at EUR 10.1 million. Net profit was EUR 4.1 million (previous year: EUR 3.3 million), giving undiluted earnings per share of EUR 0.82 (previous year: EUR 0.74), an improvement on the previous year despite the fact that new shares were issued.

The current level of new orders is the highest in all the years euromicron has been operating in the market as a network specialist. We also continue to pursue with determination our goal of increasing our earnings strength so that we can devote our efforts to the medium- and long-term future and growth of our company by committing additional capital on a solid economic base.

Apart from internal cost cutting through leveraging of synergies from integration and permanent cost management, the advantage of euromicron as an integrated system house with production experience and a nationwide footprint is increasingly becoming apparent as a successful foundation for our business model.

We are acknowledged in the market as a competent and reliable partner and have been able to convey this position positively and its benefits to more and more potential customers.

In particular, cross-selling, i.e. leveraging different technologies, experience and skills across the locations and branch offices, offers great opportunities here.

To improve and enhance the possibilities for our employees "to be successful", we again increased our budget for training and further development in 2010 and expanded the contents of the training measures.

Our total budget for training and further development in 2010 is around EUR 1 million.

The absolute focal issue for euromicron in 2010 is integration. This includes the relevant personnel qualification measures as well as successful hiring of new or assignment of existing staff as managers, branch office heads or executive employees.

As part of these integration activities, a number of company locations have been successfully merged thus far in the course of the fiscal year.

Thanks to the good and solid course of business in 2010, euromicron's share was able to hold its own well in the first six months of fiscal 2010 and at the beginning of August stands at EUR 18.35, a rise of 17% over its price at the end of 2009.

Backed by the authorized capital, all the roadshows and meetings with investors generally resulted in investments in our share by prestigious investors or in shareholders' increasing their existing stake.

Interim management report of the euromicron Group from January 1 to June 30, 2010

General conditions and development of the company

After the deep recession last year, the global economy showed first signs of recovery in the first quarter of fiscal 2010. This phase of expansion also continued in the second quarter and will be around 4.75% for the whole of fiscal 2010 according to estimates by the Federation of German Industries (BDI).

The main drivers were again China and India, aided by government economic stimulus programs, as well as an increase in private demand for consumer and capital goods. Japan's economy profited most from the dynamism in East Asia and its growth forecast was able to be revised upwards in the second quarter to 2.6%, largely on the back of positive export expectations.

The role of the USA remains unclear. The moderate upward trend caused GDP in the past quarter to grow by some 3.0%. However, current forecasts of a deterioration on the US jobs market are dampening expectations in relation to private consumption, a factor of even greater importance to the USA than to Germany.

The Euro zone recorded a weak, but stable uptick of 0.2% in the first quarter. In addition, the economy measures of many European states helped stabilize the Euro against the dollar. The economic situation of the individual states differs very greatly in some cases. Whereas countries such as Germany, France or Slovakia contributed to a positive development, the PIIGS states (Portugal, Ireland, Italy, Greece and Spain) remain stuck in recession.

The economic situation in Germany has developed surprisingly well: Whereas it was boosted in the first quarter by the construction sector in particular, it was mainly exports and increasing investment activity that provided a stimulus in the second. In July 2010, the Business Climate Index of the Institute for Economic Research (ifo) recorded its biggest leap since German reunification and paints a rosy picture for the next six months. Employment rose again in the second quarter and short-time work fell sharply.

However, experts are warning against exaggerated euphoria. The risks are too large given the excessive public debt in Europe and rising commodity prices. In addition, private consumption is stagnating at a low level, despite a stable labor market.

Overall, however, the prevailing mood in the German economy is one of optimism, and growth of 2% is assumed for the 2010 fiscal year.

There were upward trends again in the ICT market towards the end of 2009 and beginning of 2010. At present, the Industry Index of BITKOM, the German Association for Information Technology, Telecommunications and New Media, stands at 48 points, a further rise of 13 points over the previous quarter. Whereas ITC companies recorded sales growth of 59% in the first quarter compared with the previous year, 69% is expected for the second quarter. The estimates for 2010 as a whole are even 71%. The fact that more than half of all ITC companies are planning to increase their workforce is also seen as a further positive sign.

The companies surveyed by BITKOM see further positive economic signs in the high-tech industry in 2010, and just about all of them consequently expect a perceptible pickup in demand.

Boosts to growth with an international impact in 2010 are mainly anticipated from Germany.

euromicron was also able to capture its share of the revival in national markets and continue its pleasing performance of the past years.

A significant advantage here is that we are an integrated system house that has a nationwide presence in Germany and is perceived as a competent solution partner in all areas of network technology, including for complex issues.

