



Q3/2009 Interim Report

euromicron Group

KEY INCOME FIGURES AT SEPTEMBER 30, 2009

	2009 EUR thou.	2008 EUR thou.
Consolidated EBIT	8,634	6,822
Operating EBIT	13,478	9,763
EBIT return/total operating performance in %	6.3	5.2
EBITDA	10,825	8,494
Income before taxes	6,734	4,835
Net income	4,302	3,042
Earnings per share in EUR (undiluted)	0.96	0.68

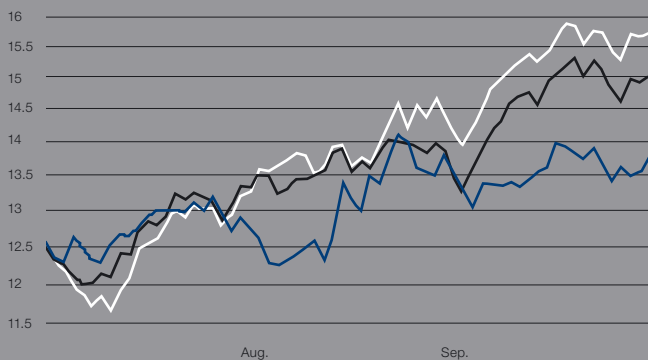
(unaudited acc. to IFRS)

euromicron AG

SHARE PERFORMANCE

in EUR

July 1, 2009 – Sept. 30, 2009



■ euromicron share
 ■ TecDAX Index
 ■ MDAX Index

Dear shareholders,

euromicron's business performance has been dominated by market volatility since the third quarter, while a focus of the current planning process is to reduce net debt in 2010.

Frankfurt/Main, November 2009

The Executive Board

Company profile

Development and
production of components and
product categories

- Optical and hybrid connectors, assembly, switches and cable systems
- Networked workplace systems, examination and testing equipment
- Customized product solutions

- Voice, data and video communication, convergent systems
- All-round solutions for networked working and living
- Optical, wireline and wireless networks
- Analysis, planning, implementation, maintenance and service

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

Planning and
integration of
systems and
solutions

Consulting,
distribution
and services

Multifunctional network solutions

Foreword

The euromicron Group's business performance in the third quarter of 2009 was positive, despite the fact that willingness to invest and consume was impacted due to the still restrained, uncertain and in some cases gloomy mood among the general public and business alike. We were again able to win interesting infrastructure projects, as reflected in the fact that our order books are still at the high level of EUR 80.1 million.

New orders for the euromicron Group rose by around 15% year-on-year to EUR 131 million. This success is also due to our focused strategy of creating a clearly structured and oriented technology group. As the fiber-optic expert in Germany and a network infrastructure partner with a comprehensive presence, we offer a widely diversified clientele a full line of services for networks with a balanced range of products and services.

Our business in Germany grew again at September 30, 2009, whereas our foreign markets – as expected – declined sharply. Overall, we are experiencing industry-specific market developments – in some cases a sharp leveling off, but with further growth in other cases. As a result, we can still look optimistically to the end of the year, albeit with the necessary caution.

In the first nine months of fiscal 2009, euromicron generated consolidated sales of EUR 131.0 million. Sales increased just under 10% in the German market in the third quarter, whereas they fell sharply by around 8% in our international markets. Nevertheless, the result was a total increase of 7% year-on-year. The euromicron Group's total operating performance rose from EUR 130.9 million to EUR 136.8 million at September 30, 2009.

Earnings before interest and taxes (EBIT) were even more positive at EUR 8.6 million, an increase of 26.6% over the same period in 2008. The ratio between the EBIT return and total operating performance was 6.3% (previous year: 5.2%). Operating income of the associated companies was EUR 13.5 million, compared with EUR 9.8 million in the previous year. Undiluted earnings per share were EUR 0.96 (previous

year: EUR 0.68) on a net profit of EUR 4.3 million (previous year: EUR 3.0 million).

