

# **INTERIM REPORT Q2/2012**

euromicron Aktiengesellschaft

**euromicron**

## KEY INCOME FIGURES

for the euromicron Group at June 30, 2012

	2012 € thou.	2011 € thou.
Consolidated EBIT	9,658	8,634
Operating EBIT	12,448	11,853
EBIT return as a ratio of sales (in %)	6.3	6.7
EBITDA	13,683	11,013
Income before taxes	7,838	7,294
Net profit for the period	5,443	4,854
Earnings per share in € (undiluted)	0.82	0.95

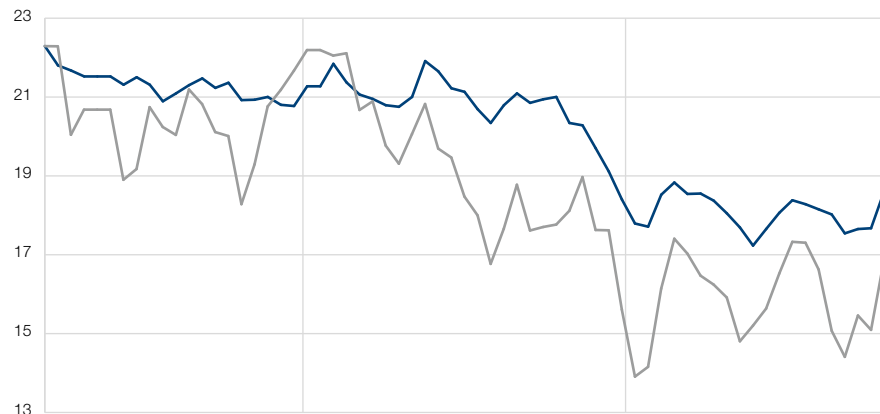
(unaudited acc. to IFRS)

euromicron AG

## SHARE PERFORMANCE

in €

April 1, 2012 – June 30, 2012



■ euromicron (XETRA)

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

## DEAR SHAREHOLDERS,

In the first half of 2012 we made advances in integrating and professionalizing our corporate and personnel structures. Inclusion of telent GmbH in the Group has been implemented.

Increases in efficiency, cost reductions and leveraging of synergy effects are the main intermediate results of this phase in our company's development.

Our operating business is successful and stable and remains on course.

Frankfurt/Main, August 2012

The Executive Board

## FOREWORD

Against the backdrop of ongoing integration and professionalization of its corporate and personnel structures, the euromicron Group remained on course for growth in the first half of 2012.

Initial measures in the continuous improvement process (CIP), such as various employee qualification and recruitment programs, adaptation of processes to market requirements, optimization of cost structures and intensified investment in product innovations and new developments, as well as in efficient production processes and methods, were successfully instigated.

On the basis of this, the euromicron Group generated total consolidated sales of around €152.8 million, a year-on-year increase of some 19%. Consolidated EBIT was around €9.7 million compared with €8.6 million in the previous year, an increase of approximately 12%.

Operating income of the associated companies was as we expected: Around €12.4 million, compared with €11.9 million in the previous year. Net profit for the first six months increased from €4.9 million in the previous year to €5.4 million. Despite the fact that new shares were issued in the final quarter of 2011, undiluted earnings per share were €0.82 (previous year: €0.95). Analysts' expectations from a euromicron that has grown in size were thus fulfilled.

Integration of telent GmbH in the listed euromicron AG is going according to plan. The cooperation between euromicron's companies, with their medium-sized setup, and telent with its powerful structures is increasingly being acknowledged by our customers and mutual trust and a spirit of togetherness is also growing among employees. The strong contribution by telent's business meant overall that we are involved to an even greater extent in large projects, especially for carriers and the public sector.

As a result, the seasonal nature of our system business overall is bolstered further, given that value-added services are traditionally performed in the second half of the year and projects in progress invoiced toward the end of the year. This is due as usu-

al to the fact that many key accounts, in particular those in telent GmbH's arena, increasingly do not award contracts until the second half of the year after projects have been jointly conceived and negotiated in the first half. That increasingly impacts the euromicron Group's overall order situation, with orders being placed to a greater extent in the second half of the year than was previously the case.

Accordingly, orders books were €122.7 million and so much as expected. The previous year's figure of €146.9 million, which is not comparable due to telent's different fiscal year, fully included telent's business. New orders totaled €148.0 million (previous year: €156.1 million), i.e. still at a very good level for the first half of the year. We anticipated this development following consolidation of telent and remain positive about the second half of the year in view of the company's good business performance thus far.

The good business figures, coupled with unclouded expectations for the end of the year, are reflected among other things in yet another top creditworthiness rating from the independent rating agency Hoppenstedt Kreditinformationen GmbH. The grade "1" for excellent creditworthiness awarded to euromicron for the second time in a row was achieved by just 4.8% out of a total of 4.7 million German enterprises that were analyzed (see Hoppenstedt CreditCheck).