Focusing on integration, we have been able to accomplish further steps as a **“system house with production expertise”** and satisfy the market’s demand for solution-oriented intelligent network infrastructures or medical technology end-to-end.

In the first six months of fiscal 2010, we have been able to increase our Group’s earnings strength again by means of further consolidation. As part of this, we remain true to the maxim of increasing expansion of technology, market access and market volume, as well as entering new, forward-looking markets and business segments, for example by addressing the growing requirements in the field of health and care or medical technology.

Sales

In the first six months, euromicron generated consolidated sales of EUR 96.2 million (previous year: EUR 87.7 million). euromicron's total operating performance rose from EUR 87.7 million to EUR 96.4 million at June 30, 2010.

The current fiscal year is proceeding as customary for euromicron, which usually provides and bills most of its value-added services in the second half of the year. Extrapolating the figures for the year as whole from individual quarters therefore remains difficult and has to reflect the development of project business.

euromicron's commercial activity still focuses on Germany. 88.6% of total sales was generated in the domestic market. Sales in Germany increased by around 12.9% year-on-year. The foreign companies performed as expected in the first six months.

Operational business outside Germany centers on Italy, Austria, France and Poland.

Our goal is to seize opportunities in other European countries as an end-to-end component, network and infrastructure solution provider and, as in Germany, act as a partner to carriers and large network equipment vendors as well as to industry and public authorities.

The sales pipeline is well filled at present and means we can look optimistically beyond our national borders. However, the successes vary greatly, measured by economic recovery in the countries.

Apart from Austria, Poland and France, Italy is currently the focus of our commitment in the Euro zone with Qubix S.p.A. Further countries such as Portugal and the UK will be tapped by export and project business, with this being controlled from Germany.

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

euromicron Group

SALES DEVELOPMENT CONSOLIDATED BY REGIONS AT JUNE 30, 2010

Regions	2010 EUR thou.	2009 EUR thou.
Germany	85,176	75,457
Euro zone	8,852	11,027
Rest of World	2,126	1,259
Consolidated net sales	96,154	87,743

(unaudited acc. to IFRS)

Income

In the first six months of fiscal 2010, euromicron posted consolidated income before interest and taxes of around EUR 7.1 million, a rise of 15.9% over the same period in 2009. The ratio between the EBIT return and total operating performance was approximately 7.4%. Operating income of the associated companies is within our expectations at EUR 10.1 million.

The cost of materials at euromicron was reduced again at June 30, 2010, and is now 49.5% of total operating performance.

This indicates that our focus on high-margin business and know-how transfer within euromicron are the right path to safeguard the company's successful future. Variabilization of costs in the various function areas also allows us to respond swiftly and flexibly to market fluctuations and so reduce the risks from large project postponements.

Personnel costs in the first six months of fiscal 2010 were EUR 28.0 million compared with EUR 24.9 million the previous year. The increase in personnel costs is mainly attributable to changes in the consolidated companies and expansion of our sales activities. Cost increases due to higher qualifications of employees are permanently compensated for by cost adjustments in other areas.

The figure for depreciation and amortization was above that of the previous year, in particular as a result of amortization of hidden reserves from the purchase price allocation for companies acquired last year and of development costs. Depreciation of plant, fixtures and fittings, tools and equipment was at the level of the new investments. Overall, depreciation and amortization at the Group level was EUR 1.7 million.

Other operating expenses were EUR 12.8 million and so above the figure for the previous year of EUR 11.3 million. Like the rise in personnel costs, this is also attributable to the new activities, is reviewed by active cost management and adapted to market needs. Further steps in this regard have already been implemented in the first half of the year. For example, a powerful unit in the Rhine/Ruhr region with new activities has been pooled under one roof, i.e. at a branch office, so that the region can be competently offered the euromicron Group's entire solution portfolio.

Net financing costs were EUR 1.4 million, slightly above the previous year's figure. This is predominantly due to higher up-front financing of projects as part of euromicron's growth. The very pleasing level of new orders in the current fiscal year also means that net financing costs slightly above those for the previous year can be expected in the second half of 2010. The company is prepared for this and can securely provide the necessary funds.

The tax ratio was 26.7%, i.e. roughly at the level of the previous year (26.0%).

Net income at June 30, 2010, was EUR 4.1 million, 21.1% up over the previous year (EUR 3.3 million). Undiluted earnings per share, at June 30, 2010, were EUR 0.82, following EUR 0.74 in the same period for the previous year.

euromicron Group

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(unaudited acc. to IFRS)

New orders and order books

euromicron recorded new orders worth EUR 108.9 million in the first half of fiscal 2010, an increase of 23.0% year-on-year. The investment bottlenecks described in the last Annual Report loosened considerably in the first half of the year. On the back of a continuing economic improvement in core domestic industries, we expect further interesting possibilities for euromicron's solution portfolio.

