Interim Report

Q2/2013

euromicron Aktiengesellschaft

euromicron

Key income figures

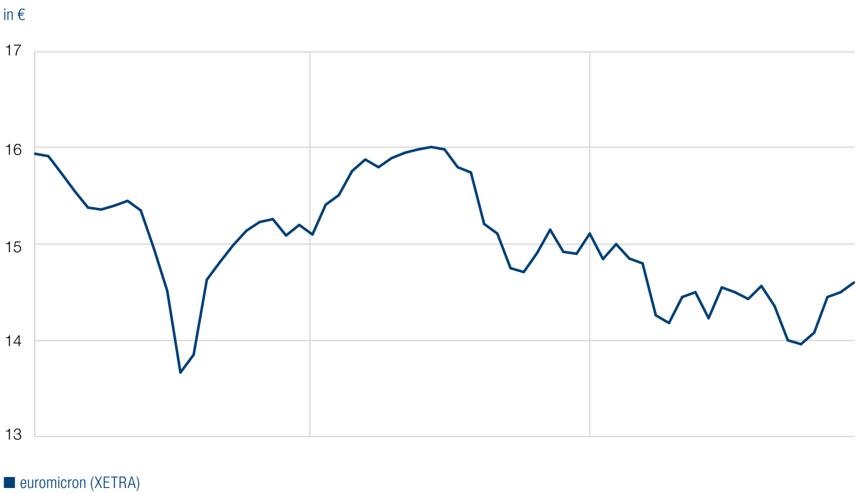
of the euromicron Group at June 30, 2013

	2013 € thou.	2012 € thou.
Consolidated EBIT	9,215	9,658
Operating EBIT	12,057	12,448
EBIT return as a ratio of sales (in %)	6.0%	6.3%
EBITDA	13,420	13,683
Income before taxes	7,351	7,838
Consolidated net income for euromicron AG shareholders	5,044	5,443
Earnings per share in € (undiluted)	0.76	0.82

(unaudited acc. to IFRS)

Share performance

of the euromicron Group from April 1 to June 30, 2013



Dear shareholders,

We drove ahead with integrating our company in the first half of 2013, achieving important first milestones.

The integration measures are still being flanked successfully by investments in product innovations, a Group-wide cost-cutting program and optimization of processes.

Our operational business remains stable, is going according to plan and is developing in line with the market.

Frankfurt/Main, August 2013

The Executive Board

Foreword

After around a year of “core integration”, euromicron has rigorously implemented the initial extensive integration measures by the first half of 2013 and achieved good successes in doing so.

By moving into new locations, we have established modern, forward-looking establishments that also reflect our growth strategy. We were often able to achieve savings by negotiating new tenancy agreements or synergies by merging branch offices of various euromicron companies.

Alongside that we successfully drove modernization of the IT infrastructure, with the result that our Group now has an infrastructure that can be adapted to the company’s further growth in a modular and flexible manner.

With the reorganization of management structures at the operating units and further qualification of the Group’s management team, we were able to achieve our objectives as part of personnel measures. We will continue to actively work on ensuring the company is endowed with the management capacities required for its planned growth.

In addition, we continued our innovation drive and increased investment in development of new products at our production companies. We have a raft of state-of-the-art products on stream for the second half of 2013, in particular in the field of active network components, and can intensify marketing of them.

A Group-wide cost-cutting program to secure our company’s quality of earnings accompanies the integration measures. We likewise continued and implemented it rigorously in the first half of 2013.

Whereas our market has not picked up speed as expected due to the fact that strategies in the telecommunications industry remain heterogeneous and investment activity is restrained in individual sectors, the euromicron Group generated stable consolidated sales of €153.1 million in the first half of 2013, slightly surpassing the strong figure of €152.8 million for the same period of the previous year.

Despite the costs of integration, earnings before interest and taxes (EBIT) were approximately at the level of the previous year and were around €9.2 million (previous year: 9.7 million). A comparison of quarters shows initial positive effects of the integration measures and the flanking cost-cutting program: Consolidated EBIT rose by around 28% to €5.1 million from April to June 2013, following €4.0 million in the same quarter of the previous year.

EBITDA was at the good level of €13.4 million (previous year: €13.7 million). The EBITDA margin was within the planned target corridor at around 8.8%. Operating income of the associated companies was €12.1 million, compared with €12.5 million in the previous year.

