



EXPANSION
NEXT GENERATION SOLUTIONS

euromicron Aktiengesellschaft



Interim Report Q2/2011

euromicron

euromicron Group

KEY INCOME FIGURES AT JUNE 30, 2011

	2011 € thou.	2010 € thou.
Consolidated EBIT	8,634	7,117
Operating EBIT	11,853	10,096
EBIT margin as a ratio of total operating performance (in %)	6.9	7.4
EBITDA	11,013	8,862
Income before taxes	7,294	5,760
Net profit for the period	4,854	4,057
Earnings per share in € (undiluted)	0.95	0.82

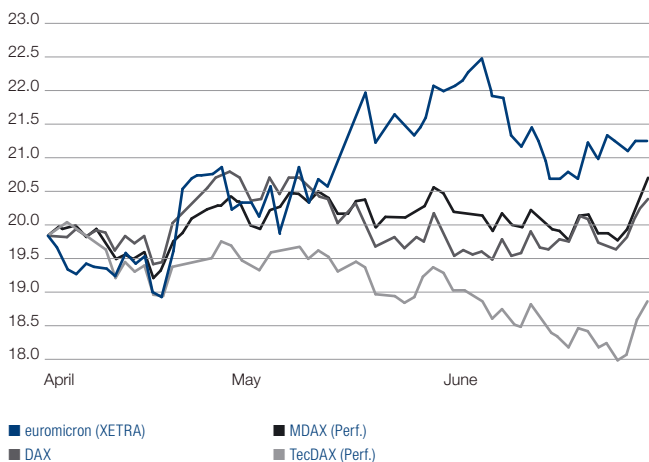
(unaudited acc. to IFRS)

euromicron AG

SHARE PERFORMANCE

in €

April 1, 2011 – June 30, 2011



Dear shareholders,

Following integration and development, we are setting store by profitable expansion.

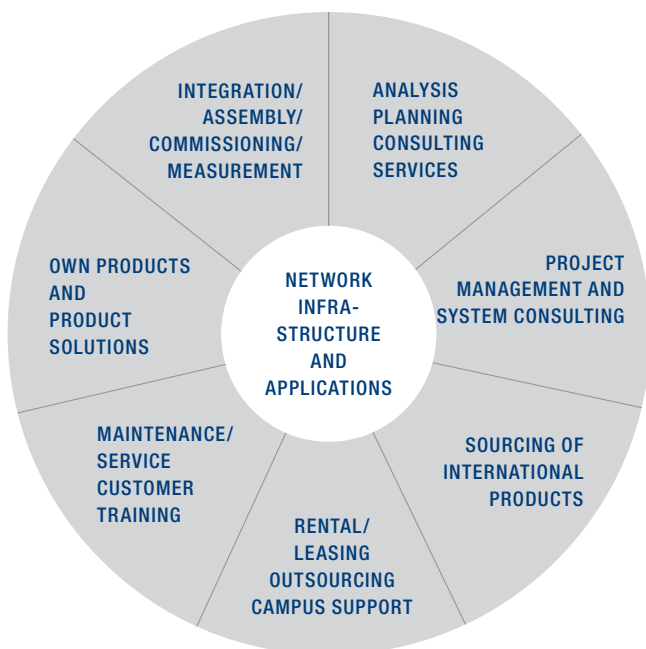
Thanks to the acquisition of telent GmbH, euromicron has again deepened its service and technology portfolio, grown its customer base and further expanded its comprehensive footprint as a system house with production expertise in throughout Germany.

As part of our further development, we are keeping our sights firmly fixed on the €300 million sales mark.

Frankfurt/Main, August 2011

The Executive Board

THE VALUE CHAIN OF THE EUROMICRON GROUP



Foreword

After the most successful fiscal year in its history, euromicron has continued its sustained and profitable development in the first six months of 2011 and actively leveraged the opportunities offered by a growing market. One of these opportunities was the announced large acquisition, which was completed with the purchase of telent GmbH effective June 7, 2011.

telent GmbH is an independent vendor of solutions relating to networks and systems for enterprise and security-related communication. Like euromicron's system houses, the company supports its customers in design, planning, installation, integration, operation and maintenance, as well as with further services. The focus of its activity is on IP technology for enterprise networks, network and asset management and solutions for PMR (private mobile radio) networks. telent GmbH's customers are public authorities and enterprises, in particular from the rail, transport infrastructure, energy, IT and telecommunications industries.

By taking over telent GmbH, euromicron is thus initiating the next stage in its corporate strategy as planned, which will take the group closer to achieving the €300 million sales mark in 2011. The success of the initial steps toward this goal is illustrated in particular by the key financial ratios in the first half of 2011 up to the acquisition of telent GmbH:

- euromicron's consolidated sales in the first half of 2011 were €128.3 million, a year-on-year increase of some 33.4%.
- Earnings before interest and taxes (EBIT) rose by around 21.3% to €8.6 million.
- Operating income of the associated companies was as we expected: Around €11.9 million, compared with €10.1 million in the previous year.