The positive EBIT performance compared with the previous year is due to focused integration activities in the current build and integration phase. The start of this phase in the company's development is characterized by an increase in efficiency, cost savings and leveraging of synergy effects. Despite the reluctance to invest on the part of the public and private sectors, we were able to achieve our targets in the third quarter.

In addition, structural improvements were made in the third quarter, especially at the branch offices, and we pressed ahead with systematically expanding our portfolio of products and services.

The three largish company acquisitions that are still planned, accounting for a total annual sales volume of around EUR 50 million, were definitively examined in the third quarter and not implemented due to their critical performance and a sharp decline in business trends. As a result, the planned share of sales from acquisitions of approximately EUR 15–20 million in 2009 will be lost and we will focus on organic growth. Potential smaller acquisitions in the final quarter are of minor importance to the year as a whole due to time-related aspects and their volumes. Apart from established core business segments, the emerging market for broadband networks presents additional opportunities. The first inquiries from municipalities and cities for fiber to the home (FTTH) network expansion are keeping our branch offices busy and confirm our expertise in fiber-optic technology and the respect we have in the network market.

We have also been able to offer future users initial presentations of the two licenses in the field of surveillance of persons and property and in the field of healthcare that we are able to use as part of a shareholding in the USA. For instance, we captured second place in the innovative monitoring solution category at Vodafone's Innovation Days.

euromicron austria has been able to win its first orders in the non-mobile communications arena, successes that corroborate our strategy of not

participating in the ruinous wireless communications market in Austria. euromicron is only willing to act as competent partner when the quality, reliability and solution approaches based on a spirit of partnership become generally accepted principles.

The cooperation between Qubix in Italy, SKM Delwave and the system houses has resulted in concrete savings effects in procurement of all copper technology.

euromicron fine business performance in the first nine months and the fact that it is still recommended as a “buy” by banks and research houses meant that its share price stabilized between EUR 12.0 and EUR 14.5 in the third quarter.

Lively demand for share blocks in euromicron by institutional and private investors alike gives us cause for optimism that the share blocks that are soon to be transferred will be able to be placed again quickly and so give the share a boost.

By focusing on value-oriented growth in the build and integration phase, we have laid the foundation for establishing our company as a reliable partner with perspectives, even in choppy times and against the market trend.

Interim management report of the euromicron Group from January 1 to September 30, 2009

General conditions and development of the company

As a result of the fact that the financial and capital markets only stabilized slightly in the past months, the global recession was still at a low point up to the end of the third quarter of 2009. As the “Gemeinschaftsdiagnose” project group stated in its autumn 2009 report for the German Federal Ministry of Economics and Technology, the global economy has shown first signs of recovery. The heterogeneous course of a large number of economic indicators does not yet reveal any clear trend. For example, order books, industrial production and world trade have increased again across the board, albeit at different levels depending on the country. However, many sectors are still in stagnation and recession. In some industrialized countries, the gross domestic product grew a little again or weakened to a lesser extent, thanks to the stabilizing impact of private consumption. In Germany, the economy has stabilized at a lower level of output. Above all in Asia – with the exception of Japan – aggregate output has been pointing upward again since the start of the second half of the year.

The leading economic research institutes assume that economic dynamism worldwide will tend to be low in the coming year, even though the global economy has picked up steam slightly due to boosts from economic policy measures and the recovery in international trade. A lack of new economic stimulus programs, an emerging increase in energy prices, high risk premiums, possible further write-offs of loans from bank's portfolios, and a further fall in employment as a result of far lower production may mean that a powerful surge in output, following the deep slump in the current year, cannot be expected. In the coming year, especially in the industrialized countries.

In their “Gemeinschaftsdiagnose” forecast of autumn 2009, the participating economic research institutes assume that the German economy also stabilized in the summer of 2009, albeit it at a far lower level of output. The progressing crisis of trust led to a slump in foreign orders and caused industrial production to plummet to an unprecedented extent. The ensuing stabilization is mainly attributable to massive economic intervention since the fall of 2008. Central banks worldwide cut

their interest rates and supplied banks with virtually unlimited liquidity as a substitute for the interbank markets that had dried up. At the same time, governments helped troubled banks by giving guarantees and injecting capital and also increased the guarantee for private savings. In this way, an impending collapse of the banking system was also able to be averted in Germany. The German government also passed various measures to stabilize the economy. As a consequence, confidence among financial market players increased again and non-financial companies also looked more optimistically to the future.