We have laid the foundation to be able to respond quickly and agilely to a further pickup in the market with our diversified customer structure and euromicron's expertise in all network infrastructure matters.

Order books at June 30, 2010, were EUR 100.8 million (previous year: EUR 71.3), the highest level in the company's history. The orders will largely be billed in the current fiscal year. As a result, we have a solid base for achieving the operational growth objectives for the current fiscal year 2010. We are not currently aware of any risks from significant project delays or postponements.

euromicron Group

NEW ORDERS/ORDER BOOKS – CONSOLIDATED AT JUNE 30, 2010

	2010 EUR thou.	2009 EUR thou.
Consolidated new orders	108,867	88,492
Consolidated order books	100,787	71,349

(unaudited acc. to IFRS)

Net assets

The euromicron Group's total assets at June 30, 2010, were EUR 188.8 million, up slightly by EUR 2.9 million from December 31, 2009 (EUR 185.9 million).

On the assets side, noncurrent assets rose slightly, mainly due to the acquisition of the remaining shares in NetWays Netzwerk Consulting GmbH, Ettlingen.

As part of acquisition of an 80% stake in Microsens GmbH & Co. KG, Hamm, the company extended the preemptive right for the minority shareholders to tender the remaining 20% and euromicron AG's option to purchase them, which can be exercised in 2012. Pursuant to the amended regulations of IAS 32, stakes of minority shareholders who have a preemptive tender right must be requalified as financial debt and accordingly the goodwill carried at its fair value; this has been done.

In addition, replacement and expansion investments were made by the subsidiaries to enable them to respond to greater market needs and our growth.

Noncurrent assets were 57.8% of total assets, virtually identical with the figure at December 31, 2009 (57.7%). Current assets increased to EUR 79.7 million compared with the same period of the previous year. Inventories rose by some EUR 8.1 million as a result of the sharp increase in work in progress due to the good level of new orders. This reflects the usual course of business of euromicron's project companies, which traditionally post a sharp increase in the value-added services they can charge for in the second half of the year and complete and invoice the majority of projects in progress at the end of a fiscal year.

Liquid funds fell compared with the level reported in the 2009 financial statements. They were used to pay out the dividend for fiscal 2009 as well as to repay financial debt and in particular to fund projects in progress at the system companies.

Assets are fully covered (102%) by equity and long-term outside capital.

Shareholders' equity is EUR 86.6 million at June 30, 2010, around EUR 6.3 million above the level stated in the 2009 financial statements. The equity ratio is 45.9%. The subscribed capital increased by EUR 1,193 million from EUR 11,914 million to EUR 13,107 million as a result of utilization of the authorized capital.

Long-term debt was around 13.0% of total assets. This essentially contains the long-term components of the Group's outside financing.

Current liabilities were reduced from around 81 million as of December 2009 to approximately EUR 78 million in June 2010 and are now 41.1% of total assets.

Financial position

The euromicron Group's net debt at June 30, 2010 was around EUR 62.3 million, a figure mainly impacted by an increase in up-front financing for projects as a result of growing business and the greater need for working capital this entails.

Treasury shares are not included in calculating net debt and are recognized directly in equity.

Given a price of EUR 17.00 on June 30, 2010, our treasury shares are worth some EUR 2.7 million. However, it should be noted that the price of euromicron AG's share rose in July and has been above EUR 18.00 since the beginning of August.

At June 30, 2010, the Group had sufficient free credit lines from its partner banks to cover its cash needs resulting from the increase in business volume.

Following completion of the buy and build phase in 2008 and continuation of integration and consolidation after 2009, the Group thus has solid liquidity reserves in 2010 for its strategic development.

euromicron AG will continue to fund the euromicron Group and its associated companies directly or through its cash pool model.

Employees

euromicron makes high demands on the quality of its products and services, founded on the high qualifications and motivation of its employees. The Group offers its employees exciting and demanding tasks as well as forward-long opportunities for development and secure jobs.

1,067 persons (excluding trainees) were employed by the euromicron Group in the first six months of fiscal 2010, roughly the same as the figure stated in the 2009 financial statements. Personnel costs totaled EUR 28.0 million (previous year: EUR 24.9 million).

An increasingly important goal of euromicron is to secure and expand its base of qualified employees and their potential. Only a sufficient workforce with high qualifications will ensure its future success. Consequently, qualification programs in a wide range of fields are being held so as to address steadily growing requirements in sales, project controlling and monitoring, in particular in project management and production. Individual development and future-oriented qualification of our employees in line with requirements is a core element of our business policy.