The CreditCheck rating index, which is compiled by Hoppenstedt Kreditinformationen every six months, is regarded as one of the most important and dependable measures of the solidity and economic strength of German companies. This rating again confirms our sustainable corporate policy of not only offering a comprehensive footprint and nationwide service, but also being a financially reliable and solvent business ally to customers, suppliers, partners and banks.

The sustainable business policy to which we are wholeheartedly committed is also being increasingly rewarded and acknowledged by the capital market. The growing awareness of our company was demonstrated among other things at our General Meeting on May 25, 2012, where we welcomed some 30% more participants and achieved large approval for our strategy and planned corporate development. Finan-

cial publications such as “Euro am Sonntag” also rate our company a “technology leader in its field”, assess euromicron as a “promising newcomer in the TecDax” and recommend purchasing our share.

We intend to continue addressing the growing interest in our company as a result of admission to the TecDax by undiminished active investor relations and PR work. As part of this, we will keep on endeavoring to attract investors who support our business model and accompany us in the medium to long term.

In the group, the production operations – alongside euromicron’s system houses and our consulting/distribution – are a key component of euromicron’s business model. Two of our subsidiaries celebrate their 40th anniversary in 2012. Alongside ELABO GmbH in Crailsheim (Baden-Württemberg), which is regarded as the technology leader in development and production of intelligent measurement, testing and workplace technology for the electrical and electronic industry and related professions, EUROMICRON Werkzeuge also boasts a history dating back four decades. The manufacturer of connectors for fiber-optic systems from Sinn-Fleisbach in Central Hesse is one of Europe’s leading vendors. The production operations, with their specialist know-how, acknowledged and established brands and decades of experience, thus make a major contribution to the euromicron Group’s success.

# INTERIM MANAGEMENT REPORT

of the euromicron Group from January 1 to June 30, 2012

## General conditions and development of the company

Global economic growth expectations have drifted lower since the end of 2011. The International Monetary Fund (IMF) forecasts that the global economy will grow by 3.5% in 2012 and 4.1% in 2013. As in past years, the biggest boosts will come from the emerging countries. A further upward trend is seen in the growth of the Japanese and U.S. economies. Weak development in parts of Europe is putting a strain on global growth.

According to the Federation of German Industries, the Euro zone will experience a slight downturn in the course of the year. The EU Commission regards that as being likely due to a global weakening in demand and the consolidation policies of many euro member states.

The Federation of German Industries believes that GDP growth of 1% is attainable for the German economy. However, average annual growth will probably be well below the figure for the previous year. Reasons for this moderate growth in GDP apart from the restrained start to the first quarter of 2012 are higher prices for raw materials and energy.

The ifo Institute also believes a weakening of the German economy is probable due to the high degree of uncertainty in the Euro area. The main factor for this uncertainty is the unforeseeable development of the European debt crisis. The ifo Business Climate Index fell noticeably in May and June. Nevertheless, the ifo Institute still sees the general conditions for Germany as being favorable.

Despite the European financial crisis and greater uncertainty, the German Association for Information Technology, Telecommunications and New Media (BITKOM) sees the information and telecommunications market as being on a stable path to growth. Global sales are expected to increase this year by 5.1% to €2.57 trillion.

The two major segments of information technology and telecommunications will grow equally strongly by 5%. ICT sales in Western Europe are anticipated to grow by 1.2%

to €617 billion, whereas the German market is expected to stabilize the entire European ICT market.

In the second quarter of 2012, euromicron's share was not fully able to evade the greater insecurity in financial markets, but overall displayed a high level of relative strength compared with the indexes.

euromicron's share started the first day of trading in the second quarter very well at €22.61 and constantly performed above the €20 mark in April.

In May and June, it was no longer able to withstand the general market pressure. In a volatile stock market climate, the share was priced between €18 and €20 in May. By the end of the second quarter, it moved well above €20 for a while and remained stable at this level near to the €20 mark.

## Sales

euromicron posted consolidated sales of €152.8 million as of June 30, 2012, an increase of around 19% on the figure of €128.3 million for the same period in the previous year. Its total operating performance rose year on year from €126.0 million to €159.9 million.

Including telent, the current fiscal year 2012 is exhibiting to an even greater degree the customary course of business for euromicron, which 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 has to reflect the seasonal course of project business to an even greater extent, in particular following the acquisition of telent GmbH.

A comparison with the previous year's figures is impacted by the pro-rata consolidation of telent GmbH since June 7, 2011. At this time, the balance sheet figures were included in full and the income statement figures on a pro-rata basis. In the further course of the fiscal year, we expect further consolidation effects and a sustained



strengthening in the seasonal course of business, with most services being performed in the second half of the year, in particular after the change in telent GmbH's fiscal year to January 1 to December 31 (calendar year).

euromicron's commercial activity still focuses on Germany, where it generated €135.6 million, or approximately 88.7% of total sales, an increase of around 25.0% year-on-year.