Gross domestic product grew again slightly in the third quarter of 2009, mainly on the back of private consumer demand. Falling energy prices, the high pay deals of last year, tax cuts, higher transfers and presumably the "Cash for Clunkers" program meant that households increased their expenditure noticeably. This was definitely helped by the fact that the situation on the labor market remained relatively stable, also thanks to the statutory arrangements in place for short-time work. However, the current recovery will probably not be sustained: Considerable curbs on investment and liquidity will counteract a rapid upturn.

Although there are increasing signs of a pickup in German exports, which were particularly hit by the global recession, the prospects for the industrialized countries remain muted and so strong export-driven growth cannot be expected. Moreover, the situation on the labor market will probably worsen. At present, it is still pretty favorable in view of the depth of the recession. Job cuts in line with the decline in output have been able to be prevented up to now through the intensive use of short-time work and by reducing time accounts. However, this has resulted in a surge in labor costs, which is having a huge negative impact on companies' profitability.

Consequently, a gradual reduction in short-time work and so an increase in unemployment can be expected. The fall in employment is likely to bottom out at the start of the coming year and will last until the end of the year, with lessening intensity.

In addition, the terms of finance in Germany have tightened since the beginning of the financial crisis. There has been a sharp decline in loans to companies that have little liquidity since the end of last year, demonstrably resulting in investment and financial bottlenecks.

All in all, the institutes expect the German economy to move only slowly out of the crisis, following a slight increase in output in the third quarter of 2009. Only a slight increase in output can be expected for the fourth quarter of 2009. As a result, the gross domestic product will fall by 5.0% for the year as a whole.

In the first nine months of fiscal 2009, the euromicron Group's companies did not feel any significant effects of the financial and economic crisis. Order books remained stable in the first nine months of 2009 compared with the same, and highly successful, period of the previous year. We continue to expect a solid business performance in the current year. The latent risk of largish project postponements or cancelations has increased significantly in the past months. However, there is still the necessity to invest in a state-of-the-art network infrastructure in order to meet the high requirements demanded for efficient transfer of voice, data and video. The large carriers are investing to expand high-speed networks so as to satisfy growing demand for data transmission. Since euromicron is an acknowledged specialist and partner in the carrier market, we continue to expect good levels of new orders in this business segment in the final three months on the back of continuing investment by carriers.

The market for security, surveillance and alarm networks has also proven stable with good potentials in the course of the year.

The challenges facing our system houses in retaining and expanding their positions in markets where there is fierce pressure on margins remain. However, we believe we are well prepared to tackle the competition in these markets now and in the future, since the measures we initiated in the past years and aimed at optimizing processes, rationalization and curbing costs have strengthened our positioning vis-à-vis our rivals. Nevertheless, we can feel increasing restraint and a slow-down in business from the individual industries, especially the capital goods sector.

Sales

In the first nine months of fiscal 2009, euromicron generated consolidated sales of EUR 131.0 million, a year-on-year increase of 7.0%. The euromicron Group's total operating performance rose from EUR 130.9 million to EUR 136.8 million at September 30, 2009.

ALike in the past, the current fiscal year is proceeding as customary for euromicron, which usually provides and bills most of its services in the second half of year. Extrapolating the figures for the year as whole from individual quarters remains difficult and has to reflect the development of project business. A slight leveling-off at the companies that operate in the capital goods supplier segment was visible toward the end of the third quarter.

euromicron's commercial activity still focuses on Germany. 87.3% of total sales was generated in the domestic market. Sales in Germany increased by just below 10% year-on-year. The foreign companies were

not able to fully meet expectations in the first nine months and exhibited a declining trend, in particular in the third quarter.

Operational business outside Germany still centers on Italy, Austria, France and Poland. Smallish, but lucrative contributions are made by Portugal and the UK.

