

INTERIM REPORT Q1/2012

euromicron Aktiengesellschaft

euromicron

KEY INCOME FIGURES

of the euromicron Group at March 31, 2012

	2012 € thou.	2011 € thou.
Consolidated EBIT	5,680	4,125
Operating EBIT	6,972	5,386
EBIT return as a ratio of total operating performance (in %)	7.1	7.2
EBITDA	7,482	5,201
Income before taxes	4,916	3,641
Consolidated net income for euromicron AG shareholders	3,359	2,361
Earnings per share in € (undiluted)	0.50	0.46

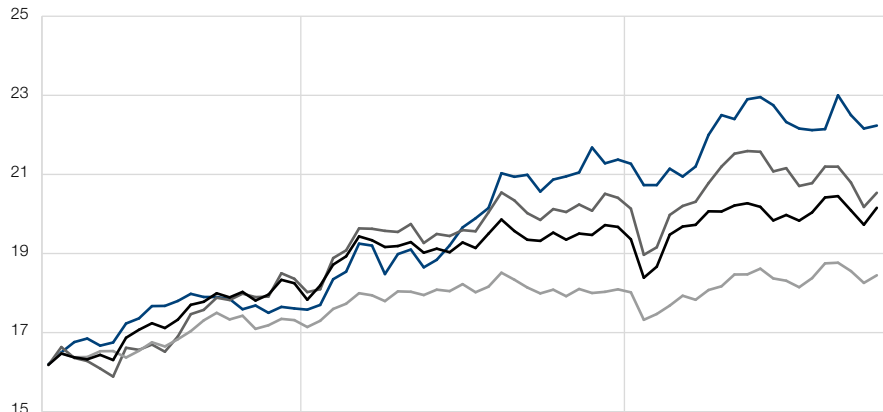
(unaudited acc. to IFRS)

euromicron AG

SHARE PERFORMANCE

in €

Jan. 2, 2012 – March 31, 2012



■ euromicron (XETRA)

■ MDAX (perf.) (Deutsche Börse index) (relative)

■ DAX (perf.) (Deutsche Börse index) (relative)

■ TecDAX (perf.) (Deutsche Börse index) (relative)

DEAR SHAREHOLDERS,

At the beginning of the first of our two years of integration, our main focus is on professionalizing our corporate and personnel structures. That foundation will enable us to create the conditions for our company's further profitable growth.

Frankfurt/Main, May 2012

The Executive Board

FOREWORD

The euromicron Group continued its excellent performance of fiscal 2011 in the first quarter of 2012.

In the first three months of fiscal 2012, euromicron generated consolidated sales of approximately €80.5 million, a year-on-year increase of around 38%.

Consolidated EBIT was around €5.7 million compared with €4.1 million in the previous year, an increase of some 38%. Operating income of the associated companies was as we expected: Around €7.0 million, compared with €5.4 million in the previous year. Undiluted earnings per share were €0.50 (previous year: €0.46) on a net profit for the period of approximately €3.4 million (previous year: €2.4 million).

New orders are currently at the very high level of €87.5 million, a year-on-year increase of 36%. Order books were €134 million, some 14% up on the previous year (€118 million).

As a result, we have continued our company's profitable and sustainable growth and can concentrate on further optimizing our corporate and personnel structures in the coming two years of integration.

To enable this, we have taken a raft of measures embracing the entire company – from continuous optimization of cost structures, various employee qualification and recruitment programs, adaptation of processes to market requirements, to intensified investment in product innovations and new developments, as well as in efficient production processes and methods.

All the measures are integrated in the Group's overall Continuous Improvement Process (CIP) to ensure our ambitious earnings and financing targets are achieved. The CIP will help make our company even more efficient and powerful on the market and keep our target for the consolidated EBIT ratio stable at 8% to 11% long term.