Foreign business in the first half of the year is as we had planned. Overall, sales in the Euro zone are as expected slightly below the level of the previous year, due to the overall economic situation there.

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 with the know-how of its employees. However, systematic penetration of the domestic market is still the Group's main focus, even after integration of telent GmbH, since it will continue to offer great potential in the coming years.

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## SALES DEVELOPMENT

### CONSOLIDATED BY REGIONS

#### AT JUNE 30, 2012

Regions	2012 € thou.	2011 € thou.
Germany	135,578	108,458
Euro zone	14,964	18,953
Rest of World	2,261	889
<b>Consolidated net sales</b>	<b>152,803</b>	<b>128,300</b>

(unaudited acc. to IFRS)

### Income

In the first six months of fiscal 2012, euromicron posted consolidated income before interest and taxes of around €9.7 million, an almost 11.9% percent increase on the previous year's €8.6 million and giving an EBIT return of 6.3% relative to sales. Operating income of the associated companies is within our expectations at €12.4 million.

Due to our continuing good business performance and company acquisitions in 2011, the cost of materials increased year on year from €67.4 million to €83.8 million as a result of the higher volume of business. The ratio of material costs is 52.4% of total operating performance compared with 53.5% in the previous year.

Personnel costs were €43.4 million compared with €32.9 million in 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 qualifi-

cations of employees are permanently compensated for by cost adjustments in other areas.

The increase in amortization/depreciation is in particular due to amortization as part of the capital consolidation of capitalized hidden reserves, as well as of capitalized development expenses. Of the Group's total amortization and depreciation of €4.0 million (previous year: €2.4 million), depreciation of plant, fixtures and fittings, tools and equipment was €3.1 million. This overall increase is mainly due to changes in the consolidated companies.

Other operating expenses were €20.3 million, up on the previous year's €15.5 million, and are likewise mainly impacted by the changes in the consolidated companies. 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 were €1.9 million, around €0.5 million above the previous year. This is attributable to the euromicron Group's growth and switch to long-term liabilities.

The tax ratio was 29.6%, well within the average for German industrial companies and at a comparable level with previous years.

The net profit for the period after minority interests as of June 30, 2012, was €5.4 million, approximately 12% up on the previous year (€4.9 million). Undiluted earnings per share (following the capital increase in the final quarter of the previous year) were €0.82 after €0.95 in the same period for the previous year.

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## KEY INCOME FIGURES

### AT JUNE 30, 2012

	2012 € thou.	2011 € thou.
Consolidated EBIT	9,658	8,634
Operating EBIT	12,448	11,853
EBIT return as a ratio of sales (in %)	6.3	6.7
EBITDA	13,683	11,013
Income before taxes	7,838	7,294
Net profit for the period	5,443	4,854
Earnings per share in € (undiluted)	0.82	0.95

(unaudited acc. to IFRS)

### New orders and order books

As of June 30, 2012, euromicron posted new orders of €148.0 million, slightly above its expectations. The previous year's figure is impacted by the first-time inclusion of telent GmbH.

euromicron assumes that, as in previous years, new orders will increase sharply compared with the first half of the year due to seasonal reasons.

Order books as of June 30, 2012, were €122.7 million, picking up from the very good level at the end of 2011. No risks from significant project delays or postponements are currently discernible.

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## **NEW ORDERS/ORDER BOOKS – CONSOLIDATED AT JUNE 30, 2012**

	2012 € thou.	2011 € thou.
Consolidated new orders	148,003	156,104
Consolidated order books	122,705	146,909

(unaudited acc. to IFRS)

### Net assets

The euromicron Group's total assets at June 30, 2012, were €281.1 million, up by around €15 million from December 31, 2011 (€265.7 million).

Noncurrent assets were 49.5% of total assets, slightly below the figure at December 31, 2011 (52.3%). Current assets increased by €15.2 million compared with the 2011 annual financial statements and were €142.0 million. Of this, approximately €7.9 million is from the increase in inventories, whereas the increase in receivables is €8.3 million.

Pinpointed measures to increase efficiency meant that the item "Cash and cash equivalents" fell by €3.6 million compared with at the end of 2011 to €3.7 million.

As of June 30, 2012, the ratio of equity and long-term outside capital to noncurrent assets was 133% (previous year: 100%).

Equity at June 30, 2012, was about €118 million after payment of the dividend of approximately €7.7 million and around €2.2 million below the level at December 31, 2011. The equity ratio after the first half of the year is thus 42.0%. The lower equity compared with that in the 2011 financial statements is mainly attributable to the dividend payment and, as in previous years, can be regarded as temporary.

Long-term debt was €67.6 million or around 24.1% of total assets. Current liabilities fell by €4 million and are now €95.5 million.