- Undiluted earnings per share were €0.95 (previous year: €0.82) on a net profit for the period of €4.9 million (previous year: €4.1 million).
- New orders were €156.1 million, some 43.4% up on the previous year (€108.9 million).
- Orders books are also at a very stable level of €146.9 million (previous year: €100.8 million).

Just about all euromicron's companies contributed to this exceptionally positive performance thanks to their strong organic growth. This was due, among other things, to the integration and professionalization measures undertaken in the first half of 2011, above all in relation to individual locations and competences.

Cross selling, i.e. the use of different technologies, experience and skills across the locations, was able to be professionalized further. Consequently, euromicron is able to convey its benefits to a larger and larger circle of potential customers.

Apart from internal cost cutting by exploitation of synergies and permanent cost management as part of our CIP program, we continue to systematically pursue the objective of growing our earnings strength so that we can actively shape the medium- and long-term future of our company with a reasonable capital commitment.

We are also working intensively to offer our shareholders an attractive investment opportunity. To support investment in our share and enhance information for the capital market, we staged a large number of road-shows and talks with investors in the first half of 2011.

The great response to these events shows that interest in euromicron's share as a long-term, value-oriented investment continues to grow as the company enhances its visibility.

Overall, euromicron has therefore achieved further key steps as part of its strategic development in the first half of 2011 and so again demonstrated the exceptional success of a business policy geared to sustainability and the long term.

Interim management report of the euromicron Group from January 1 to June 30, 2011

General conditions and development of the company

The German economy continued its robust upturn in the second quarter of fiscal 2011. Following a 1.5% rise in GDP in the first quarter, economic growth of more than 3% for 2011 appears realistic. As a result, the labor market turned in its best result in 20 years, with the level of unemployment below 3 million. This growth is due to a boom in exports, as well as domestic investment.

euromicron also profited from that and, after a good start to fiscal year 2011, was able to chalk up a further success in its corporate development and long-term strategy with the acquisition of telent GmbH. This move was also received positively by the stock market.

The share began January very well at €22.40 and even rose at one point to €23.29. However, it was not able to buck the general trend and fell slightly for a brief time toward the end of the quarter. After the announcement of the extremely good figure for 2010 and the successful first three months of the current fiscal year, euromicron's share price stabilized and remained constantly over the €20.00 mark into the second quarter. At the end of the first half, it stood at €21.20, even after the dividend payment of €1.10 per share and in an internationally extremely volatile market.

In the view of various analysts, however, this still does not match the upside target or reflect the company's actual value. Experts instead expect a price of between €29 and just under €33 in the medium term. In particular, the acquisition of telent GmbH was welcomed by analysts, since it will enable euromicron to keep on building on its position in the network market thanks to the broadened know-how and greater customer base it has obtained.

The sustainable further development of its business model and solid results thus make euromicron, according to most capital market experts, once gain one of the most interesting and promising stocks in the Prime Standard.

Sales

euromicron posted consolidated sales of €128.3 million as of June 30, 2011, an increase of around 33% on the figure of €96.2 million for the same period in the previous year. This positive performance is due to strong market demand for network solutions and components. In this connection, the newly acquired telent GmbH's contribution to sales was slight due to the fact that it has only been part of the Group for a short time (since June 7, 2011).

As in past fiscal years, it should be noted that euromicron usually provides and bills most of its value-added services in the final quarter. Extrapolating the figures for the year as whole from individual quarters therefore has to reflect the seasonal development of project business.

euromicron's commercial activity still focuses on Germany, where it generated €108.5 million, or 84.5% of total sales, an increase by around 27.3% year-on-year. The foreign companies performed as expected in the first six months.

Operational business outside Germany continues to center on Italy, Austria, France and Poland.

Further countries such as Portugal, the Netherlands and Luxembourg will be tapped by export and project business, with this being controlled from Germany.

If opportunities arise outside our home market, euromicron is ready to exploit them with the expertise available at the Group.

However, the Group's main focus remains to systematically penetrate the domestic market.

euromicron Group

SALES DEVELOPMENT CONSOLIDATED BY REGIONS AT JUNE 30, 2011

Regions	2011 € thou.	2010 € thou.
Germany	108,458	85,176
Euro zone	18,953	8,852
Rest of World	889	2,126
Consolidated net sales	128,300	96,154

(unaudited acc. to IFRS)

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Income

In the first six months of fiscal 2011, euromicron posted consolidated income before interest and taxes of around €8.6 million, a 21.3% percent increase on the previous year (€7.1 million) and giving an EBIT margin of 6.9% relative to total operating performance. As expected, telent GmbH did not contribute any significant income in the first half of the year, since it was acquired in June and so euromicron has only obtained the earnings it generates since that time.