In this context, euromicron gives 87 young people the chance of practical vocational training. Apart from taking social responsibility for training the next generations, euromicron also secures potential employees for its future tasks with this policy. In addition, euromicron will satisfy growing demand for highly specialized experts not only by buying in services and knowledge, but also through its own internal and external qualification programs.

Risk report

The reports from the risk management system at December 31, 2009, have been continuously examined and updated as part of the half-yearly report at June 30, 2010. At June 30, 2010, there were no significant changes in the analysis of risks and their structure or evaluation at the euromicron Group compared with as stated and described in detail in the management report in the 2009 Annual Report.

As a result of macroeconomic changes and taking into account all known facts and circumstances, euromicron does not currently anticipate any significant effects on its operational business and in particular 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.

Miscellaneous

euromicron's financial reporting is currently being audited by the German Financial Reporting Enforcement Panel (FREP). If errors are discovered, changes to values carried in the balance sheet can be expected.

Market & Technology: Second quarter of 2010

The importance of information and communications technology (ICT) as an economic factor and driver of innovation continues to increase. ICT is the most important source of growth in productivity in the European Union, accounting for around 40% in this area. The leverage effects are therefore considerable. In many markets, far more than 50% of all new products will be created in future through the use of ICT.

ICT is a dominant factor in creating greater productivity, growth and employment and also makes a major contribution to solving key challenges such as energy efficiency, healthcare, mobility and climate protection.

The Internet continues to develop into a global multimedia communication platform for a growing number of applications. Network data traffic has been growing by 50% and in some cases up to 100% over the past 15 years. Systems must therefore be adapted long-term to growing bandwidth requirements so as to enable subscribers to be provided with a data rate of at least 1 Gbit/s in future.

According to the German Ministry of Economic Affairs, BITKOM or the German Association for Electrical, Electronic & Information Technologies (VDE), important future areas of use and development for ICT are in the fields of the future Internet, such as ambient assisted living, e-home or smart living, e-energy or smart grid, fiber-to-the-home (FTTH) and electromobility:

Ambient assisted living: This relates to situative support for people in different situations and phases of life, mainly by electronic systems and ITC systems, in order to enhance their quality of life.

euromicron is already active in various ITC infrastructure projects in the healthcare market, with the result that in May 2009 we secured exclusive Europe-wide licensing rights for a mobile care and surveillance system and have now taken the first steps to market it under the name "euromicron mobile care center".

A similar system can be used in enforcement and euromicron is in discussions on its use with several European project partners. Here is a growing focus on enabling offenders to serve their sentence on probation with greater freedom and in their familiar environment so as to ensure that the chances of successful rehabilitation are potentially higher. The ministries in Germany are already talking of "electronic surveillance of whereabouts".

E-home or smart living: This relates to controlling functions relating to telecommunications and the Internet, alerting systems and video monitoring, infotainment and power consumption; intelligent, Internet-based, networked unified communications, display, surveillance and security solutions, which were not previously feasible due to technological restrictions, are used in the home, at public places and squares, train stations, airports and stadiums.

With its great project experience in the field of communications solutions and alerting and monitoring systems, euromicron has also been able to win new customers in this report cycle. A further large project for Deutsche Bahn and various projects for hospitals are currently being implemented, for instance. National and international airport operators are also showing keen interest in using products and solutions from euromicron for communication and security applications.

E-energy or smart grid: This relates to optimization of electricity flows in the grids of virtual combined power plants, new ways of flexibly controlling power consumption and intelligent integration and control of power storage units by means of state-of-the-art information network and smart systems, coupled with completely new online services and electronic marketplaces relating to the subject of energy.

Together with vendors and operators of wind energy plants, euromicron already develops customized concepts and solutions for operating the entire communications structure of wind parks. Further services, such as Video over IP or Voice over IP, access control and fire alarm systems or meteorological services, also increasingly use this data network for communication.

euromicron's range of products and services comprises active and passive components, setup and maintenance of the complex data networks as well as support of customers as part of reliable, effective park management.

Fiber-to-the-home: In the wake of greater demand for bandwidth in the private and professional spheres, fiber-optic networks are increasingly being expanded right up to the actual user. FTTH is a synonym for various endpoints (e.g. up to the distributing box, basement, office or residential unit) in a fiber-optic network.

NetCologne has again appointed euromicron as general contractor with responsibility for equipping the CityNetCologne to create a highly efficient network infrastructure based on optical fiber and with bandwidths of 100 megabits a second. Those are transfer rates and speeds that internationally only few customers are offered by their provider.