Net profit for the period was €5.0 million at June 30, 2013, compared with €5.4 million in the previous year. Undiluted earnings per share were €0.76, almost equaling the good level of the previous year (€0.82).

New orders were at the very good level of €154.8 million, some 5% up on the previous year (€148.0 million). Orders books were around €127.0 million, about 3.5% up on the previous year's figure of €122.7 million.

Our operational business is stable and is running in line with our planning. On this good foundation, we intend to tackle the next stage of integration in the second half of 2013 and expand and deepen the measures planned as part of the Agenda 500. As a result, we will create the conditions for our company's sustainable, profitable growth to an annualized sales volume of €500 million in 2015.

The company's planned development met with explicit consent at our Ordinary General Meeting on May 17, 2013. Our shareholders ratified the long-term business policy and strategy of euromicron AG and its bodies and voted in favor of management's proposals on all items of the agenda. The dividend policy was expressly advocated by the shareholder representatives.

We have set ourselves a sales target of €350 to €365 million and an EBITDA margin of between 8% and 11% for the year 2013. We feel certain at present that we and euromicron – with its business model geared toward sustainable growth, our clear strategic orientation, a secure basis for financing and a strong equity ratio – will be able to achieve these targets. We are rigorously pushing ahead with integration of our company in order to put the euromicron Group on a new foundation by 2015.

Interim Management Report

of the euromicron Group from January 1 to June 30, 2013

General conditions and development of the company

In the view of the German Institute for Economic Research (DIW), the German economy recovered in the course of the second quarter of 2013 after a restrained first quarter, but was not able to achieve the level of dynamism of the previous year. According to forecasts, gross domestic product increased by 0.5% between April and June. The recovery can be attributed to weather-related catch-up effects, above all in the construction industry. Industrial production also expanded in the course of the second quarter of 2013. Despite the favorable interest rate environment, the positive economic trend has not yet been reflected in a significant increase in investment and a corresponding rise in demand.

The mood among companies continued to brighten in the second quarter of 2013. Experts expect the German economy to recover in the second half of the year. The prospects for the German labor market also remain positive in view of the anticipated economic pickup. An end to the recession is predicted for the Euro area. That should bring the long awaited additional boost to German industry.

This positive trend is also confirmed by the latest study by the industry association BITKOM. The German Association for Information Technology, Telecommunications and New Media assumes that the second half of 2013 will see a positive business performance in the ICT arena. Its latest survey shows a BITKOM economic index that is more stable than the Ifo index.

Against a backdrop of this considerable market volatility, the euromicron share began the second quarter of 2013 at a price of €15.94 and stabilized at €14.60 by the end of the first half of the year. Its performance was impacted mainly by the sharp reduction in small caps (of which our share is one) held by large investors in the spring. Nevertheless, analysts and research houses continue to trust in our company's solid economic development and long-term business policy and believe that an upside target of €25.50 is realistic.

Sales

The euromicron Group generated consolidated sales of €153.1 million at June 30, 2013, up on the good figure of €152.8 million for the same period of the previous year. As in previous years, it is expected that there will be an increase in value added and that the lion's share of projects will be billed in the final quarter of fiscal 2013. The seasonal course of project business will also tend to result in a far stronger business performance in the second half of the year in 2013 as well.

The focus of euromicron's commercial activity is in Germany, with the result that it generated €137.1 million or around 90% of total sales in its domestic market. However, systematic penetration of the domestic market is still the Group's main focus, since great potential there can also be seen in the coming years.

The focus of operating activities outside Germany is on Italy, Austria, France and Poland, whereas other business abroad is mainly tapped by product export and individual project business, with this being controlled from Germany. The sales generated by the foreign companies were within expectations in the first half of the year.

Opportunities outside Europe that euromicron can exploit with the know-how of its employees are constantly examined, assessed and seized.

Sales development – consolidated by regions

of the euromicron Group at June 30, 2013

Regions

	2013 € thou.	**2012** € thou.
Germany	137,128	135,578
Euro zone	13,231	14,964
Rest of World	2,726	2,261
Consolidated net sales	**153,085**	**152,803**

(unaudited acc. to IFRS)

Income

euromicron posted consolidated income before interest and taxes of around €9.2 million at June 30, 2013 (previous year: €9.7 million), a significant increase compared with the first quarter. Income in the second quarter was thus €5.1 million, not only 24.3% up on the figure for the first quarter of 2013 (€4.1 million), but a strong 28.4% above the income posted for the same quarter of the previous year (€4.0 million). This particularly good performance in the second quarter means that an EBIT return of 6.0% was achieved for the first six months of 2013.