In contrast, the costs incurred by the transaction to date were immediately and fully carried as expense.

Due to the continuing good performance both in the North and South segments, the cost of materials increased year-on-year from €47.6 million to €67.4 million as a result of the higher volume of business. This figure includes costs for subcontractors. Since euromicron is increasingly acting as a general contractor, the share of work carried out by selected external partner companies and subcontractors is growing. Consequently, the ratio of costs of materials to sales rose from 49.6% to 52.5%, whereas the ratio of personnel costs fell from 29.2% to 25.7%. In absolute terms, personnel costs were €32.9 million compared with €28.0 million in the previous year. The increase is due to changes in the consolidated companies, but largely to the expansion of sales and strengthening of personnel in the area of development and project management. Increases in personnel costs per employee due to higher qualification are permanently compensated for by cost adjustments in other areas.

The figure for amortization/depreciation was above that of the previous years, in particular as a result of amortization of hidden reserves from the purchase price allocation for companies acquired in the last years and of higher development costs. Of the Group's total amortization and depreciation of €2.4 million (previous year: €1.7 million), depreciation of plant, fixtures and fittings, tools and equipment was around €1.9 million.

Other operating expenses were €15.5 million and so above the figure for the previous year of €12.8 million. This is mainly attributable to the higher volume of business.

Net financing costs were €1.4 million, slightly below the previous year's figure (€1.4 million). This clearly demonstrates that, despite the increasing level of up-front financing required for project business, resource planning at euromicron's system houses is efficient and responsible.

The tax ratio is a good average of 30.1% and as we had planned.

The net profit for the period after minority interests as of June 30, 2011, was €4.9 million, almost 20% up on the previous year (€4.1 million). Despite the issue of new shares in 2010, undiluted earnings per share were €0.95, compared with €0.82 in the same period of the previous year.

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KEY INCOME FIGURES AT JUNE 30, 2011

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(unaudited acc. to IFRS)

euromicron Group

New orders and order books

As of June 30, 2011, euromicron posted new orders of €156.1 million, 43.4% up on the previous year (€108.9 million).

euromicron also assumes stronger new orders for the second half of 2011 compared with 2010. The acquisition of telent GmbH offers additional positive conditions for this.

Order books were €146.9 million and so well up on the figure of €100.8 million for the same period of the previous year. We are currently not aware of any risks from significant project delays or postponements.

euromicron Group

**NEW ORDERS/ORDER BOOKS – CONSOLIDATED
AT JUNE 30, 2011**

	2011 € thou.	2010 € thou.
Consolidated new orders	156,104	108,867
Consolidated order books	146,909	100,787

(unaudited acc. to IFRS)

euromicron Group

Net assets

The net assets of euromicron at the end of the first half of 2011 can be compared with the figures in the 2010 annual financial statements and for the previous quarter only to a limited extent. The acquisition of telent GmbH and its first-time consolidation have resulted in significant changes in a number of balance sheet items. These are in some cases non-recurring or short-term effects, but also sustained changes due to the company's new size. In particular, the following items are affected:

- Goodwill
- Intangible assets
- Inventories
- Trade accounts receivable
- Provisions for pensions
- Other long-term accrued liabilities
- Noncurrent liabilities to banks

euromicron assumes that at the end of fiscal 2011, i.e. after seven months of consolidation of telent's figures, the customary advantageous ratios as regards financing structure and trade accounts receivable in relation to trade accounts payable will have been virtually achieved again. This is aided by our consistent management approach, which enables synergy potentials to be tapped promptly at the operational and financial level.

However, full-year figures for telent GmbH will not be consolidated until the end of fiscal 2012 and so only then will the balance sheet figures permit unrestricted and insightful comparison at a new level.

The euromicron Group's total assets rose as a result of first-time consolidation of telent GmbH as of June 30, 2011, to €265.9 million, an increase of around €70 million over December 31, 2010 (€196.0 million), due solely to telent's figures.

This also applies to noncurrent assets, which increased by €18.9 million to €127.5 million (December 31, 2010: €108.7 million) and current assets, which rose by €51.0 million to €138.3 million (December 31, 2010: €87.3 million). As a result, the ratio of noncurrent assets is 48.0% and that of current assets 52.0%.

Inventories also increased as a result of consolidation of telent by €19.1 million to €36.3 million, while the item "Cash and cash equivalents" fell by €0.4 million compared with the annual financial statements to €8.2 million.

The ratio of equity and long-term outside capital to noncurrent assets is 100%.

Equity is at virtually the same level as the previous year in absolute terms. It was €88.5 million as of June 30, 2011, some €0.8 million lower than in the 2010 annual financial statements. That is likewise largely due to the changes in the balance sheet structure in connection with first-time consolidation of telent GmbH in June 2011 and should be regarded as temporary for the time being.