Pooling of our broadband expertise means we can offer our customers a one-stop shop for tailored solutions for broadband networks – from planning, construction to complete project management. In the meantime, this comprehensive broadband competence has been expanded by a complete FTTH product line called eFOS (euromicron Fiber Optical System).

Electromobility and onboard services: This relates to creating end-to-end data transfer systems for traffic control, intelligent control rooms and battery recharging and replacement stations that communicate with them. In order to ensure acceptance of future electromobility concepts, the aim is also to develop and test customer-friendly billing and roaming models, onboard devices for providing information for drivers, and integrated navigation and car-2-car communications services.

Communication and monitoring solutions from euromicron and its subsidiary ELABO® are already in use today at control centers.

In line with these trends and market requirements, we constantly review our portfolio of products and services. We have increased our expenditure on innovation and development at euromicron components, in particular to develop components for these markets into all-round solutions.

Switches, converters, CWDM/DWDM components and network management systems from our MICROSENS® brand are used in the fields of education and research, healthcare, traffic control and automation, for carriers and data centers alike.

One key issue is the demand for greater protection of networks against manipulation. In this regard, euromicron offers surveillance, identification and monitoring solutions that can be geared to future requirements.

The Group is thus systematically pursuing its adopted strategy of always successfully participating in the forefront of market trends by means of growth, innovation and specialization – from product development and solutions to leveraging of its own potential, through acquisitions, by obtaining licenses and with partnerships. The positive effects of the synergies from the expertise we have acquired in the buy and build phase are now unfolding in many individual projects.

Our strategy abroad will continue to be one of small and secure steps so as to ensure success penetration of euromicron's product portfolio in our various foreign markets.

In the further course of this fiscal year, euromicron will again demonstrate its focused solution expertise as a competent partner in the communications, IT and security market and be able to expand its base of reference customers significantly.

Outlook

In the course of 2010, we expect to successfully leverage a further pickup in the market to the benefit of euromicron. The general economic climate for Germany's key industries is developing positively and the investment bottleneck of past periods is slowly loosening. In addition, we have geared ourselves to a strategy of sustained growth by means of appropriate cost-cutting measures and pinpointed investments in personnel development.

The advantages of a **"solution-oriented system house with production expertise"** are increasingly being recognized and acknowledged by the market.

We expect a slight increase in new orders over the past fiscal year, but with the risk that the gradual reduction in investment bottlenecks in individual sectors may also entail postponements of projects to later periods. euromicron's broad lineup in terms of customers, sectors and technologies helps compensate for economic fluctuations.

We anticipate that demand for powerful networks and cost-effective applications for voice, data and video transmission, as well as for security, surveillance and alarm networks, will increase again.

We are specifically tackling development projects in important markets for us in the fields of health and care so that we can proactively identify changes in these segments at an early stage and participate in development of these markets.

Our earnings performance of past years shows that our strategy of sustainability is working, and that customers appreciate this and are increasingly critical of the quality of low-cost vendors where security-related, cost-intensive or vital aspects of data networks of all types are concerned. We are confident that this perspective will continue to win through.

The build and integrate phase of the company's development was intensified in the past fiscal year and will play a focal role in 2010 in continued optimization of the Group's structures. We anticipate positive effects in terms of process efficiency and organic growth. The integration and consolidation measures that have been planned and accomplished to date are basically geared to market needs and so to enhancing our solution competence for our customers.

euromicron is now regarded as an established company among the leading network specialists in the market and as an all-round provider of communications and security solutions, 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 addition, we are continuously examining new and lucrative market potentials so as to identify and leverage opportunities in the nursing, care and health market and in surveillance of persons by mobile communications. The focus here is on merging technology and the defined solution. We will also continue to actively review and expand our portfolio, as well as take up innovative ideas and, where of commercial interest, develop them to market maturity.

In particular, our objective for fiscal year 2010 therefore remains to continue establishing the brand name euromicron as a byword for quality, solution-oriented expertise and know-how in all areas relating to network-based information, communications and security needs and to keep up our active PR and investor relations work in order to actively support our share performance and give institutional investors opportunities for interesting placements that look to the company's future.

Crucial factors in our eyes will be for the investors to back our business model long-term, give management support in developing the group commercially and provide the company with the resources required for this.

With the backing of our authorized capital, a number of prestigious investors have expressed their trust and invested in euromicron's share. The following investors have been newly acquired or have increased their stake:

DWS Investment GmbH to 5.66%,
Allianz Global Invest to 5.18%,
Universal Investment to 5.04%.