## Financial position

The euromicron Group's net debt (financial debt minus securities and cash) at June 30, 2012, was around €93.8 million, at the level of the previous year. The seasonal nature of net debt is, as in the previous year, mainly impacted by up-front financing for projects as a result of growing business and the greater need for working capital this entails.

Up-front financing of current large projects is ensured by sufficient funds from the solid structure of our financing.

At June 30, 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 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 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.

1,597 persons were employed by the euromicron Group as of June 30 of fiscal 2012. Personnel costs totaled €43.4 million (previous year: €32.9 million).

Finding new, well-trained employees and safeguarding and expanding its base of qualified employees 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 core elements of our business policy.

In this connection, euromicron gives 81 young people the chance of practical vocational training. Apart from taking 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.

# INCOME STATEMENT

of the euromicron Group from January 1 to June 30, 2012

	3-month report		6-month report	
	April 1, 2012 – June 30, 2012 € thou.	April 1, 2011 – June 30, 2011 € thou.	Jan. 1, 2012 – June 30, 2012 € thou.	Jan. 1, 2011 – June 30, 2011 € thou.
<b>Sales</b>	<b>72,323</b>	<b>70,789</b>	<b>152,803</b>	<b>128,300</b>
Inventory changes	3,754	-3,214	7,069	-2,319
Own work capitalized	535	0	579	5
Other operating income	334	446	693	866
Cost of materials	-38,407	-35,626	-83,787	-67,399
Personnel expenses	-22,235	-18,497	-43,372	-32,930
Amortization and depreciation	-2,223	-1,303	-4,025	-2,379
Other operating expenses	-10,103	-8,086	-20,302	-15,510
<b>Operating profit</b>	<b>3,978</b>	<b>4,509</b>	<b>9,658</b>	<b>8,634</b>
Interest income	18	13	76	42
Interest expenses	-1,074	-869	-1,896	-1,382
<b>Income before income taxes</b>	<b>2,922</b>	<b>3,653</b>	<b>7,838</b>	<b>7,294</b>
Income taxes	-904	-1,020	-2,322	-2,196
<b>Income before minority interests</b>	<b>2,018</b>	<b>2,633</b>	<b>5,516</b>	<b>5,098</b>
Thereof for euromicron AG shareholders	2,084	2,493	5,443	4,854
Thereof for non-controlling interests	-66	140	73	244
<b>Earnings per share (undiluted) in €</b>	<b>0.31</b>	<b>0.49</b>	<b>0.82</b>	<b>0.95</b>
<b>Earnings per share (diluted) in €</b>	<b>0.31</b>	<b>0.49</b>	<b>0.82</b>	<b>0.95</b>

(unaudited acc. to IFRS)



## RECONCILIATION OF THE QUARTERLY RESULTS WITH THE STATEMENT OF COMPREHENSIVE INCOME

for the euromicron Group at June 30, 2012

	Jan. 1, 2012– June 30, 2012 € thou.	Jan. 1, 2011– June 30, 2011 € thou.
<b>Consolidated net income before minority interests</b>	<b>5,516</b>	<b>5,098</b>
Gain/loss on the valuation of securities	0	0
<b>Other profit/loss</b>	<b>0</b>	<b>0</b>
<b>Total result</b>	<b>5,516</b>	<b>5,098</b>
Thereof for euromicron AG shareholders	5,443	4,854
Thereof for non-controlling interests	73	244

(unaudited acc. to IFRS)

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# CONSOLIDATED BALANCE SHEET

## ASSETS

	June 30, 2012 € thou.	Dec. 31, 2011 € thou.
<b>Noncurrent assets</b>		
Goodwill	104,211	104,211
Intangible assets	17,426	18,257
Property, plant and equipment	15,903	15,129
Financial assets	823	725
Other assets	211	175
Deferred tax assets	552	474
	<b>139,126</b>	<b>138,971</b>
<b>Current assets</b>		
Inventories	32,971	25,079
Trade accounts receivable	96,396	88,068
Claims for income tax refunds	3,227	2,971
Financial assets	1,159	1,159
Other assets	4,465	2,198
Cash and cash equivalents	3,736	7,300
	<b>141,954</b>	<b>126,775</b>
<b>Total assets</b>	<b>281,080</b>	<b>265,746</b>

(unaudited acc. to IFRS)

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## CONSOLIDATED BALANCE SHEET