Long-term debt was around 14.8% of total assets (first quarter: 12.2%). Current liabilities were around 51% of total assets (first quarter: 42.5%).

Financial position

The euromicron Group's net debt at June 30, 2011, was around €92.6 million, meaning an increase of €29.0 million compared with the first quarter (€63.6 million) due to the inclusion of telent GmbH in group financing. Here, too, the key ratios and financing structure of the previous periods have been influenced temporarily by the acquisition of telent GmbH.

The acquisition of telent GmbH and its good orders situation and the Group's excellent order position mean there is a greater need for up-front financing for project business than was the case with the company's previous size. In the first six months, the net cash used in relation to trade accounts receivable increased year-on-year by around €19 million for period-specific reasons. The Group's funding remains comfortable and capable of growing as a result of the borrower's note loan of €24.5 million and its available free lines of currently more than €25 million.

The Group currently has enough free funds to cover the cash needs required as a result of the increase in business volumes, including those of telent GmbH.

Thanks to its good relations and longstanding partnerships with Germany's leading banks, the Group thus has a solid liquidity reserve in 2011 for its current and strategic development.

euromicron AG will continue to fund the euromicron Group and its associated companies directly 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.

1,582 persons were employed by the euromicron Group as of June 30 of fiscal 2011. Personnel costs totaled €32.9 million (previous year: €28.0 million) and are 25.7% of sales, down on the figure for the same period of the previous year of 29.2%. This increase is due to the acquisition of telent GmbH, 394 of whose employees joined the euromicron Group.

An increasingly important goal of euromicron is to secure and expand its base of qualified employees. 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, process controlling and monitoring, in particular in project management and production. Individual development and future-oriented qualification of our employees in line with requirements are core elements of our business policy.

The training and further development budget has been raised again so that the company can invest in appropriate personnel qualification measures. In addition, the posts of managers, branch office heads and executive employees were successfully filled and/or reshuffled.

In this context, euromicron gives 77 young people the chance of practical vocational training. Apart from shouldering its social responsibility for training the next generations, euromicron also secures potential employees for 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, 2010, have been continuously examined, updated as part of the half-yearly report at June 30, 2011, and supplemented for the first time, but as yet provisionally, by the risk assessment for telent GmbH. At June 30, 2011, there were relatively no significant material changes in the analysis of risks and their structure or evaluation at the euromicron Group, including with the first-time assessment of telent, compared with as stated and described in detail in the management report in the 2010 Annual Report.

Taking into account all known facts and circumstances, euromicron does not anticipate any significant effects on its operational business from macroeconomic changes 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, might have a significant influence on the Group's financial position, net assets and results of operations.

Market & Technology

The market for information and communications technologies (ICT) in Germany continued to grow in the first half of 2011.

One of the factors for this in the telecommunications sector is growing demand for tablet PCs and smartphones. Thanks to these devices, the mobile Internet has become broadly established. To cope with the explosion in the volume of data, mobile operators in particular, as well as national and regional carriers and local public utilities, are investing massively in expanding their networks. Broadband expansion in mobile communications with the new LTE technology and in the fixed-line network with fiber optics is generating growth in network technology.

This is a trend euromicron has adapted to and benefited from in the first half of 2011. For example, euromicron and its partners assumed the task of laying around 1,000 kilometers of cable and installing 80 new power distributors as part of Telekom's fiber-optic expansion project in the city of Offenburg. Offenburg is one of the first ten cities in Germany where Telekom is expanding its fiber-optic network.

euromicron, along with other partners, is also actively supporting the Hercules IT project on behalf of BWI Informationstechnik GmbH. Hercules is a project of the German army aimed at standardizing and modernizing its non-military information and communications technology. All army locations are to be equipped with new, state-of-the-art information and telecommunications equipment by 2015. Over a period of ten years, a total of 140,000 computer workstations, 7,000 servers, 300,000 fixed-line phones and 15,000 mobile phones are to be installed on a common system base at 1,500 locations in Germany.

With the acquisition of telent GmbH on June 7, 2011, euromicron has also succeeded in expanding its technological know-how in the field of transport technology, wireless communication and IP migration and deepening it in the area of wide area networks (WANs).

telent GmbH is a vendor-independent system integrator and technology service provider for communications networks and boasts a nationwide service team. In the field of system integration, telent GmbH specializes in the technology segments of transmission technology, IP migration, infrastructure, integrated control station technology and professional mobile communications/trunking. In the field of services, telent installs, commissions and maintains technical systems and communications networks. Thanks to its extensive technology know-how and a top-class 24-hour Service Competence Center, the company acts as a partner to customers, offering them complete system solutions.