EBITDA at June 30, 2013, was at the good level of €13.4 million (previous year: €13.7 million). The EBITDA margin was within the planned target corridor at around 8.8%. Operating income of the associated companies was €12.1 million, compared with €12.5 million in the previous year.

The cost of materials were €77.6 million, far lower than in the previous year (€83.8 million). The ratio of costs of materials to sales was around 50.7% (previous year: 54.8%).

Personnel costs were €46.2 million compared with €43.4 million in the previous year. The increase in personnel costs is attributable, among other things, to changes in the consolidated companies. Cost increases due to higher qualifications of employees are largely compensated for by cost adjustments in other areas. We also expect initial improvements in income as a result of the cost-cutting program in the second half of the year.

Amortization of dormant reserves and of higher development costs resulted in an increase in the Group's total amortization and depreciation from €4.0 million in the previous year to €4.2 million at June 30, 2013.

Other operating expenses were €20.3 million, on a par with the previous year. Permanent flexibilization and optimization of cost structures and initial effects from the Group-wide cost-cutting program have overall compensated for the extra costs due to consolidation. As in the previous year, 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, at the same level as the previous year, and were mainly incurred as part of up-front financing of project business and the euromicron Group's growth.

As expected, the tax ratio averaged around 29.9%.

The net income for the period after minority interests at June 30, 2013, was €5.0 million compared with €5.4 million in the previous year. Undiluted earnings per share were €0.76 versus €0.82 in the same period for the previous year.

Key income figures
at June 30, 2013

euromicron Group

	2013 € thou.	2012 € thou.
Consolidated EBIT	9,215	9,658
Operating EBIT	12,057	12,448
EBIT return as a ratio of sales (in %)	6.0%	6.3%
EBITDA	13,420	13,683
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(unaudited acc. to IFRS)

New orders and order books

As of June 30, 2013, euromicron posted new orders of €154.8 million, well up on the previous year (€148.0 million).

euromicron also assumes that new orders will grow further compared with fiscal 2012 in the second half of fiscal 2013. We have driven ahead with constantly developing our products and product innovations as part of our manufacturing operations. In our system business, integrated solutions, certification and synergies are helping to increase demand.

Order books were €127.0 million, likewise well over the level of the previous year (€122.7 million). We are not currently aware of any risks from significant project delays or postponements.

New orders/order books – consolidated at June 30, 2013

euromicron Group

	2013 € thou.	2012 € thou.
Consolidated new orders	154,797	148,003
Consolidated order books	126,954	122,705

(unaudited acc. to IFRS)

Net assets

The euromicron Group's total assets increased to €285.9 million at June 30, 2013, a rise of €2.0 million over the figure at December 31, 2012 (€283.9 million).

Noncurrent assets accounted for around 50% of total assets and so were at the level of the previous year. Current assets increased by €3.2 million to €140.6 million. As in previous years, inventories and the gross amount due from customers for contract work rose in total by around €13.2 million for seasonal reasons, which is attributable to the solid orders situation. Trade accounts receivable were able to be reduced by €8.1 million thanks to strict cash management.

Cash and cash equivalents rose by €2.1 million to €7.5 million due to the solid cash flow in the first half of 2013.

The ratio of equity and long-term outside capital to noncurrent assets is 119%.

Equity at June 30, 2013, was €121.9 million, €2.9 million above the level stated at December 31, 2012. The equity ratio was a strong 42.7%.

Long-term debt was around 17.6% of total assets and essentially contains the long-term components of the Group's outside financing. Current liabilities rose by €6.3 million to €113.5 million at June 30, 2013, and are some 40% of total assets compared with around 38% at December 31, 2012.

Financial position

Net debt (short- and long-term) was improved significantly at June 30, 2013, and was €77.4 million, well below the previous year's figure of €93.8 million, thanks to the Group-wide working capital optimization program.

At June 30, 2013, the Group still had sufficient free credit lines from its partner banks to cover its cash needs resulting from the increasing business volume and to finance the company's further growth.

Thanks to its good relations and longstanding partnerships with leading banks, the Group has a solid liquidity reserve in 2013 for its current and strategic development.

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

Employees

1,759 persons were employed by the euromicron Group as of June 30 of fiscal 2013. Personnel costs totaled €46.2 million (previous year: €43.4 million).