Particular opportunities for the enterprise as a whole will arise thanks to the combination of the advantages of telent GmbH and its strong structures with the strengths of euromicron's existing SME-oriented, highly flexible and customer-centric companies. Our customers, investors, prospects and partners were able to see that for themselves at our presence at CeBIT in March, where we showcased the "new" euromicron and our extensive capabilities.

We accompanied our share's pleasing admission to the TecDAX index with a large number of roadshows and talks with investors in the first quarter of 2012. We intend to actively underpin the growing interest in our share, which is also due to its listing, in the further course of the fiscal year. At the same time, we are working to enhance awareness of the euromicron brand even further in the capital market and among customers.

With our continuous and sustainable dividend policy, we would like to live up to the expectations of our shareholders, who attach importance to a good return on their capital. That is why we are sticking to our dividend policy.

In this spirit, the Executive Board and Supervisory Board will propose a dividend of €1.15 a share to the General Meeting on May 25, 2012. That is more than 50% of the company's operating profit and makes our share an interesting investment in terms of dividend and growth in the TecDAX as well.

INTERIM MANAGEMENT REPORT

of the euromicron Group from January 1 to March 31, 2012

General conditions and development of the company

Economic dynamism slowed a little in Germany in the first quarter of 2012. However, that is nothing unusual after two years of growth rates of 3% and more and plausible in view of the still existing risks such as the debt crisis and geopolitical tensions in the Middle East. The mood in the German economy remains good. The domestic economy still ensures a reliable fundamental economic dynamism thanks to a good employment market. In view of a weakening global economy and assuming that the euro crisis does not intensify, economic researchers expect German gross domestic product to grow by 0.4% in 2012.

After falling twice, the ifo indicator shows a slight upward tick in the global economic climate in the first quarter of 2012, but is still below the long-term average. There are positive signs from North America, in particular the USA. The economic climate in Asia points to a slight cooling off. The global economy will continue to grow, above all thanks to emerging countries.

The high-tech industry also embarked on 2012 with optimism, despite the debt crisis and turbulence on the financial markets. The industry expects total market volume to grow by just over 2% in 2012 to €151 billion (compared with just under €148 billion in 2011). Cloud computing also remains the most important technology and market trend in 2012, followed by security solutions and mobile apps.

Despite the difficult economic environment in the first quarter of 2012, euromicron was able to pick up where it left off in the extremely successful fiscal year 2011. Among other things, this is reflected in admission of euromicron's share to the TecDAX.

euromicron's share started the first quarter of 2012 at a price of €16.20. As of mid-February, it again reached €20 and stabilized from then on at a level of between €21 and €22.

On March 19, 2012, it was included in Germany's technology stock index, the TecDAX, with great expectations. According to analysts, the Group has constantly met the criteria of Deutsche Börse, such as free-float market capitalization and stock exchange turnover. After a continuous evolution in its shareholder structure in the past years and unbroken demand from potential investors, the share was launched on the TecDAX on the basis of a 100% free float.

After admission of euromicron's share to the TecDAX and publication of the financial statements for the record fiscal year 2011, the price even went up to €23 at one point. Toward the end of the first quarter of 2012, the share settled at a level of approximately €22, since euromicron has significantly surpassed expectations in its annual financial statements and so confirmed successful integration of the company telent. Against this backdrop, a large number of analysts believe an upside target of €29 to be feasible, with a chance of the share moving above €30.

Sales

euromicron posted consolidated sales of around €80.5 million at March 31, 2012, around 40% up on the level of the previous year (€57.5 million). This positive trend is due not only to organic growth, but also the contribution made to consolidated sales by telent GmbH, which was acquired on June 7, 2011, and is now fully consolidated. euromicron's total operating performance rose from €58.4 million to €83.8 million year-on-year.

The beginning of the current fiscal year is proceeding as customary for euromicron, which usually provides and bills most of its value-added services in the last quarter of the year. Extrapolating the figures for the year as whole from individual quarters must still appropriately reflect the seasonal course of project business, even including telent GmbH, so that realistic forecasts can be given.

euromicron's commercial activity still focuses on Germany, where it generated €72.0 million, or 89.5% of total sales, an increase of 51.7% year-on-year.