They include Toll Collect, on behalf of which telent is responsible for service and maintenance for the around 300 control bridges and 3,700 toll terminals in Germany. To enable that, telent is connected with Toll Collect 24 hours a day, seven days a week, 365 days a year, in order to keep response times to problems extremely short. From fleet management, maintenance of the toll terminals, repair work to the control bridges, spare parts logistics to servicing of the technical units in the vehicles of the Federal Office for Freight Transport – telent carries out all service work for the customer Toll Collect.

As a result of growing requirements demanded of voice and data services and integrating them into application-specific all-round solutions, many companies, public authorities and private institutions also face the challenge of migrating their existing network infrastructures to modern IP technology.

Here, too, telent can make a major contribution, as it proved as part of the standardization of the enterprise network of the Federal Water and Shipping Authority (WSV) on the basis of IP technology with radio relay. Of the total of 90 planned radio relay links, some are already in service and are administered by means of a central management system.

At the end of June, the company also won a contract to continue the existing activities of Cassidian Communications GmbH, a subsidiary of EADS, in the field of analog radio communications. As a result, euromicron's subsidiaries will support customer installations of Cassidian in the field of analog private mobile radio and assume responsibility for further developing and supplying related products and for repair, maintenance, spare parts management and services.

The topics of cloud computing and dynamic Internet will offer considerable growth potential in the near future. According to estimates by the industry association BITKOM, 10 % of all IT expenditure in B2B business in 2015 will be accounted for by cloud services. In addition, smart grids and networks will underpin the upcoming changes in segments such as energy, healthcare, the public sector, media, and transport/automotive.

euromicron is ideally prepared for this market trend, constantly reviews its product and service portfolio and creates future-oriented solutions. To this end, it will again increase its development expenditure sharply in the second half of 2011. euromicron invests actively in new developments required in tomorrow's markets, such as healthcare, electromobility or renewable energies.

Such a new development is, for example, the FiberGUARD system for protecting fiber-optic links that transfer highly valuable measurement and control data against power and system failures. euromicron's subsidiary MICROSENS GmbH & Co. KG has developed FiberGUARD specifically for operation of offshore wind farms. If an individual wind turbine fails, FiberGUARD activates an optical bypass. Thanks to this bridging function, communication between the other network stations (power turbines) is maintained. The impact of a single failure is thus limited locally. The prime objective is to reduce plant operators' maintenance costs and optimize repair and maintenance processes.

A further new development is an innovative fiber-optic power connector with 3.127 mm and 4 mm metal ferrules for industry and laser applications. The connector developed by EUROMICRON Werkzeuge GmbH can be used above all in sensor, device and medical technology and satisfy the high precision requirements needed there.

With the Group's extensive know-how, which has been boosted by the acquisition of telent GmbH, euromicron is ideally positioned to cater for growing market demand for high-quality ITC and achieve its intended growth targets.

Outlook

In view of the positive development of the general economic conditions for the main domestic industries, we assume that the market for ITC in Germany will continue to pick up. Following the successful course of the fiscal year to date, we also expect stabile levels of new orders in our core market of Germany for the second half of 2011.

As part of our international commitment, we continue to pursue the strategy of gradual and cautious expansion in order to tap markets such as Italy, Austria, Poland, Luxembourg or the Netherlands and successfully position and establish euromicron's entire portfolio there.

Given the current debt crisis in some Euro zone countries, we regard this strategy as holding out promise for the future, in particular in relation to our commitment in Italy, for example. In Austria, we will keep on working to optimize structures, as well as expand our product and service portfolio and market presence.

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 in our home market of Germany.

Consequently, the greatest challenges in the second half of 2011 will be to procure materials at the cheapest possible price and to find qualified employees and experienced subcontractors.

To strengthen the company's foundation for sustained expansion here, we have in particular bolstered our project and development personnel and temporarily increased the inventories of individual production companies. This will enable us to specifically tackle development projects in important growth markets for us, such as FTTx or energy, in order to accompany changes in these segments promptly and proactively and play a significant part in developments in these markets.

As part of integration of the euromicron Group, we have undertaken key steps to enable us to offer our customers at all locations not only select network technology tailored to their needs, but also our entire portfolio. That means: All products and services for every customer in every region. We have been able to enhance this positioning in key areas thanks to the acquisition of telent GmbH. Our company is – across all technologies – an acknowledged system house with production expertise and, thanks to its broad lineup, is excellently protected against potential fluctuations in the market.

We aim to secure the sustainability of our strategy in future as well. Following integration and development, we are setting store by profitable expansion. Consequently, the objective of our activities in the second half of fiscal 2011 is to ensure the Group grows sustainably and profitably, with our sights firmly set on the €300 million sales mark.

To enable that, we will continue to expand our product and service portfolio, strengthen development in profitable niche markets and grow the fields of technology we offer with systematic investments. In particular, there will be a stronger focus on IP and active technology for all fields of transmission.