Our company in Austria not only underwent a personnel reorganization and acquired new projects in the field of mobile communications. Virtually the entire euromicron solution portfolio was implemented there and initial orders won for it.

The objective in 2009 and 2010 is to become established as an end-to-end provider of network and infrastructure solutions in the Austrian market, with the prospect of expanding toward Eastern and Southeastern Europe.

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

Income

In the first nine months of fiscal 2009, euromicron posted consolidated income before interest and taxes of around EUR 8.6 million, a rise of 26.6% over the same period in 2008. The ratio between the EBIT return and total operating performance was approximately 6.3%. Operating income of the associated companies was EUR 13.5 million, compared with EUR 9.8 million in the previous year.

euromicron Group

SALES DEVELOPMENT CONSOLIDATED BY REGIONS AT SEPTEMBER 30, 2009

Regions	2009 EUR thou.	2008 EUR thou.
Germany	114,372	104,457
Euro zone	14,745	15,250
Rest of World	1,899	2,796
Consolidated net sales	131,016	122,503

(unaudited acc. to IFRS)

The ratio of costs of materials at euromicron as of September 30, 2009, was reduced thanks to strong economy measures and cost variabilization and is now 54.2% of total operating performance. The ratio was 57.9% in the previous year. Our flexible structure means we can respond rapidly to market fluctuations and so minimize risks from anticipated fluctuations in the order situation.

The figure for depreciation and amortization was, as in the first half of the year, above that of the previous year as a result of amortization of development costs. Depreciation of plant, fixtures and fittings, tools and equipment was at the level of the new investment. Overall, depreciation and amortization at the Group level was EUR 2,191 thousand, i.e. of no significant relevance.

Other operating expenses relative to total operating performance was 12.1%, at the level of the previous year.

Net financing costs were EUR 1.9 million, slightly below the previous year's figure. Key factors in this are lower costs of capital due to the company's good rating. The tax ratio was 31.1%, slightly above the level of the previous year. Net income at September 30, 2009, was EUR 4.3 million, 41.4% up year-on-year. Undiluted earnings per share were EUR 0.96 versus EUR 0.68 at September 30, 2008.

euromicron Group

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(unaudited acc. to IFRS)

New orders and order books

The euromicron Group recorded new orders worth EUR 131.0 million in the first three quarters of fiscal 2009, an increase of 14.9% year-on-year.

One key reason for this is euromicron's broad customer structure, which now includes just about all DAX-listed companies, as well as the Group's acknowledged competence in the market in all matters relating to network infrastructure.

Order books were EUR 80.1 million at September 30, 2009, almost at the high level of the past year. This figure only includes defined and signed orders from which euromicron can invoice services. Master agreements that do not entail concrete purchase obligations or times are not included in it. We assume that our good order books should enable us to achieve our targets, despite a decline in business in individual segments and sectors.

euromicron Group

NEW ORDERS/ORDER BOOKS – CONSOLIDATED AT SEPTEMBER 30, 2009

	2009 EUR thou.	2008 EUR thou.
Consolidated new orders	131,015	114,067
Consolidated order books	80,070	82,074

(unaudited acc. to IFRS)

Net assets

Total assets at the euromicron Group fell as of September 30, 2009, to EUR 170.8 million, a reduction of 0.8% compared with December 31, 2008. Despite our increase in size, we were able to stabilize this figure at a comparable level thanks to rigorous receivables management.

On the assets side, noncurrent assets increased slightly, mainly due to replacement and expansion investments by the subsidiaries to enable them to respond to greater market needs. As a result of the reduction in total assets, the percentage figure rose to 57.9% of total assets compared with 55.9% at December 31, 2008. Current assets fell compared with at the end of the past fiscal year. Inventories rose by some EUR 1 million, solely as a result of an increase in work in progress. This reflects the course of business of euromicron's project companies, which traditionally post a sharp increase in the services they can charge for in the second half of the year and complete and invoice the majority of projects in progress at the end of a fiscal year. Liquid funds fell compared with the level reported in the 2008 financial statements. They were used to repay financial debt, to fund projects in progress and to pay the dividend for fiscal 2008. Noncurrent assets comprise around 58% of total assets and are fully covered by stockholders' equity and long-term outside capital.