The sales generated by the foreign companies were within expectations in the first quarter. Overall, sales in the Euro zone are slightly below the level of the previous year.

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

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

If opportunities arise outside Europe, euromicron is ready to exploit them successfully with the know-how of its employees. However, systematic penetration of the domestic market is still the Group's main focus, since it will continue to offer great potential in the coming years.

euromicron Group

SALES DEVELOPMENT CONSOLIDATED BY REGIONS AT MARCH 31, 2012

Regions	2012 € thou.	2011 € thou.
Germany	72,048	47,507
Euro zone	7,467	8,820
Rest of World	965	1,184
Consolidated net sales	80,480	57,511

(unaudited acc. to IFRS)

Income

In the first quarter of fiscal 2012, euromicron posted consolidated income before interest and taxes of around €5.7 million (previous year: €4.1 million), a 37.7% percent increase on the previous year and giving an EBIT return of 7.1% relative to sales. Operating income of the associated companies is within our expectations at €7.0 million.

Due to our continuing positive business performance in all three segments, the cost of materials rose year-on-year from €31.8 million to €45.4 due to our higher volumes and its ratio to total operating performance was 54.2%.

Personnel costs were €21.1 million compared with €14.4 million in the previous year. The increase in personnel costs is solely 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 amortization/depreciation was €1.8 million, above that of the previous year (€1.1 million), in particular as a result of amortization of hidden reserves from the purchase price allocation for companies acquired in the last years and of development costs.

Other operating expenses were €10.2 million compared with €7.4 million in the previous year. In line with the company's development, vehicle and travel expenses, rent/room costs and legal and consulting costs are the largest items within the other operating expenses.

Interest expenses costs were €0.8 million, slightly above the previous year's figure. This is predominantly attributable to the increased need for up-front financing for projects as part of euromicron Group's growth.

The tax ratio was around 29%, well within the average for German industrial companies.

The net profit for the period after minority interests as of March 31, 2012, was €3.4 million, 42.3% up on the previous year (€2.4 million). Despite the issue of new shares in 2011, undiluted earnings per share were €0.50 compared with €0.46 in the same period of the previous year.

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KEY INCOME FIGURES AT MARCH 31, 2012

	2012 € thou.	2011 € thou.
Consolidated EBIT	5,680	4,125
Operating EBIT	6,972	5,386
EBIT return as a ratio of total operating performance (in %)	7.1	7.2
EBITDA	7,482	5,201
Income before taxes	4,916	3,641
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(unaudited acc. to IFRS)

New orders and order books

As of March 31, 2012, euromicron posted new orders of €87.5 million, 36% up on the previous year (€64.1 million).

euromicron also assumes that new orders will grow compared with 2011 in the further course of fiscal 2012. Among other things, the potential for this is the result of the great success of the whole euromicron Group at this year's CeBIT in Hanover. The company's internal assessment from the trade show again came to the conclusion that euromicron can not only satisfy current customer needs with its portfolio of products and services, but has also strategically positioned itself correctly as regards coming trends.

Order books were €134.4 million (previous year: €117.6 million), likewise well up on the previous year. We are not currently aware of any risks from significant project delays or postponements.

euromicron Group

NEW ORDERS/ORDER BOOKS – CONSOLIDATED AT MARCH 31, 2012

	2012 € thou.	2011 € thou.
Consolidated new orders	87,451	64,148
Consolidated order books	134,442	117,596

(unaudited acc. to IFRS)

Net assets

The euromicron Group's total assets at March 31, 2012, were €270.6 million, up by €4.9 million from December 31, 2011 (€265.7 million).

Noncurrent assets were 51.4% of total assets, slightly below the figure at December 31, 2011 (52.3%). Current assets increased by €4.8 million compared with the 2011 annual financial statements to €131.6 million. Inventories rose by €3.4 million, due to the solid orders situation.