Nord/LB sold its last shares in euromicron effective August 11, 2010. All shareholders expect, as published in issue 33/10 of the German trade magazine "Der Aktionär" (The Shareholder), that there is now nothing standing in the way of a jump in price.

We feel certain that our path also reflects the interests of our shareholders and company as best possible.

With our business model and a secure basis for financing in conjunction with the fact that our equity ratio remains good, we are convinced that we are equipped to secure the company's long-term development and also give our shareholders promising perspectives.

euromicron Group

CONSOLIDATED INCOME STATEMENT **AT JUNE 30, 2010**

	3-month report		6-month report	
	April 01, 2010– June 30, 2010 EUR thou.	April 01, 2009– June 30, 2009 EUR thou.	Jan. 01, 2010– June 30, 2010 EUR thou.	Jan. 01, 2009– June 30, 2009 EUR thou.
Net sales	50,963	47,595	96,154	87,743
Inventory changes	–2,444	–4,734	193	–78
Own work capitalized	7	0	37	0
Other operating income	498	358	958	783
Cost of materials	–23,161	–20,569	–47,643	–44,721
Personnel costs	–14,424	–12,900	–28,034	–24,901
Amortization and depreciation expense	–884	–660	–1,745	–1,395
Other operating expenses	–6,508	–5,626	–12,803	–11,291
Operating profit	4,047	3,464	7,117	6,140
Interest income	53	19	80	73
Interest expenses	–863	–657	–1,437	–1,274
Income before income taxes	3,237	2,826	5,760	4,939
Income taxes	–779	–648	–1,539	–1,286
Income before minority interests	2,458	2,178	4,221	3,653
Minority interests	–109	–232	–164	–304
Net profit for the period	2,349	1,946	4,057	3,349
Earnings per share (undiluted) in EUR	0.52	0.43	0.82	0.74
Earnings per share (diluted) in EUR	0.50	0.42	0.79	0.72

(unaudited acc. to IFRS)

euromicron Group

**CONSOLIDATED BALANCE SHEET
ASSETS**

	June 30, 2010 EUR thou.	Dec. 31, 2009 EUR thou.
Noncurrent assets		
Intangible assets	95,199	93,623
Property, plant and equipment	11,395	10,913
Financial assets	1,081	1,082
Other assets	184	188
Deferred tax assets	1,290	1,405
	109,149	107,211
Current assets		
Inventories	21,315	13,235
Trade accounts receivable	50,118	51,197
Other assets	4,214	4,489
Marketable securities and cash	4,040	9,773
	79,687	78,694
Total assets	188,836	185,905

(unaudited acc. to IFRS)

euromicron Group

CONSOLIDATED BALANCE SHEET LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 2010 EUR thou.	Dec. 31, 2009 EUR thou.
Stockholders' equity		
Subscribed capital	13,107	11,914
Treasury shares at acquisition cost	– 2,941	– 2,941
Additional paid-in capital	68,125	61,781
Gain/loss on the valuation of securities	– 358	– 358
Consolidated retained earnings	4,116	– 2,124
Consolidated net income	4,057	10,744
Minority interests	474	1,248
	86,580	80,264
Long-term debt		
Accrued liabilities	1,008	1,011
Liabilities to banks	6,132	8,158
Liabilities from finance lease	465	543
Financial debt	10,000	10,000
Other liabilities	2,312	102
Deferred taxes	4,642	5,189
	24,559	25,003
Current liabilities		
Accrued liabilities	1,395	1,467
Trade accounts payable	18,894	20,519
Liabilities to banks	50,221	49,814
Liabilities from finance lease	183	199
Tax liabilities	2,919	2,608
Liabilities to personnel	975	1,105
Other current liabilities	3,110	4,926
	77,697	80,638
Total assets	188,836	185,905

(unaudited acc. to IFRS)

euromicron Group

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FROM JANUARY 1, 2009 TO JUNE 30, 2010

	Subscribed capital EUR thou.	Additional paid-in capital EUR thou.
Balance at January 1, 2009	11,914	61,781
Dividend for 2008		
Consolidated net income for 2009		
Gain/loss on the valuation of securities		
Profit share for minority interests		
Distributions to/drawings from minority interests		
Balance at December 31, 2009	11,914	61,781
Dividend for 2009		
Consolidated net income for the period in 2010		
Capital increase at the AG after costs	1,193	6,344
Profit share for minority interests		
Change from subsequent consolidation		
Distributions to/drawings from minority interests		
Balance at June 30, 2010	13,107	68,125

(unaudited acc. to IFRS)