Stockholders' equity at September 30, 2009, was EUR 73.4 million, around EUR 0.4 million down on the figure in the 2008 annual financial statements. The equity ratio was 43.0%.

Long-term debt was around 16.4% of total assets. This essentially contains the long-term components of the Group's outside financing.

Financial position

The euromicron Group's net debt at September 30, 2009, was around EUR 65.2 million and was mainly impacted by the dividend payment in the middle of the year and the higher up-front financing for projects as a result of current business in the second half of the year.

In particular, however, the Group's steady growth requires higher funding of working capital.

The general economic crisis is not currently impacting the Group's growth strategy. On the basis of the corporate strategy, clear agreements and contracts have been concluded with financing partners, enabling euromicron to continue to push ahead with the course it has adopted. euromicron was largely able to avert the discussion about margin increases in the short and long term since the Group's earnings strength ensures the appropriate level of investment despite the increase in goodwill. With its acquisitions, euromicron has also demonstrably purchased companies whose earning strength will have a direct impact. Consequently, the increase in goodwill still does not represent any discernible risk as regards the company's rating.

To underscore this against the backdrop of the current public debate, we conducted an intensive examination and critical appraisal of euromicron's goodwill as part of the routine rating process with the banks. As expected, this confirmed its high intrinsic value. Among other things, the period of amortization for goodwill divided by operating earnings before income and taxes (EBIT) was analyzed.

euromicron was able to achieve an average factor of 3.9 for this ratio between goodwill and operating EBIT, even in the course of its growth phase from 2005 to 2008, where goodwill more than doubled and in some cases high non-recurring costs of up to EUR 1.5 million a year were incurred. This confirms euromicron's policy of not making risky gambles on the future, but cautiously investing in sustainably growing the company and its income. This has also convinced representatives of the banks, which continue to rate euromicron as investment grade.

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

Employees

An average of 965 persons, excluding trainees, were employed by the euromicron Group in the first nine months of fiscal 2009, a rise of around 7.5% over the comparable period for 2008. The Group employs more than 90% of its workforce in Germany.

The Group currently has 78 trainees in a wide range of different business administration and technical vocations. This is seen as a key component in acquiring and building future qualifications for the Group now so as to counter the current trend, one where it is becoming increasingly difficult to find qualified employees.

The increase is mainly due to changes to the consolidated companies from the past year, which are having a full impact this year. At the old companies, the total number of employees remained constant, with new hirings being offset by structural adjustments. New employees are being hired in particular for highly qualified activities in project controlling and monitoring. In addition, our sales staff have been strengthened considerably, both in key account management and regional and product sales.

Personnel costs at the euromicron Group rose in the first nine months to EUR 36.4 million or by 13.2% year-on-year, mainly due to changes to the consolidated companies. We regard our steps to strengthen sales staff in particular as a key component in boosting sales and earnings.

Market and Technology (third quarter of 2009)

The high-tech industry is steering its way through the economic crisis with moderate losses. The industry association BITKOM puts the sales volume of the ITC market in Germany at EUR 142 million in 2009, a decline of around 2.5% over the previous year. This means that the ITC industry will perform better in 2009 than the economy as a whole, which is estimated to contract by some 5%.

Private consumption is stable: One-in-four mobile communications user plans to buy a new cellphone and smartphones for simple mobile applications are particularly popular. According to the German Society for Consumer Research (GfK), sales of these mobile end-user devices more than doubled year-on-year in the first three quarters of 2009, while an increase of around 4% in total mobile phone sales is anticipated in 2010. BITKOM estimates sales of notebooks to end consumers will grow by some 30%. In contrast, however, IT hardware prices will fall.

Business customers are mainly setting store by process optimization and outsourcing: Outsourcing services will grow by around 5.1% in the crisis year 2009.