Cash and cash equivalents fell by just under 12% compared with at December 31, 2011, to €6.4 million.

The ratio of equity and long-term outside capital to noncurrent assets is 123%.

Equity at March 31, 2012, was €123.5 million, around €3 million above the level stated in the 2011 financial statements. The equity ratio was 45.6%.

Long-term debt was around 17.4% of total assets. This essentially contains the long-term components of the Group's outside financing.

Current liabilities were €100 million, slightly above the figure at December 31, 2011 (€99.5 million) and are 37.0% of total assets.

Financial position

The euromicron Group's net debt (long- and short-term) at March 31, 2012, was around €68.4 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.

At March 31, 2012, the Group has sufficient free credit lines from its partner banks to cover its greater need for cash to handle the higher volume of business and also accomplish interesting and important investments for developing the group further.

Thanks to its good relations and longstanding partnerships with Germany's leading banks, the Group thus has a solid liquidity reserve in 2012 for its current and strategic development.

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

Employees

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

1,596 persons were employed by the euromicron Group as of March 31 of fiscal 2012. Personnel costs totaled €21.1 million (previous year: €14.4 million).

Finding new, well-trained employees and safeguarding and expanding its base of qualified employee potential is still regarded by euromicron as a key objective. 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 a core element of our business policy.

In this context, euromicron gives 85 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, 2011, have been continuously examined and updated as part of the Q1 Interim Report at March 31, 2012. At March 31, 2012, 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 2011 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.

INCOME STATEMENT

of the euromicron Group from January 1 to March 31, 2012

3-month report

	Jan. 1, 2012 – March 31, 2012 € thou.	Jan. 1, 2011 – March 31, 2011 € thou.
Sales	80,480	57,511
Inventory changes	3,315	895
Own work capitalized	44	5
Other operating income	359	420
Cost of materials	-45,380	-31,773
Personnel expenses	-21,137	-14,433
Amortization and depreciation	-1,802	-1,076
Other operating expenses	-10,199	-7,424
Operating profit	5,680	4,125
Interest income	58	29
Interest expenses	-822	-513
Income before income taxes	4,916	3,641
Income taxes	-1,418	-1,176
Income before minority interests	3,498	2,465
Thereof for euromicron AG shareholders	3,359	2,361
Thereof for non-controlling interests	139	104
Earnings per share (undiluted) in €	0.50	0.46
Earnings per share (diluted) in €	0.50	0.46

(unaudited acc. to IFRS)

RECONCILIATION OF THE QUARTERLY RESULTS WITH THE STATEMENT OF COMPREHENSIVE INCOME

for the euromicron Group at March 31, 2012

	Jan. 1, 2012 – March 31, 2012 € thou.	Jan. 1, 2011 – March 31, 2011 € thou.
Consolidated net income before minority interests	3,498	2,465
Gain/loss on the valuation of securities	0	0
Other profit/loss	0	0
Total result	3,498	2,465
Thereof for euromicron AG shareholders	3,359	2,361
Thereof for non-controlling interests	139	104

(unaudited acc. to IFRS)

euromicron Group

CONSOLIDATED BALANCE SHEET

ASSETS

	March 31, 2012 € thou.	Dec. 31, 2011 € thou.
Noncurrent assets		
Goodwill	104,211	104,211
Intangible assets	17,819	18,257
Tangible assets	15,632	15,129
Financial assets	729	725
Other assets	209	175
Deferred tax assets	419	474
	139,019	138,971
Current assets		
Inventories	28,467	25,079
Trade accounts receivable	88,649	88,068
Claims for income tax refunds	3,777	2,971
Financial assets	1,159	1,159
Other assets	3,054	2,198
Cash and cash equivalents	6,447	7,300
	131,553	126,775
Total assets	270,572	265,746