In order to address its growing volume of business and increasing need for qualified staff as part of its phase of integration and structuring, the euromicron Group invested strongly in recruiting new employees in the first half of 2013. Apart from hiring qualified staff in the fields of sales, technology and project management, were are looking in particular for experienced and responsible personalities to complement and expand our company's management structures.

As a growing company in a cutting-edge market, the Group offers applicants exciting and demanding tasks, as well as forward-looking opportunities for development and attractive jobs. Growing awareness of the euromicron brand helps us keep the costs of obtaining qualified employees to reasonable proportions.

So as to secure potentials for future tasks at our Group, we are giving 79 young people the chance of practical vocational training. We see this as part of our company's social responsibility and a duty we are pleased to fulfil.

To cater for the steadily growing requirements accompanying the company's transformation into an integrated technology group, we are conducting additional further training programs in a wide range of different areas as part of the Group-wide qualification drive. One example of that is our further training program that enables employees to gain qualifications as a "Certified Project Manager". They flank our existing qualification and certification programs and help endow our Group with the expertise it needs for further growth. Individual development and future-oriented qualification of our employees in line with requirements remain core elements of our HR policy.

Risk report

The reports from the risk management system at December 31, 2012, have been continuously examined and updated as part of the half-yearly report at June 30, 2013. At June 30, 2013, 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 2012 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 June 30, 2013

	Three-month report		Six-month report	
	April 1, 2013 – June 30, 2013 € thou.	April 1, 2012 – June 30, 2012 € thou.	Jan. 1, 2013 – June 30, 2013 € thou.	Jan. 1, 2012 – June 30, 2012 € thou.
Sales	**75,740**	**72,323**	**153,085**	**152,803**
Inventory changes	1,253	3,754	1,356	7,069
Own work capitalized	1,148	535	1,973	579
Other operating income	525	334	1,106	693
Cost of materials	–38,304	–38,407	–77,558	–83,787
Personnel costs	–23,697	–22,235	–46,241	–43,372
Amortization and depreciation	–2,145	–2,223	–4,205	–4,025
Other operating expenses	–9,415	–10,103	–20,301	–20,302
Earnings before interest and taxes (EBIT)	**5,106**	**3,978**	**9,215**	**9,658**
Interest income	6	18	37	76
Interest expenses	–1,012	–1,074	–1,901	–1,896
Income before income taxes	**4,100**	**2,922**	**7,351**	**7,838**
Income taxes	–1,236	–904	–2,197	–2,322
Consolidated net income for the period	**2,864**	**2,018**	**5,154**	**5,516**
Thereof for euromicron AG shareholders	2,818	2,084	5,044	5,443
Thereof for non-controlling interests	46	–66	110	73
(Un)diluted earnings per share in (€)	**0.42**	**0.31**	**0.76**	**0.82**

(unaudited acc. to IFRS)

Reconciliation of the quarterly results with the statement of comprehensive income

of the euromicron Group at June 30, 2013

	Jan. 1, 2013 – June 30, 2013 € thou.	Jan. 1, 2012 – June 30, 2012 € thou.
Consolidated net income before minority interests	**5,154**	**5,516**
Revaluation effects from pensions (will not be reclassified to the income statement in future)	0	–1,334*
Other profit/loss	**0**	**–1,334**
Total profit/loss	**5,154**	**4,182**
Thereof for euromicron AG shareholders	5,044	4,109
Thereof for non-controlling interests	110	73

* Adjustment of the previous year's figures in acc. with IAS 8.19 b) due to early application of IAS 19 in the version dated June 16, 2011

(unaudited acc. to IFRS)

Consolidated balance sheet
Assets

euromicron Group

Assets

	June 30, 2013 € thou.	Dec. 31, 2012 € thou.
Noncurrent assets		
Goodwill	106,369	106,369
Intangible assets	20,958	21,031
Property, plant and equipment	15,279	16,255
Other financial assets	721	718
Other assets	193	197
Deferred tax assets	1,745	1,933
	145,265	**146,503**
Current assets		
Inventories	28,367	27,500
Trade accounts receivable	32,666	40,806
Gross amount due from customers for contract work	68,320	55,960
Claims for income tax refunds	56	4,107
Other financial assets	0	228
Other assets	3,710	3,360
Cash and cash equivalents	7,487	5,414
	140,606	**137,375**
Total assets	**285,871**	**283,878**