Despite these optimistic prospects, we will still pursue the continuous improvement process (CIP) begun in 2010 in 2011 in order to safeguard the company's constant and positive earnings performance. We will integrate the newly acquired telent GmbH promptly in this process. By constantly adapting and optimizing processes, we will achieve further savings potentials from growing integration between the individual Group companies, branch offices and headquarters. The object of establishing a customer-centric corporate culture that is oriented to the needs of a medium-sized enterprise and includes the advantageous elements of a group organization remains the basis of our business policy.

We believe that achieving sustainable expansion of our company also includes appropriate marketing activities in order to establish the euromicron brand as a byword for quality, solution-oriented expertise and know-how in all areas relating to network-based information, communications and security needs even more firmly in the market and strengthen and further harmonize our company's image.

By keeping up our active PR and investor relations work, we are also striving to support our share's positive performance and give further institutional and individual investors the chance for interesting placements that look towards the company's future.

In order to strengthen the Group's long-term financing, we placed a borrower's note loan for €24.5 million on July 15, 2011, and restructured the relevant part of our short-term liabilities in favor of long-term financing. As a result, our financing will be long term to about 40 % in future and will make us more independent from any possible deterioration in the area of short-term financing.

We will devote greater attention to merging telent GmbH's business operations with euromicron in the second half of 2011 in order to leverage the greater know-how mutually and optimally for all our customers in all network segments. To this end, we will use part of the capital approved by the General Meeting to repay approximately €10 million of the purchase price financing in order to secure the flexibility we need at this stage of the company's development and adjust euromicron's equity base to the company's planned future size.

We feel sure that, with our business model, our greater technological know-how as a result of the acquisition of telent GmbH, our clear strategic orientation and secure, long-term financing, in conjunction with an equity base that remains good, we will be equipped to continue driving sustainable expansion of the euromicron Group actively and successfully in the second half of 2011 in the interests of the company and its shareholders.

euromicron Group

INCOME STATEMENT**FOR THE PERIOD JANUARY 1 TO JUNE 30, 2011**

	3-month report		6-month report	
	April 1, 2011– June 30, 2011 € thou.	April 1, 2010– June 30, 2010 € thou.	Jan. 1, 2011– June 30, 2011 € thou.	Jan. 1, 2010– June 30, 2010 € thou.
Sales	70,789	50,963	128,300	96,154
Inventory changes	–3,214	–2,444	–2,319	193
Own work capitalized	0	7	5	37
Other operating income	446	498	866	958
Cost of materials	–35,626	–23,161	–67,399	–47,643
Personnel costs	–18,497	–14,424	–32,930	–28,034
Amortization and depreciation expense	–1,303	–884	–2,379	–1,745
Other operating expenses	–8,086	–6,508	–15,510	–12,803
Operating profit	4,509	4,047	8,634	7,117
Interest income	13	53	42	80
Interest expenses	–869	–863	–1,382	–1,437
Income before income taxes	3,653	3,237	7,294	5,760
Income taxes	–1,020	–779	–2,196	–1,539
Income before minority interests	2,633	2,458	5,098	4,221
Minority interests	–140	–109	–244	–164
Net profit for the period	2,493	2,349	4,854	4,057
Earnings per share (undiluted) in €	0.49	0.47	0.95	0.82
Earnings per share (diluted) in €	0.49	0.46	0.95	0.79

(unaudited acc. to IFRS)

euromicron Group

RECONCILIATION OF THE QUARTERLY RESULTS WITH THE STATEMENT OF COMPREHENSIVE INCOME

	Jan. 1, 2011– June 30, 2011 € thou.	Jan. 1, 2010– June 30, 2010 € thou.
Consolidated net income for the period, before minority interests	5,098	4,221
Gain/loss on the valuation of securities	0	0
Other profit/loss	0	0
Total result	5,098	4,221
Of which from non-controlling interests	244	164
Of which shareholders of euromicron AG	4,854	4,057

(unaudited acc. to IFRS)

CONSOLIDATED BALANCE SHEET

ASSETS

	June 30, 2011 € thou.	Dec. 31, 2010 € thou.
Noncurrent assets		
Goodwill	94,103	80,947
Intangible assets	18,394	14,805
Property, plant and equipment	13,697	11,556
Financial assets	902	894
Other assets	96	96
Deferred tax assets	349	374
	127,541	108,672
Current assets		
Inventories	36,263	17,185
Trade accounts receivable	85,910	55,401
Claims for income tax refunds	2,846	2,895
Financial assets	2,477	1,333
Other assets	2,682	1,917
Cash and cash equivalents	8,160	8,572
	138,338	87,303
Total assets	265,879	195,975