(unaudited acc. to IFRS)

euromicron Group

CONSOLIDATED BALANCE SHEET LIABILITIES AND EQUITY

	March 31, 2012 € thou.	Dec. 31, 2011 € thou.
Equity		
Subscribed capital	17,037	17,037
Capital reserves	88,771	88,771
Gain/loss on the valuation of securities	-286	-286
Net retained profits	17,551	14,192
Stockholders' equity	123,073	119,714
Minority interests	439	483
Total equity	123,512	120,197
Long-term debt		
Provisions for pensions	755	728
Other provisions	451	481
Liabilities to banks	24,663	24,674
Liabilities from finance lease	1,365	1,459
Financial liabilities	11,436	10,789
Deferred tax liabilities	8,347	7,936
	47,017	46,067
Current liabilities		
Accrued liabilities	881	1,222
Trade accounts payable	24,458	31,617
Liabilities from current income taxes	1,389	2,096
Liabilities to banks	39,669	29,762
Liabilities from finance lease	300	297
Tax liabilities	4,108	7,608
Personnel obligations	10,000	10,037
Financial liabilities	2,016	2,967
Other liabilities	17,222	13,876
	100,043	99,482
Total assets	270,572	265,746

(unaudited acc. to IFRS)

STATEMENT OF CHANGES IN EQUITY

of the euromicron Group from January 1 to March 31, 2012

	Subscribed capital	Capital reserves
	€ thou.	€ thou.
January 1, 2011	13,105	68,487
Consolidated net income for 2011	0	0
Other profit/loss		
Gain/loss on the valuation of securities	0	0
	0	0
Total profit/loss for 2011	0	0
Transactions with owners		
Dividend for 2010	0	0
Capital increase at the AG after costs	3,932	20,284
Profit share of non-controlling shareholders	0	0
Transfer of profit shares for minority interests in outside capital	0	0
Distributions to/withdrawals by non-controlling shareholders	0	0
	3,932	20,284
December 31, 2011	17,037	88,771
Consolidated net income for 2011	0	0
Other profit/loss		
Gain/loss on the valuation of securities	0	0
	0	0
Total result at March 31, 2012	0	0
Transactions with owners		
Dividend for 2011	0	0
Capital increase at the AG after costs	0	0
Profit share of non-controlling shareholders	0	0
Transfer of profit shares for minority interests in outside capital	0	0
Distributions to/withdrawals by non-controlling shareholders	0	0
	0	0
March 31, 2012	17,037	88,771

(unaudited acc. to IFRS)

Consolidated retained earnings	Gain/loss from the valuation of securities	Equity attributable to the shareholders of euromicron AG	Non-controlling interests	Total equity
€ thou.	€ thou.	€ thou.	€ thou.	€ thou.
7,605	-363	88,834	428	89,262
12,899	0	12,899	0	12,899
0	77	77	0	77
0	77	77	0	77
12,899	77	12,976	0	12,976
-5,639	0	-5,639	0	-5,639
0	0	24,216	0	24,216
-155	0	-155	155	0
-518	0	-518	0	-518
0	0	0	-100	-100
-6,312	0	17,904	55	17,959
14,192	-286	119,714	483	120,197
3,498	0	3,498	0	3,498
0	0	0	0	0
0	0	0	0	0
3,498	0	3,498	0	3,498
0	0	0	0	0
0	0	0	0	0
-56	0	-56	56	0
-83	0	-83	0	-83
0	0	0	-100	-100
-139	0	-139	-44	-183
17,551	-286	123,073	439	123,512