(unaudited acc. to IFRS)

Consolidated balance sheet
Equity and liabilities

euromicron Group

Equity and liabilities

	June 30, 2013 € thou.	Dec. 31, 2012 € thou.
Equity		
Subscribed capital	17,037	17,037
Capital reserves	88,771	88,771
Gain/loss on the valuation of securities	0	0
Consolidated retained earnings	15,756	12,711
Stockholders' equity	121,564	118,519
Non-controlling interests	365	525
Total equity	**121,929**	**119,044**
Long-term debt		
Provisions for pensions	1,076	983
Other provisions	927	1,157
Liabilities to banks	30,079	37,590
Liabilities from finance lease	1,954	2,158
Other financial liabilities	8,024	8,025
Deferred tax liabilities	8,384	7,736
	50,444	**57,649**
Current liabilities		
Other provisions	2,188	2,062
Trade accounts payable	36,590	42,867
Liabilities from current income taxes	1,184	1,850
Liabilities to banks	42,320	30,995
Liabilities from finance lease	532	599
Other tax liabilities	2,173	6,130
Personnel obligations	8,116	9,833
Other financial liabilities	11,412	6,779
Other liabilities	8,983	6,070
	113,498	**107,185**
Total equity and liabilities	**285,871**	**283,878**

(unaudited acc. to IFRS)

Statement of changes in equity

of the euromicron Group from January 1, 2012, to June 30, 2013

	Subscribed capital € thou.	Capital reserves € thou.
January 1, 2012	**17,037**	**88,771**
Consolidated net income for 2012	**0**	**0**
Other profit/loss		
Gain/loss on the valuation of securities	0	0
Revaluation effects from pensions	0	0
	0	**0**
Total profit/loss	**0**	**0**
Transactions with owners		
Dividend for 2011	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**
December 31, 2012	**17,037**	**88,771**
Net profit for the first six months of 2013	**0**	**0**
Other profit/loss		
Gain/loss on the valuation of securities	0	0
Revaluation effects from pensions	0	0
	0	**0**
Total profit/loss	**0**	**0**
Transactions with owners		
Dividend for 2012	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**
June 30, 2013	**17,037**	**88,771**

(unaudited acc. to IFRS)

Consolidated retained earnings € thou.	Gain/loss from the valuation of securities € thou.	Equity attributable to the shareholders of euromicron AG € thou.	Non-controlling interests € thou.	**Total equity € thou.**
14,037	**–286**	**119,559**	**483**	**120,042**
8,828	**0**	**8,828**	**0**	**8,828**
0	286	286	0	286
–2,231	0	–2,231	0	–2,231
–2,231	**286**	**–1,945**	**0**	**–1,945**
6,597	**286**	**6,883**	**0**	**6,883**
–7,663	0	–7,663	0	–7,663
–142	0	–142	142	0
–118	0	–118	0	–118
0	0	0	–100	–100
–7,923	**0**	**–7,923**	**42**	**–7,881**
12,711	**0**	**118,519**	**525**	**119,044**
5,154	**0**	**5,154**	**0**	**5,154**
0	0	0	0	0
0	0	0	0	0
0	**0**	**0**	**0**	**0**
5,154	**0**	**5,154**	**0**	**5,154**
–1,999	0	0	0	–1,999
–90	0	–90	90	0
–20	0	–20	0	–20
0	0	0	–250	–250
–2,109	**0**	**–2,109**	**–160**	**–2,269**
15,756	**0**	**121,564**	**365**	**121,929**