Treasury shares EUR thou.	Consolidated retained earnings EUR thou.	Gain / loss from the valuation of securities EUR thou.	Minority interests EUR thou.	Total EUR thou.
- 2,941	2,378	- 429	1,098	73,801
	- 4,503			- 4,503
	10,744			10,744
		71		71
			703	703
			- 552	- 552
- 2,941	8,619	- 358	1,249	80,264
	- 4,503			- 4,503
	4,057			4,057
				7,537
			164	164
			- 526	- 526
			- 413	- 413
- 2,941	8,173	- 358	474	86,580

euromicron Group

STATEMENT OF CASH FLOWS

	Jan. 1, 2010 – June 30, 2010 EUR thou.	Jan. 1, 2009 – June 30, 2009 EUR thou.
Income before income taxes	5,760	4,939
Net interest income/loss	1,357	1,201
Depreciation and amortization of noncurrent assets	1,745	1,395
Disposal of assets, net	5	-68
Allowances for inventories and doubtful accounts	-6	68
Change in accrued liabilities	-313	-141
Change in deferred taxes	-432	-297
Cash flow	8,116	7,097
Changes in short- and long-term assets and liabilities:		
– Inventories	-8,080	-854
– Trade accounts receivable	1,085	492
– Trade accounts payable	-1,703	-1,901
– Other operating assets	108	-777
– Other operating liabilities	596	-1,234
– Income tax paid	-1,300	-1,771
– Interest paid	-1,480	-1,274
– Interest received	80	73
Net cash provided by operating activities	-2,578	-149
Proceeds from retirement/disposal of		
– Property, plant and equipment	40	99
Payments due to acquisition of		
– Intangible assets	0	-1,462
– Property, plant and equipment	-868	-2,231
– Consolidated companies	-2,975	-80
Net cash used in investing activities	-3,803	-3,674
Dividends paid	-4,503	-4,503
Capital increase at the AG after costs	7,537	0
Cash repayments of financial loans	-1,619	1,432
Distributions to/drawings from minority interests	-413	-552
Changes in the consolidated companies	-526	0
Net cash provided by (used in) financing activities	476	-3,623
Net change in cash and cash equivalents	-5,905	-7,446
Cash and cash equivalents at start of period	8,628	10,166
Cash and cash equivalents at end of period	2,723	2,720

(unaudited acc. to IFRS)

euromicron Group

SEGMENT REPORTING AT JUNE 30, 2010

Sales by report segments	2010 EUR thou.	2009 EUR thou.
Total sales, North	50,616	43,649
Inter-segment sales, North	-2,684	-2,632
Sales to external third parties, North	47,932	41,017
Total sales, South	52,668	51,214
Inter-segment sales, South	-658	-716
Sales to external third parties, South	52,010	50,498
Consolidated cross-segment sales	-3,788	-3,772
Consolidated sales for the Group	96,154	87,743

EBIT by report segments	2010 EUR thou.	2009 EUR thou.
Consolidated EBIT, North	6,500	5,817
Consolidated EBIT, South	3,596	3,939
euromicron AG	-2,984	-3,295
Group consolidations	5	-321
Consolidated EBIT for the Group	7,117	6,140

Amortization/depreciation by report segments	2010 EUR thou.	2009 EUR thou.
North, consolidated	-1,054	-680
South, consolidated	-648	-687
euromicron AG	-43	-28
Consolidated depreciation/ amortization for the Group	-1,745	-1,395

(unaudited acc. to IFRS)

euromicron Group

STATEMENT OF COMPREHENSIVE INCOME

	Jan. 01, 2010 – June 30, 2010 EUR thou.	Jan. 01, 2009 – June 30, 2009 EUR thou.
Consolidated net income for the period, before minority interests	4,221	3,653
Gain/loss on the valuation of securities	0	0
Other profit/loss	0	0
Total result	4,221	3,653
Of which minority interests	164	304
Of which shareholders of euromicron AG	4,057	3,349

(unaudited acc. to IFRS)

Notes

Preliminary remarks

euromicron AG is a registered company under German law with headquarters in Frankfurt/Main and is mainly active in the areas of network and fiber optics technology.

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 June 30, 2010 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 figures in this half-yearly report are presented in EUR thou.

The results in the interim financial statements as of June 30, 2010 do not necessarily permit forecasts for the further course of business.

Reporting and measurement methods

The same reporting and measurement methods were used in the abridged presentation of the consolidated financial statements as of June 30, 2010 as for preparing the consolidated financial statements at December 31, 2009, unless changes are explicitly indicated. A detailed description of these methods is published in the 2009 Annual Report. The consolidated financial statements of euromicron AG as of December 31, 2009, 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.

Changes to the standard IFRS 3 (2008, business combinations) and IAS 27 (consolidated and separate financial statements) that apply to fiscal years that begin on or after July 1, 2009, are of relevance to the euromicron Group and result in changes to the figures carried.