### LIABILITIES AND EQUITY

	June 30, 2012 € thou.	Dec. 31, 2011 € thou.
<b>Equity</b>		
Subscribed capital	17,037	17,037
Capital reserves	88,771	88,771
Gain/loss on the valuation of securities	-286	-286
Net retained profits	11,972	14,192
Stockholders' equity	117,494	119,714
Minority interests	464	483
<b>Total equity</b>	<b>117,958</b>	<b>120,197</b>
<b>Long-term debt</b>		
Provisions for pensions	760	728
Other provisions	490	481
Liabilities to banks	45,201	24,674
Liabilities from finance lease	1,507	1,459
Financial liabilities	11,428	10,789
Deferred tax liabilities	8,250	7,936
	<b>67,636</b>	<b>46,067</b>
<b>Current liabilities</b>		
Accrued liabilities	1,045	1,222
Trade accounts payable	25,294	31,617
Liabilities from current income taxes	976	2,096
Liabilities to banks	41,611	29,762
Liabilities from finance lease	332	297
Tax liabilities	2,380	7,608
Personnel obligations	8,210	10,037
Financial liabilities	2,016	2,967
Other liabilities	13,622	13,876
	<b>95,486</b>	<b>99,482</b>
<b>Total assets</b>	<b>281,080</b>	<b>265,746</b>

(unaudited acc. to IFRS)

# STATEMENT OF CHANGES IN EQUITY

of the euromicron Group from January 1 to June 30, 2012

	Subscribed capital	Additional paid-in capital
	€ thou.	€ thou.
<b>January 1, 2011</b>	<b>13,105</b>	<b>68,487</b>
<b>Consolidated net income for 2011</b>	<b>0</b>	<b>0</b>
<b>Other profit/loss</b>		
Gain/loss on the valuation of securities	0	0
	<b>0</b>	<b>0</b>
<b>Total profit/loss for 2011</b>	<b>0</b>	<b>0</b>
<b>Transactions with owners</b>		
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
	<b>3,932</b>	<b>20,284</b>
<b>December 31, 2011</b>	<b>17,037</b>	<b>88,771</b>
<b>Net income for the quarter in 2012</b>	<b>0</b>	<b>0</b>
<b>Other profit/loss</b>		
Gain/loss on the valuation of securities	0	0
	<b>0</b>	<b>0</b>
<b>Total result at June 30, 2012</b>	<b>0</b>	<b>0</b>
<b>Transactions with owners</b>		
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
	<b>0</b>	<b>0</b>
<b>June 30, 2012</b>	<b>17,037</b>	<b>88,771</b>

(unaudited acc. to IFRS)

Consolidated retained earnings	Gain/loss on the valuation of securities	Equity attributable to shareholders of euromicron AG	Non-controlling interests	Total equity
€ thou.	€ thou.	€ thou.	€ thou.	€ thou.
<b>7,605</b>	<b>-363</b>	<b>88,834</b>	<b>428</b>	<b>89,262</b>
<b>12,899</b>	<b>0</b>	<b>12,899</b>	<b>0</b>	<b>12,899</b>
0	77	77	0	77
<b>0</b>	<b>77</b>	<b>77</b>	<b>0</b>	<b>77</b>
<b>12,899</b>	<b>77</b>	<b>12,976</b>	<b>0</b>	<b>12,976</b>
-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
<b>-6,312</b>	<b>0</b>	<b>17,904</b>	<b>55</b>	<b>17,959</b>
<b>14,192</b>	<b>-286</b>	<b>119,714</b>	<b>483</b>	<b>120,197</b>
<b>5,516</b>	<b>0</b>	<b>5,516</b>	<b>0</b>	<b>5,516</b>
0	0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>5,516</b>	<b>0</b>	<b>5,516</b>	<b>0</b>	<b>5,516</b>
-7,663	0	-7,663	0	-7,663
0	0	0	0	0
-81	0	-81	81	0
8	0	8	0	8
0	0	0	-100	-100
<b>-7,736</b>	<b>0</b>	<b>-7,736</b>	<b>-19</b>	<b>-7,755</b>
<b>11,972</b>	<b>-286</b>	<b>117,494</b>	<b>464</b>	<b>117,958</b>

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## STATEMENT OF CASH FLOWS

	Jan. 1, 2012– June 30, 2012 € thou.	Jan. 1, 2011– June 30, 2011 € thou.
Income before income taxes	7,838	7,294
Net interest income/loss	1,820	1,340
Depreciation and amortization of noncurrent assets	4,025	2,379
Disposal of assets, net	-22	-178
Allowances for inventories and doubtful accounts	-431	-771
Change in accrued liabilities	-783	283
<b>Cash flow</b>	<b>12,447</b>	<b>10,347</b>
Changes in short- and long-term assets and liabilities:		
– Inventories	-7,399	-3,029
– Trade accounts receivable	-8,387	-19,780
– Trade accounts payable	-6,240	-1,858
– Other operating assets	-2,224	1,287
– Other operating liabilities	-8,683	-821
– Income tax paid	-1,348	-1,611
– Income tax received	2	395
– Interest paid	-1,885	-1,382
– Interest received	76	42
<b>Cash used in operating activities</b>	<b>-23,640</b>	<b>-16,409</b>
Proceeds from retirement/disposal of		
– Property, plant and equipment	24	195
Payments due to acquisition of		
– Intangible assets	828	-223
– Property, plant and equipment	-4,799	-4,538
– Financial assets	-97	-8
– Consolidated companies	-500	-10,600
<b>Net cash used in investing activities</b>	<b>-4,544</b>	<b>-15,174</b>
Dividends paid	-7,663	-5,639
Proceeds from raising of financial loans	36,570	39,384
Cash repayments of financial loans	-4,193	-2,356
Distributions to/drawings from non-controlling interests	-93	-216
<b>Net cash provided by financing activities</b>	<b>24,620</b>	<b>31,172</b>
Net change in cash and cash equivalents	-3,564	-411
Cash and cash equivalents at start of period	7,300	8,572
<b>Cash and cash equivalents at end of period</b>	<b>3,736</b>	<b>8,160</b>