Statement of cash flows

euromicron Group

	Jan. 1, 2013– June 30, 2013 € thou.	Jan. 1, 2012– June 30, 2012 € thou.
Income before income taxes	7,351	7,838
Net interest income/loss and other financial expenses	1,864	1,820
Depreciation and amortization of noncurrent assets	4,205	4,025
Disposal of assets, net	–5	–22
Allowances for inventories and doubtful accounts	53	–431
Change in accrued liabilities	–11	–783
Cash flow	**13,457**	**12,447**
Changes in short- and long-term assets and liabilities:		
– Inventories	–867	–7,399
– Trade accounts receivables and gross amount due from customers for contract work	–4,273	–8,387
– Trade accounts payable	–6,549	–6,240
– Other operating assets	139	–2,224
– Other operating liabilities	5,031	–8,683
– Income tax paid	–2,258	–1,348
– Income tax received	3,230	2
– Interest paid	–1,901	–1,885
– Interest received	37	76
Net cash provided by/used in operating activities	**6,045**	**–23,640**
Proceeds from retirement/disposal of		
– Property, plant and equipment	12	24
Payments due to acquisition of		
– Intangible assets	–1,982	–749
– Property, plant and equipment	–1,185	–3,222
– Financial assets	0	–97
– Consolidated companies	–2,363	–500
Net cash provided by/used in investing activities	**–5,518**	**–4,544**
Dividends paid	–1,999	–7,663
Proceeds from raising of financial loans	7,464	36,570
Cash repayments of financial loans	–3,650	–4,193
Distributions to/withdrawals by non-controlling interests and profit shares of minority interests	–270	–93
Net cash provided by/used in financing activities	**1,545**	**24,621**
Net change in cash and cash equivalents	2,073	–3,564
Cash and cash equivalents at start of period	5,414	7,300
Cash and cash equivalents at end of period	**7,487**	**3,736**

(unaudited acc. to IFRS)

Segment reporting at June 30, 2013

euromicron Group

Sales by report segments

	2013 € thou.	2012 € thou.
Sales for the North segment	56,046	53,033
Sales for the South segment	63,083	70,541
Sales for the WAN services segment	42,356	36,805
Total for the segments	161,485	160,379
Central services and Group consolidations	–8,400	–7,576
Consolidated sales for the Group	**153,085**	**152,803**

EBIT by report segments

	2013 € thou.	2012 € thou.
EBIT for the North segment	7,737	8,010
EBIT for the South segment	1,930	3,365
EBIT for the WAN services segment	2,390	1,073
Central services and Group consolidations	–2,842	–2,790
Consolidated EBIT for the Group	**9,215**	**9,658**

Amortization/depreciation by report segments

	2013 € thou.	2012 € thou.
North, consolidated	–1,722	–1,831
South, consolidated	–1,420	–1,107
WAN services, consolidated	–941	–1,022
Central services and Group consolidations	–122	–65
Consolidated depreciation/amortization for the Group	**–4,205**	**–4,025**

(unaudited acc. to IFRS)

Market & technology

Although the market for IT and telecommunications infrastructures picked up speed in the first half of 2013, it did not achieve the expected dynamism.

Against this backdrop, we worked actively to round out the technological skills and expertise of euromicron as part of the phase of integration and structuring so as to make our company even more attractive for existing and new customers.

On the one hand, we deepened and expanded cooperation with our strategic partners. One example of this is our certification as a “Silver Certified” partner of Cisco. This enables us to offer and implement Cisco solutions for end customers to a greater extent nationwide. To this end, we have invested extensively in training and further qualifying our sales employees, technicians and system specialists in order to make them proficient in the respective applications. With this and other certification measures for various manufacturers, we are reaffirming our mission of planning, implementing and maintaining the ideal solution for every customer on a vendor-independent basis.

On the other hand, we have also deepened our innovation drive and invested in further development of the products from our own manufacturing companies. We are now in the comfortable situation of having a state-of-the-art product portfolio and being able to market it more intensively as of the second half of 2013. We are thus setting new standards in our markets and maintaining our position as the market leader in profitable niches.

We again won customers in the second quarter of 2013 in the shape of the municipal utilities Stadtwerke Mainz and Stadtwerke Neckarsulm, who have put their trust in euromicron’s technological expertise to meet their requirements. Whereas euromicron’s subsidiary telent assisted Stadtwerke Mainz Netze GmbH in renewing its mobile radio network and assumed responsibility for planning it as well as delivering and installing the active technology and infrastructure, euromicron’s subsidiary ELABO equipped Stadtwerke Neckarsulm with cutting-edge control station technology.

The ERDGAS Sport Park Halle relied on the competences of SSM euromicron in planning and networking all the communications and security components and systems, such as IP video cameras and the public address and voice alarm systems. SSM euromicron had previously been able to demonstrate its abilities and technological know-how in the most demanding and exacting of fields – the chemicals industry – supporting the telecommunications and security networks of Dow Olefinverbund.

These projects are exemplary of a large number of projects in the fields of network and security technology in which we have been able to impress customers with our expertise in planning, implementing and maintaining complex system solutions or our development and production know-how.