euromicron Group

STATEMENT OF CASH FLOWS

	Jan. 1, 2012 – March 31, 2012 € thou.	Jan. 1, 2011 – March 31, 2011 € thou.
Income before income taxes	4,916	3,641
Net interest income/loss	764	484
Depreciation and amortization of noncurrent assets	1,802	1,076
Disposal of assets, net	-15	-59
Allowances for inventories and doubtful accounts	-333	-138
Change in accrued liabilities	-1,024	95
Change in deferred taxes	475	-47
Cash flow	6,585	5,052
Changes in short- and long-term assets and liabilities:		
– Inventories	-3,101	-4,626
– Trade accounts receivable	-734	-5,764
– Trade accounts payable	-7,844	-2,736
– Other operating assets	-1,698	-153
– Other operating liabilities	-753	-1,326
– Income tax paid	-59	-353
– Income tax received	2	472
– Interest paid	-814	-514
– Interest received	58	29
Net cash provided by operating activities	-8,358	-9,919
Proceeds from retirement/disposal of		
– Property, plant and equipment	17	64
Payments due to acquisition of		
– Intangible assets	435	-150
– Property, plant and equipment	-2,305	-682
– Financial assets	-4	-2
– Consolidated companies	-350	-1,000
Net cash used in investing activities	-2,207	-1,770
Proceeds from raising of financial loans	15,990	12,600
Cash repayments of financial loans	-6,094	-4,791
Distributions to/drawings from non-controlling interests	-184	-24
Net cash provided by financing activities	9,712	7,785
Net change in cash and cash equivalents	-853	-3,903
Cash and cash equivalents at start of period	7,300	8,572
Cash and cash equivalents at end of period	6,447	4,669

(unaudited acc. to IFRS)

euromicron Group

SEGMENT REPORTING AT MARCH 31, 2012

Sales by report segments	2012 € thou.	2011 € thou.
Total sales, North	30,143	28,138
Inter-segment sales, North	-863	-1,059
Sales to external third parties, North	29,280	27,079
Total sales, South	33,356	32,738
Inter-segment sales, South	-405	-319
Sales to external third parties, South	32,951	32,419
Total sales, WAN services	21,569	N/a
Inter-segment sales, WAN services	0	N/a
Sales to external third parties, WAN services	21,569	N/a
Consolidated cross-segment sales	-3,320	-1,987
Consolidated sales for the Group	80,480	57,511

EBIT by report segments	2012 € thou.	2011 € thou.
Consolidated EBIT, North	4,155	3,699
Consolidated EBIT, South	1,760	1,687
Consolidated EBIT, WAN services	1,057	N/a
euromicron AG	-1,292	-1,250
Group consolidations	0	-11
Consolidated EBIT for the Group	5,680	4,125

Amortization/depreciation by report segments	2012 € thou.	2011 € thou.
North, consolidated	-700	-497
South, consolidated	-532	-571
WAN services, consolidated	-538	N/a
euromicron AG	-32	-8
Consolidated depreciation/amortization for the Group	-1,802	-1,076

(unaudited acc. to IFRS)

Market & technology

The debt crisis in Europe did not impact the German high-tech market in the first quarter of 2012 either. According to the forecasts of the BITKOM association, sales of information technology (IT hardware, software and IT services) in Germany will rise by 3.1% to €72.4 billion in 2012 and BITKOM also expects a slight uptick in sales in telecommunications in 2012 of 0.6% to €66.1 billion.

euomicron's books are well-filled with new orders of €87.5 million. Thanks to this excellent foundation, the company can focus in fiscal 2012 on integrating, rounding out and pooling its expertise and technological skills for the market. Initial steps toward this objective have already been taken.

Cooperation between euomicron's system houses and the new telent is being continuously expanded and intensified. Important joint successes have already been achieved in the first quarter of fiscal 2012, especially in projects where telent focuses on network monitoring, while euomicron's system houses are responsible for customer service and maintenance on-site.

So as to provide large accounts, such as Fraport AG or InfraServ, with more extensive technological support and consulting, the company ANS GmbH was acquired by euomicron solutions GmbH on February 29, 2012. Its technological focus is on building automation, as well as network and security technology. ANS is thus an ideal complement to euomicron solutions, among other things in the development, installation and maintenance of reliable, cutting-edge alerting technology.

At CeBIT in March 2012, euomicron presented itself for the first time in its new lineup, along with telent, showcasing tailored products, solutions and applications for tomorrow's key markets under the slogan "next generation solutions".