For example, the amended IFRS 3 specifies that incidental costs relating to the acquisition of companies must no longer be carried as an asset, but instead as expense in the period in question. Effects on income of the euromicron Group cannot be assessed at present.

Changes to the standard IAS 32 (Financial Instruments: Presentation) resulted in charges to goodwill (see "Consolidated companies" below).

A tax rate of 30% is used as the basis for calculating the income taxes for German companies and is also applied to the deferred taxes. The respective national rates of tax are used for calculating the income taxes for foreign companies.

Estimates and assumptions must be made to a certain extent in the interim report; the value of assets, liabilities and contingent liabilities as well as expenses and income in the reporting period depend on these. The actual later figures may differ from the amounts reported in the interim report.

Consolidated companies

Apart from euromicron AG, the consolidated financial statements at June 30, 2010 include 13 German companies and three foreign companies, in which euromicron AG has the majority of voting rights directly or indirectly. There have been the following changes in the consolidated companies of the euromicron Group compared with at December 31, 2009:

With the notarized agreement dated January 12, 2010, euromicron AG acquired the remaining 20% of shares in NetWays Netzwerk Consulting GmbH, Ettlingen, at a purchase price of EUR 920 thousand.

As part of acquisition of an 80% stake in Microsens GmbH & Co. KG, Hamm, the company extended the preemptive right for the minority shareholders to tender the remaining 20% and euromicron AG's option to purchase them, which can now be exercised in 2012. Pursuant to the amended regulations of IAS 32, stakes of minority shareholders who have a preemptive tender right must be requalified as financial debt and accordingly the goodwill carried at its fair value of EUR 1,660 thousand.

Treasury shares

A share buyback program was adopted by the General Meeting in 2006 and extended again in 2009. No further treasury shares were acquired as part of this program up to June 30, 2010. The program runs for a limited term up to December 18, 2010. Authorized capital approved by the General Meeting in 2005 was utilized effective April 29, 2010. There were the following changes in the number of shares in circulation:

	Number
Total number of bearer shares	5,125,999
Treasury shares at December 31, 2009	157,234
Purchase of treasury shares in the year under review	0
Sale of treasury shares in the year under review	0
= shares in circulation at June 30, 2010	4,968,765

(unaudited acc. to IFRS)

At June 30, 2010, as in the previous year, 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 3.07% of the capital stock. The value of its own shares at acquisition cost is EUR 2,941 thousand. In accordance with IAS 32.33, the value of the treasury shares was deducted in one sum from stockholders' equity.

Minority interests

The reduction in minority shares of EUR 556 thousand is the result of the acquisition of the remaining 20% stake in NetWays Netzwerk Consulting GmbH and of adjustment to the measurement of minority shares and preemptive tender options in Microsens GmbH & Co. KG in accordance with IAS 32.

Segment information

Business segments are identified using internal organizational and reporting structures, which at the euromicron Group are based on the different regions.

euromicron reports on the basis of the two segments North and South and Group headquarters. The interim report presents the details regularly reported to the main decision-maker. Further items from the balance sheet and income statement are not reported regularly and so are not disclosed (IFRS 8.32).

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 euromicron.

Contingencies

As a result of exercise or the change in carrying of the preemptive tender rights of the minority interests in NetWays Netzwerk Consulting GmbH and Microsens GmbH & Co. KG, other financial obligations totaling EUR 2,480 thousand have been eliminated at the balance sheet date of June 30, 2010, compared with the 2009 financial statements.

Apart from that, there were no significant changes in contingencies, contingent liabilities and other financial obligations from December 31, 2009.

Postscript report

Events that require reporting in accordance with IAS 10 (Events after the Balance Sheet Date) did not occur after June 30, 2010.

Miscellaneous

euromicron's financial reporting is currently being audited by the German Financial Reporting Enforcement Panel (FREP). If errors are discovered, changes to values carried in the balance sheet can be expected.

Declaration by the legal representatives

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

Frankfurt/Main, August 12, 2010

The Executive Board

Dr. Willibald Späth

Thomas Hoffmann

Financial Calendar 2010:

August 27, 2010	Solventis Roadshow, Düsseldorf
August 31, 2010	DVFA Small Cap Conference, Frankfurt/Main
November 12, 2010	Publication of the business figures for the 3rd quarter of 2010

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

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

In cases of doubt, the German version is authoritative.

Note / disclaimer

This report also includes predictive statements and information on future developments that are based on the convictions and current views of euromicron AG's management and on assumptions and information currently available to euromicron. Where the terms "assume", "believe", "assess", "expect", "anticipate", "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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