(unaudited acc. to IFRS)

euromicron Group

**CONSOLIDATED BALANCE SHEET
LIABILITIES AND EQUITY**

	June 30, 2011 € thou.	Dec. 31, 2010 € thou.
Equity		
Subscribed capital	13,105	13,105
Additional paid-in capital	68,487	68,487
Gain/loss on the valuation of securities	-363	-363
Net retained profits	6,820	7,605
Stockholders' equity	88,049	88,834
Minority interests	456	428
Total equity	88,505	89,262
Long-term debt		
Provisions for pensions	10,463	656
Other provisions	3,866	139
Liabilities to banks	1,892	4,404
Liabilities from finance lease	704	823
Financial liabilities	12,840	10,767
Other liabilities	2,110	2,082
Deferred tax liabilities	7,580	6,618
	39,455	25,489
Current liabilities		
Accrued liabilities	0	66
Trade accounts payable	31,792	22,117
Liabilities from current income taxes	1,043	1,244
Liabilities to banks	88,879	45,293
Liabilities from finance lease	185	192
Tax liabilities	2,223	3,466
Personnel obligations	7,398	3,855
Other current liabilities	6,399	4,991
	137,919	81,224
Total assets	265,879	195,975

(unaudited acc. to IFRS)

euromicron Group

**STATEMENT OF CHANGES IN EQUITY
FROM JANUARY 1, 2010, TO JUNE 30, 2011**

	Subscribed capital € thou.	Additional paid-in capital € thou.
Balance at January 1, 2010	11,914	61,781
Dividend for 2009		
Consolidated net income for 2010		
Capital increase	1,191	6,344
Gain/loss on the valuation of securities		
Sale of treasury shares		362
Profit share of non-controlling interests		
Transfer of profit shares for minority interests in outside capital		
Change from subsequent consolidation		
Distributions to/drawings from minority interests		
Balance at December 31, 2010	13,105	68,487
Dividend for 2010		
Consolidated net income for the period in 2011		
Gain/loss on the valuation of securities		
Profit share of non-controlling interests		
Transfer of profit shares for minority interests in outside capital		
Distributions to/drawings from minority interests		
Balance at June 30, 2011	13,105	68,487

(unaudited acc. to IFRS)

Treasury shares € thou.	Consolidated retained earnings € thou.	Gain/loss on the valuation of securities € thou.	Non-controlling interests € thou.	Total € thou.
-2,941	680	-358	339	71,415
	-4,503			-4,503
	12,131			12,131
				7,535
		-5		-5
2,941				3,303
	-189		189	0
	-514			-514
				0
			-100	-100
0	7,605	-363	428	89,262
	-5,639			-5,639
	5,098			5,098
		0		0
	-128		128	0
	-116			-116
			-100	-100
0	6,820	-363	456	88,505

euromicron Group

STATEMENT OF CASH FLOWS

	Jan. 1, 2011– June 30, 2011 € thou.	Jan. 1, 2010– June 30, 2010 € thou.
Income before income taxes	7,294	5,760
Net interest income/loss	1,340	1,357
Depreciation and amortization of noncurrent assets	2,379	1,745
Disposal of assets, net	–178	5
Allowances for inventories and doubtful accounts	–771	–6
Change in accrued liabilities	283	–313
Change in deferred taxes	1,049	–432
Cash flow	11,396	8,116
Changes in short- and long-term assets and liabilities		
– Inventories	–3,029	–8,080
– Trade accounts receivable	–19,780	1,085
– Trade accounts payable	–1,858	–1,703
– Other operating assets	1,287	108
– Other operating liabilities	–1,871	596
– Income tax paid	–1,611	–1,300
– Income tax received	395	0
– Interest paid	–1,382	–1,480
– Interest received	42	80
Net cash provided by operating activities	–16,410	–2,578
Proceeds from retirement/disposal of		
– Property, plant and equipment	195	40
Payments due to acquisition of		
– Intangible assets	–223	0
– Property, plant and equipment	–4,538	–868
– Financial assets	–8	0
– Consolidated companies	–10,600	–2,975
Net cash used in investing activities	–15,174	–3,803
Dividends paid	–5,639	–4,503
Capital increase at the AG after costs	0	7,537
Proceeds from raising of financial loans	39,384	0
Cash repayments of financial loans	–2,356	–1,619
Distributions to/drawings from non-controlling interests	–216	–413
Changes in the consolidated companies	0	–526
Net cash provided by financing activities	31,172	476
Net change in cash and cash equivalents	–411	–5,905
Cash and cash equivalents at start of period	8,572	8,628
Cash and cash equivalents at end of period	8,160	2,723

(unaudited acc. to IFRS)

euromicron Group

SEGMENT REPORTING AT JUNE 30, 2011

Sales by report segments	2011 € thou.	2010 € thou.
Total sales, North	53,225	50,616
Inter-segment sales, North	-2,245	-2,684
Sales to external third parties, North	50,980	47,932
Total sales, South	83,058	52,668
Inter-segment sales, South	-1,111	-658
Sales to external third parties, South	81,947	52,010
Consolidated cross-segment sales	-4,627	-3,788
Consolidated sales for the Group	128,300	96,154