In the field of “home & office”, euromicron showed how it delivers broadband offerings to office complexes, industrial estates and remote residential units, for example, ensuring maximum data availability there. A particular highlight of this focal topic at the trade show was the signing of an agreement with the Flensburg-based broadband provider mr. net services GmbH & Co. KG for implementing a broadband network to supply 28 communities in northeastern Schleswig-Holstein with Internet services.

Likewise in the field of “home & office”, euromicron’s subsidiary MICROSENS, the German specialist for fiber-optic transmission systems, premiered the latest generation of its tried-and-tested Gigabit Ethernet installation switch, marking a further milestone in the area of FTTO in-house networking. The Gigabit switches newly developed by MICROSENS boast higher performance, offer greatly enhanced energy efficiency and for the first time support Energy Efficient Ethernet and IPv6 dual stack. Together with the optimized case design, the new “generation 6” installation switches thus represent a future-proof basis for all coming requirements for modern office environments.

As a further focal topic, euromicron demonstrated on site in Hanover how industrial customers can benefit from its permanently updated specialist know-how in the areas of managed services and so focus fully on their core business. In real life, the showcased solution was installed at RAG Montan Immobilien on the grounds of the Zollverein colliery, a world cultural heritage site, by euromicron systems hand in hand with its sister company telent. 550 telecommunications workplaces, 800 LAN ports and a complete wireless LAN connection were set up in a new building of RAG, in which all the company’s departments have been centralized. The commission involves “outtasking”, a concept where – unlike outsourcing – companies do not surrender control of the technical infrastructures, but merely delegate subtasks, such as maintenance. With this joint managed services order for its two subsidiaries, euromicron once again underscores its expertise as a leading, vendor-independent specialist for network infrastructures and emphasizes the opportunity of generating crucial value added for its customers through the combination of its skills.

Further expansion of cooperation between euromicron's subsidiaries and pooling of the abilities the individual companies contribute to the Group will also open up cross-selling potentials in future and so help strengthen euromicron's positioning in the market for network technology.

Outlook

We still expect large demand for state-of-the-art infrastructure solutions in Germany. We currently do not see any "killer technology" on the horizon which might make expansion of broadband networks superfluous. Whereas the need to have a broadband supply is becoming a standard requirement for municipalities, companies and citizens, a demand we actively support with installation of this infrastructure, we are already addressing the next step, the "Internet of Things".

IP-based fiber-optic networks with an enormous bandwidth will ensure that cars and other means of transport, workplaces and machines, domestic electrical appliances such as refrigerators, air-conditioning and security systems "communicate" with and among each other and so make the life and work of people and catering for their needs not only easier, but also more secure and efficient. All that requires high-performance, smart networks – and euromicron has established itself as **the** expert in Germany for planning, installing, maintaining and servicing them.

That means we will continue to target and tackle future-oriented projects in key growth markets and occupy high-margin niches there in the next phase of our company's development. Apart from systematically increasing our Group's organic growth, however, we will also continue to seize worthwhile opportunities to take over qualified teams, technologies and market access or patents from the market and integrate them in our Group.

At the same time, our main focus in the year of integration 2012 will be on further optimization of our corporate and personnel structures. Consequently, we are continuing the continuous improvement process which we started in previous years and will develop our employees further, optimize costs structures and complement our cus-

customer-centric corporate culture befitting a medium-sized enterprise complemented with advantageous elements of a group organization.

We will strengthen our employees' qualifications by further developing our company's management and leadership structures and seize the initiative with additional further training and development measures, such as our programs for junior executives, sales trainees or project management and by expanding our acknowledged vocational training.

Analysis of the company's value-adding processes – in particular sales and administration processes – and expansion of our receivables and cash management will help optimize cost structures and improve profitability.