(unaudited acc. to IFRS)

euromicron Group

## SEGMENT REPORTING AT JUNE 30, 2012

Sales by report segments	2012 € thou.	2011 € thou.
Total sales, North	54,719	53,225
Inter-segment sales, North	-1,686	-2,245
Sales to external third parties, North	53,033	50,980
Total sales, South	71,618	73,880
Inter-segment sales, South	-1,077	-1,111
Sales to external third parties, South	70,541	72,769
Total sales, WAN services	36,805	9,178
Inter-segment sales, WAN services	0	0
Sales to external third parties, WAN services	36,805	9,178
Consolidated cross-segment sales	-7,576	-4,627
<b>Consolidated sales for the Group</b>	<b>152,803</b>	<b>128,300</b>

EBIT by report segments	2012 € thou.	2011 € thou.
Consolidated EBIT, North	8,010	7,345
Consolidated EBIT, South	3,365	3,793
Consolidated EBIT, WAN services	1,073	715
euromicron AG	-2,760	-3,202
Group consolidations	-30	-17
<b>Consolidated EBIT for the Group</b>	<b>9,658</b>	<b>8,634</b>

Amortization/depreciation by report segments	2012 € thou.	2011 € thou.
North, consolidated	-1,831	-1,154
South, consolidated	-1,107	-1,040
WAN services, consolidated	-1,022	-166
euromicron AG	-65	-19
<b>Consolidated depreciation/amortization for the Group</b>	<b>-4,025</b>	<b>-2,379</b>

(unaudited acc. to IFRS)

## Risk report

The reports from the risk management system at December 31, 2011, have been continuously examined and updated as part of the half-yearly report at June 30, 2012. At June 30, 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 for the current fiscal year 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, will have a significant influence on the Group's financial position, net assets and results of operations.



## Market & technology

According to the industry association BITKOM, the global ICT market remains on a stable growth course, despite the European financial and banking crisis. However, there are very great differences regionally: Whereas Eastern Europe is growing at 5.1%, a similar pace to the world market, Western Europe has the lowest growth.

A positive exception is the German ICT market, which is growing by 1.6%. Creating comprehensive availability of fast communications networks is vital for Germany as a place to do business. euromicron has the setup to leverage the potential of the domestic market to the full. At the same time, we are implementing profitable lighthouse projects in interesting European markets such as Poland, Italy, Austria or France.

As a vendor of complete infrastructure solutions for communications, transmission, security and data networks, our Group unites production, system integration and distribution under one roof. We offer our customers know-how – in depth and breadth: With tailor-made, vendor-independent solutions, we open up state-of-the-art broadband communications channels – and with our development know-how, we create innovations that shape the future of communication.

Backed by this abilities, we again accomplished a large number of demanding projects together with our customers in the first half of 2012 and successfully proved ourselves in the fields of technology of importance to us, such as managed services, active network technology, data center solutions and security solutions.

Like all our customers, the savings bank Kreissparkasse Miesbach-Tegernsee has extremely high requirements for the availability of its data network between head office and its 22 branches. The required availability could only be achieved by means of genuine media redundancy, with the result that every branch is connected to head office via radio relay and additionally via ISDN lines as a backup. euromicron's subsidiary has assumed responsibility for the radio relay network for data connection within the branch network under a managed services agreement with a term of several years. The infrastructure is monitored and operated round the clock by the Network

Management Center. Any necessary service callouts are also controlled from there – for instance, the extreme weather conditions on Mount Wendelstein this winter meant that the antennas had to be deiced by specialist staff working on behalf of euromicron.

Highly available, intelligent network infrastructures are also vital in the healthcare sector. Cannes Hospital is the first hospital in Southern Europe to be designed and equipped completely on the basis of fiber optics and IP. Yet even though leading-edge optical cabling is available – many terminal devices and medical facilities which are necessary in a hospital are based on copper technology. euromicron's subsidiary MICRO-SENS enables connection of these devices with the network with its FTTO concept, in which the optical fibers are led as closely as possible to the end user and permit powerful applications – whether in administration, patients' rooms or the operating theaters.