EBIT by report segments	2011 € thou.	2010 € thou.
Consolidated EBIT, North	7,345	6,500
Consolidated EBIT, South	4,508	3,596
euromicron AG	-3,202	-2,984
Group consolidations	-17	5
Consolidated EBIT for the Group	8,634	7,117

Amortization/depreciation by report segments	2011 € thou.	2010 € thou.
North, consolidated	-1,154	-1,054
South, consolidated	-1,206	-648
euromicron AG	-19	-43
Consolidated amortization/depreciation for the Group	-2,379	-1,745

(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, 2011, 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 interim report are presented in thousands of Euros (€ thou.).

The results in the interim financial statements as of June 30, 2011, 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, 2011, as for preparing the consolidated financial statements at December 31, 2010, unless changes are explicitly indicated. A detailed description of these methods is published in the 2010 Annual Report. The consolidated financial statements of euromicron AG as of December 31, 2010, 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.

An individual tax rate 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.

The following interpretations and amendments to published standards have been in force since the beginning of fiscal year 2011:

- IFRS 1 (amendment), "First-time Adoption of IFRS: Change in relation to the Fixed Date in the Derecognition Exception" and "Presentation of Financial Statements"
- IAS 7 (amendment), "Financial Instruments: Amendments as a result of Annual Improvements to the IFRS in May 2010"
- IAS 16 (amendment), "Property, Plant and Equipment: Recognition of maintenance equipment in the case of long-term use as property, plant and equipment"
- IAS 24 (revised), "Related Party Disclosures"
- IAS 32 (amendment), "Financial Instruments: Presentation"
- IAS 34, "Interim Financial Reporting: Amendments as a result of Annual Improvements to the IFRS in May 2010"

- IFRIC 14 (amendment), “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”
- IFRIC 19 (new), “Extinguishing Financial Liabilities with Equity Instruments”.

Apart from the above amendments, the following new or amended standards and interpretations of the IASB and IFRS Interpretations Committee have been adopted. However, since their application is not mandatory or they have not yet been adopted by the European Commission, they were not used in the abridged interim consolidated financial statements as of June 30, 2011:

- IFRS 9 Financial Instruments
- Amendment to IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets
- Amendment to IAS 12 Deferred Tax: Recovery of Underlying Assets.

Since the consolidated financial statements as of December 31, 2010, were prepared, the EU has adopted the following amendments to existing standards:

In May 2010, the IASB published a collection of amendments to various standards, with the prime objective of eliminating inconsistencies and clarifying formulations (2010 Improvements Process). They were adopted by the EU on February 18, 2011, by Regulation (EU) No. 149/2011. Application of the amended standards and interpretations has no significant impact on the Group's financial position, net assets and results of operations or cash flow.

Consolidated companies

Apart from euromicron AG, the consolidated financial statements at June 30, 2011, include 17 companies, in which euromicron AG has the majority of voting rights directly or indirectly.

As the result of acquisition of a new company, there has been a significant change to the consolidated companies in the euromicron Group in accordance with IFRS 3 compared with at December 31, 2010. On June 7, 2011, euromicron AG acquired the business operations of telent GmbH Deutschland, Backnang, from Pension Corporation (UK) under an asset deal. telent GmbH is a vendor-independent system integrator and technology service provider for communications networks and boasts a nationwide service team. As part of the new addition, a provisional purchase price allocation relating to dormant reserves and liabilities was carried out. The goodwill remaining after allocation represents the benefit of the newly acquired company to euromicron AG.

Treasury shares

At June 30, 2011, euromicron does not hold any treasury shares that might be offset against equity in accordance with IAS 32.33.

Non-controlling interests (minority interests)

Under IFRS 3 (2008), non-controlling interests are disclosed as part of equity in accordance with the entity point of view.

The minority interests in equity reported at June 30, 2011 (€509 thousand) relate exclusively to Qubix S.p.A., Padua (10%).

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 the euromicron Group.

Contingencies

There were no significant changes in contingencies, contingent liabilities and other financial obligations compared with the annual financial statements at December 31, 2010.

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, 2011

The Executive Board

Dr. Willibald Späth

Thomas Hoffmann

Financial Calendar 2011:

August 30, 2011	DVFA Small Cap Conference, Frankfurt/Main
September 29, 2011	UBJ Hamburg Investor Conference
November 11, 2011	Publication of the business figures for the third quarter of 2011
November 21–23, 2011	German Equity Capital Forum, Frankfurt/Main

This quarterly report is available in German and English.

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

In cases of doubt, the German version is authoritative.

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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, changes in general political and economic conditions, 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. Any liability or guarantee for the used and published data and information being up-to-date, correct and/or complete is not assumed, either explicitly or implicitly.

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