Initial movement can be felt in the market for telecommunications at the beginning of the second half of 2013. After a restrained first half, telecommunications providers are currently speeding up their investment in expanding the LTE wireless network. On the basis of the current proposed decision by the German Federal Network Agency on the subject of “vectoring”, we assume that the fixed network sector will follow suit in the second half of 2013. Deutsche Telekom has announced that it intends to invest €6 billion in expanding high-speed wireless and fixed-line networks in Germany alone. Technologically, we have the broad and extensive setup to accompany and successfully accomplish such projects as well.

Outlook

Our goal remains unchanged: We intend to expand our company as an integrated technology group with an annualized sales volume of €500 million in 2015. On the earnings side, we aim to grow with sustainable profitability to an EBITDA of 8% to 11%.

That means we will continue to work with the utmost focus and attention on integrating, adapting and flexibilizing personnel and formal structures and financial funding of our company in the second half of 2013.

We have already launched a raft of measures as part of the Agenda 500 and many still lie ahead of us.

For example, we initially intend to further develop and expand the already established Competence Centers and shared service units. Our Competence Centers help make expertise on specific solutions and products of strategic importance available throughout the Group and so to our customers everywhere. Shared service units support the operational business of our Group companies and enable resources to be saved and costs cut at them.

We also aim to optimize the Group's management structures to suit our medium-sized model and set up controlling units and functions for our areas of expertise and our regions so that we can tap our potential even better, pool competences and leverage existing synergies.

We intend to strengthen our development and manufacturing expertise further and round out our know-how and skills by taking over and integrating qualified teams, technologies, employees and/or patents at our Group.

As part of our goal to deepen our qualification drive in the area of human resources, various further training and development and certification programs will contribute to increasing our employees' qualifications – from sales to project handling.

Constant adjustment to corporate governance requirements creates the general conditions for sustainable economic and social activity by our Group.

We will flank the various integration measures and initiatives by cost-cutting programs totaling around €10 million by the end of 2014, so that sustainable, profitable growth is generated. This will help us achieve – despite the cost of integration – a stable EBITDA return at the Group level of between 8% and 11% in the years 2013 and 2014.

We are planning organic growth in sales of 5% to 10% in 2013 and 2014. We expect that the restrained level of investment activity we experienced at the beginning of the year will be overcome in the second half of 2013, above all in the telecommunications industry. We assume that euromicron can generate the planned positive sales effects from that.

On the capital market, we will again attend a large number of investor conferences and roadshows in the second half of 2013, which we will accompany with intensive PR and IR work so as to acquire interested investors for our share. Our aim in this is to inspire in particular investors in our company who will accompany us in accomplishing the third stage of our corporate strategy of becoming an integrated technology group and who want to actively shape our growth into a €500 million company that generates profits sustainably.

On the financial side, we are excellently equipped with our strong equity ratio and current free credit lines totaling around €40 million to take all the development steps required to put our company on a new foundation.

Notes

Preamble

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, 2013, 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, 2013, 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, 2013, as for preparing the consolidated financial statements at December 31, 2012, unless changes are explicitly specified.

A detailed description of these methods is published in the 2012 Annual Report and is available on the company's homepage. The consolidated financial statements of euromicron AG as of December 31, 2012, 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.

As regards the content of the new standards and interpretations and amendments to existing standards, we refer to our comments on pages 90 to 94 of the 2012 Annual Report.

The following interpretations and amendments have been in force since the beginning of fiscal year 2013 (the amendment to IAS 19 "Employee Benefits" has already been applied voluntarily since the key date of December 31, 2012):

- Amendment to IAS 1 “Presentation of Financial Statements – Presentation of Individual Items of the Other Profit/Loss”
- Amendment to IAS 12 “Income Taxes – Deferred Tax: Recovery of Underlying Assets”
- Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards – Government Loans”
- Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”
- Amendment to IFRS 7 “Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities”
- IFRS 13 “Fair Value Measurement”
- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”
- AIP “Collection of amendments to various standards 2011”

Application of the new and/or 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, 2013, include 23 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, 2012.

Treasury shares

At June 30, 2013, 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, 2013 (€365 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 essentially based on regions.

euromicron reports in the operating segments euromicron North, euromicron South and WAN services, as well as Central services and Group consolidations. 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, 2012.

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 9, 2013

The Executive Board

Dr. Willibald Späth Thomas Hoffmann

Financial Calendar 2013

November 8, 2013	Publication of the business figures for the 3rd quarter of 2013

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.

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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