We also repeatedly apply our production expertise as part of exciting special topics where maximum precision in production is vital. One example of this is the production of nine-by-nine millimeter aperture masks which contain up to 150 boreholes that are so small as to be barely visible to the naked eye. These aperture masks, which are developed and produced by our subsidiary EUROMICRON Werkzeuge GmbH at the special request of customers, are used by scientists at the Institute for Astrophysics in Potsdam. They use high-precision telescopes to measure distant galaxies in order to investigate the properties of what are termed "dark energies" in the universe, since these act counter to gravity and speed up the rate at which the universe is expanding – a finding which was awarded the Nobel Prize for Physics in 2011. The aperture masks produced by EUROMICRON Werkzeuge help minimize tolerances in the instruments used in this research project. Thanks to its know-how in precision production, the company has proven its qualifications in several scientific projects of this kind.

And euromicron was also involved in the sporting highlights of the first half of 2012: In the Miejski Stadium in Wrocław (Poland), robust industrial switches from euromicron's subsidiary MICROSENS support the monitoring and access control system installed there and so help enhance security at soccer matches. In London, the ACE Team of euromicron solutions implemented the WLAN connection and remote maintenance

access for the cabins of the cable car between Greenwich and the Royal Docks on behalf of PKE Electronics AG. Projects of this type were previously accomplished in Singapore, Koblenz and the Lenzerheide skiing region in Switzerland.

These and other projects demonstrate that euromicron is able to develop and implement innovative and customized solutions that offer its customers great benefits and sustained cost-effectiveness.

## Outlook

We will continue to work further on optimizing and integrating our corporate and personnel structures in the second half of 2012 so as to leverage potential in the market in an even more focused manner.

To this end, we will press ahead among other things with establishing further Competence Centers so that topics and solutions which the company is convinced will reap success are marketed and presented to interested customers to an even greater extent.

We drove expansion of our existing Competence Centers in the first half of 2012. The Competence Center “URM” (**yoU aRe Modular**) we founded in June now enables us to pool all our activities related to the URM system. “URM” denotes a high-end fiber-optic system for structured cabling in data centers which impresses with an extremely high packing density and outstanding product quality. The URM system is fully manufactured by companies from the euromicron Group, whereas euromicron’s system houses are responsible for consulting and planning/implementation of the URM cabling.

The “URM” Competence Center helps the Group pool and deploy its specialist know-how with regard to data center solutions with greater focus. We intend to establish these overarching organizational structures for what we see as further important topics in the second half of 2012 and so complement our medium-sized corporate structure with advantageous elements of a group organization.

We will continue enhancing the quality and scope of our personnel structure by continuously further developing management and leadership structures at our company and flanking this with numerous training and further education measures, such as our programs for junior executives, sales trainees or project management. A number of key posts, for example in foreign sales or export management at our production operations, have already been filled. In this way, we create and secure productive and

highly qualified jobs with long-term prospects and sustainable growth for our company.

In the second half of 2012 we will continue to selectively tackle future-oriented projects in key growth markets and occupy high-margin niches there. To enable that, we are continuously investing in cutting-edge products and solutions, as well as in state-of-the-art and efficient production methods and machinery.

We will permanently review the value-added processes in our company to optimize our cost structures and improve our profitability. Initial measures have already been implemented as part of optimization of cash and receivables management and professionalization of our planning processes.

In addition, we will continue to seize worthwhile opportunities to expand our business model, take over qualified teams, technologies and market access or patents from the market and integrate them in our Group. We are currently examining several smallish specialist companies which, if the outcome is positive, we intend to include in our Group.

We will continue to position the name euromicron among customers and in the capital market by means of pinpointed marketing, PR and IR work in order to establish it as a byword for quality, solution-oriented expertise and know-how in all areas relating to modern information, communications and security, as well as an attractive, long-term investment for all our shareholders and potential investors.

In the current fiscal year 2012, euromicron aims to achieve a sales target of €330 to €345 million and an EBIT return at the Group level of 8% to 11%. Our operational business is stable. Having increased sales by around 19% and earnings by some 12% in the first half of the year, euromicron remains on course. In 2013 and the years after, we assume that there will be an even huger shift in business toward the end of the year as a result of changes to our project and customer structures. We are getting ready for that, gearing our financing and backup processes in sales to it and keeping our reporting transparent for our shareholders with regard to this change.

We are convinced that, with a business model geared toward sustainable growth and our clear strategic orientation coupled with a secure basis for financing and a equity ratio that remains solid, we can achieve our sales and earnings targets and ensure the long-term further development of our company. We will continue to work towards this goal in future actively and with our whole commitment.