The establishment of shared service units and expansion of our existing Competence Centers as service providers for all parts of the company and, if required, for our customers as well offer further opportunities as part of the extensive integration program. The focus in the near future will be in particular on ensuring the customer-centric euromicron companies with their SME orientation continue to grow together with talent and its strong structures. We will support and press ahead with this cooperation at all levels in order to become even more successful and offer our customers even more user-friendly integrated overall solutions.

We will accompany promotion to the TecDAX with intensified public and investor relations work so as to offer prospective new investors the chance to get to know euromicron and its portfolio of products and services. That is because our objective remains to cooperate with investors who accompany us for the medium to long term and do not seek merely short-term, speculative and risky success. Crucial factors in our eyes are for the investors to understand our business model, give management and the company support and back our strategy of sparing use of resources.

In order to keep the products of our manufacturing operations right up-to-date at all times and create the conditions now for products and solutions that also have a viable future, we have significantly increased the investment budget for product innova-

tions and further developments, efficient manufacturing processes and optimizing standards. As a result, we are making the euromicron locations sustainably fit for the future.

The EBIT return target at the Group level for the coming years remains 8% to 11%. Following completion of the consolidation phase of build-and-integrate in 2013, we aim to achieve the €500 million mark for sales in subsequent years. Apart from organic growth, that will be backed by largish strategic investments or mutual investments in companies, which we are currently focusing on.

On the basis of our extensive business model, the large number of synergy effects that can be leveraged in the Group and our solid basis for financing, in conjunction with an equity base that remains good, we believe we are excellently equipped to achieve our targets in the coming years. As always, we will act with moderation and at the right time to help develop the organization professionally, profitably and sustainably.

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 March 31, 2012, 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 March 31, 2012, 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 March 31, 2012, as for preparing the consolidated financial statements at December 31, 2011, unless changes are explicitly specified. A detailed description of these methods is published in the 2011 Annual Report and is available on the company’s homepage. The consolidated financial statements of euromicron AG as of December 31, 2011, 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 2012:

■ Amendments to IFRS 7 “Financial Instruments: Disclosures”

Apart from the above amendments, the following new or amended standards and interpretations of the IASB and IFRS Interpretations Committee have recently 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 March 31, 2012:

- IAS 1 “Presentation of Financial Statements – Presentation of Individual Items of the Other Profit/Loss”
- IAS 12 (amendment) “Deferred Taxes: Recovery of Underlying Assets”
- IAS 19 “Employee Benefits”
- IAS 27 “Separate Financial Statements”
- IAS 28 “Investments in Associates and Joint Ventures”
- IAS 32 “Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities”
- Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards – Government Loans”

- Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”
- IFRS 7 “Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities”
- IFRS 9 “Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities”
- IFRS 10 “Consolidated Financial Statements”
- IFRS 11 “Joint Arrangements”
- IFRS 12 “Disclosure of Interests in Other Entities”
- IFRS 13 “Fair Value Measurement”
- AIP “Collection of amendments to various standards 2011”

No new standards or interpretations or changes to existing standards have been adopted by the EU since the consolidated financial statements as of December 31, 2011, were prepared.

Consolidated companies

Apart from euromicron AG, the consolidated financial statements at March 31, 2012, include 18 companies, in which euromicron AG has the majority of voting rights directly or indirectly. There have been no changes in the companies consolidated in the euromicron Group compared with at December 31, 2011.

Treasury shares

At March 31, 2012, euromicron does not hold any treasury shares that might be offset against equity in accordance with IAS 31.33.

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 March 31, 2012 (€439 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 segments euromicron North, euromicron South, the segment euromicron WAN services, which has existed since 2011, 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, 2011.

DECLARATION BY THE LEGAL REPRESENTATIVES

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

Frankfurt/Main, May 11, 2012

The Executive Board

Dr. Willibald Späth

Thomas Hoffmann

FINANCIAL CALENDAR 2012:

May 25, 2012	General Meeting
August 10, 2012	Publication of the business figures for the 2 nd quarter of 2012
November 9, 2012	Publication of the business figures for the 3 rd quarter of 2012

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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Disclaimer on predictive statements

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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