# 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, 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 (Deutsches 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, 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 June 30, 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 June 30, 2012:

- IAS 12 (amendment) “Deferred Taxes: Recovery of Underlying Assets”
- 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”

Since the consolidated financial statements as of December 31, 2011, the following new standards or interpretations or changes to existing standards have been adopted by the EU:

- Amendments to IAS 1 “Presentation of Financial Statements – Presentation of Individual Items of the Other Profit/Loss”
- Amendments to IAS 19 “Employee Benefits”

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, 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 June 30, 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 June 30, 2012, (€464 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 and – since 2011 – the segment euromicron WAN services 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, August 10, 2012

The Executive Board

Dr. Willibald Späth

Thomas Hoffmann



## FINANCIAL CALENDAR 2012:

August 29, 2012	scc_Small Cap Conference, Frankfurt/Main
September 26, 2011	Zurich Capital Market Conference
November 9, 2012	Publication of the business figures for the 3rd quarter of 2012
December 5/6, 2010	Munich Capital Market Conference

This quarterly report is available in German and English.

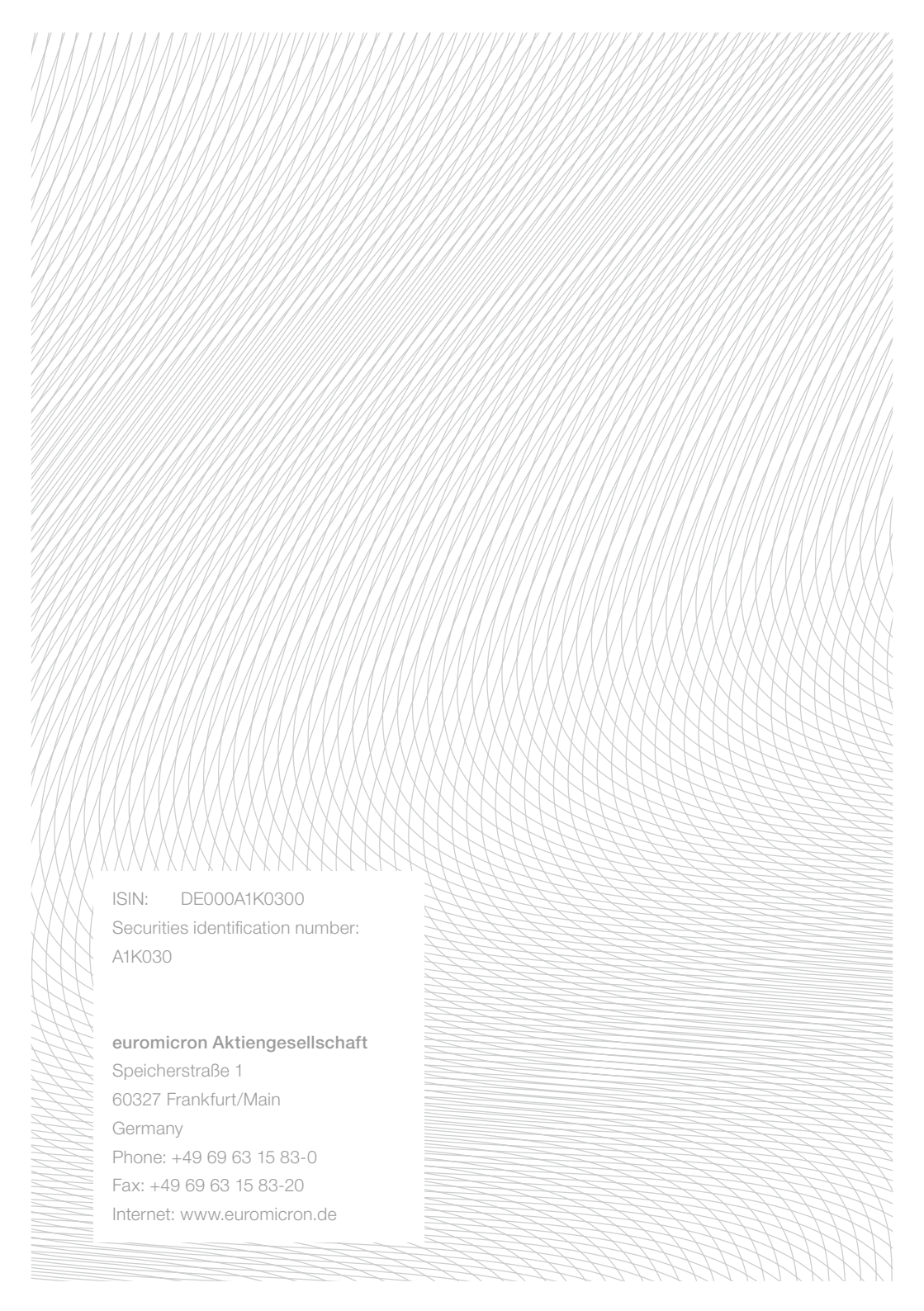
Both versions can also be downloaded from the Internet at  
**[www.euromicron.de](http://www.euromicron.de)**.

In cases of doubt, the German version is authoritative.

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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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