In the telecommunications market, sales from telephone calls will decline sharply: by 7.6% in the fixed network and 4.5% in the mobile network arena, according to estimates by BITKOM. This is due to a shift from fixed-network to mobile calls, the fall in prices and the boom in data services. Sales from private Internet access will increase by 3.9% and mobile data services even by 8.1% in 2009.

Such technological changes and also a change in user behavior, coupled with the requirement to optimize processes in the crisis, are the breeding ground for future growth, especially in sectors in the infrastructure segment.

The first drivers of this new trend are the German government's Broadband Initiative, as well as the creation of intelligent infrastructures in the fields of energy, transportation, health, education and public authorities. The ITC industry will play its part in this, if a political framework that is geared to long-term innovation and growth is established.

Particularly in these times, euromicron has increasingly exploited opportunities to shift from the "buy and build phase" to the "build and integrate phase" and now leverage overarching synergies from its acquisition of expertise, access to customers and coverage to a greater extent. The number of projects and products to which euromicron's associated companies contribute their specialist know-how, and that at the end of the day win over customers through competence and not just price, is steadily growing. euromicron's acquisition strategy of the past years is beginning to pay off in the turnaround in the crisis year 2009 and will doubtless continue to do so in the future.

Accordingly, euromicron's business performance in 2009, especially in the third quarter, is also virtually in line with BITKOM's assessment of the market. At the beginning of the fiscal year, we observed a certain reluctance or hesitation to invest in the ITC market. In the second half of the year, demand picked up more sharply and more projects can be implemented again, particularly in the IT arena.

In contrast, projects in the field of active system technology have been delayed markedly as a result of the German government's Second Economic Stimulus Package, since the available planning resources were predominantly deployed in other infrastructure projects. There are first signs from public-sector customers that projects funded by the economic stimulus package will now also be implemented in this area in the coming year. Many industry customers intend to invest again in deferred projects in 2010.

The fact that hardware vendors in the field of active system technology are still moving closer and closer together in terms of their portfolio means that the added value that a system house like euromicron can offer is growing in importance in customers' decision-making.

With its broadband strategy, the German government intends to achieve full broadband coverage in Germany in a very short space of time. This is an important and necessary objective, since the possibilities offered by e-government, e-commerce and telemedicine can only be tapped by means of a functioning broadband infrastructure. There is very great demand for broadband, especially in rural areas, as a result of which we see opportunities for the fourth generation of wireless communications (LTE), for which the required frequencies are to be awarded in 2010.

"No broadband, no future": that is the slogan of euromicron's "Broadband" network, in which we have pooled our competence in fiber-optic and high-capacity wireless technology. By transferring this competence to the operating subsidiaries, euromicron is well positioned as a one-stop shop that offers enterprises, municipalities, public utilities and carriers customized solutions for broadband networks – from planning and construction to complete project controlling. We expect a further increase in activities in this business segment in the coming year.

The positive effects of the synergies from the expertise we have acquired are now unfolding in many individual projects. Our know-how in the various fields of wireless communications technology is increasingly being leveraged in projects of our associated companies, for example in installation of a radio relay system for a district administrative authority in Eastern Germany, with which two schools are connected with each other, or in a similar project in which two branch officers of a health insurer now communicate by radio relay.

The dense regional coverage we now boast – and which is likewise the result of the “buy and build phase” – is now helping us to acquire and execute supraregional projects. We are taking over responsibility for Europe-wide service for an international DIY chain at more than 100 of its stores, including in Germany, Austria, Switzerland, the Netherlands and Sweden. The service comprises supporting more than 185 rail-mounted cameras, over 650 dome cameras and approximately 2,000 firmly installed cameras, as well as the associated digital video recording systems. Around 150 terminals and sub-terminals of a time data capture system are also maintained and supported. This support service also includes installation of new and extension of existing cameras, as well as the associated cabling work, in addition to integrating various systems such as EC CASH or converting information desks at all the stores. Services such as CAD construction plans, consulting and concepts for system extensions round out our offer for this customer. Products from various vendors are used in this and euromicron is able to provide the expertise for them thanks to its employees' broad qualifications.

Although it is much more difficult to introduce the entire euromicron portfolio in countries outside Germany, we are nevertheless making faster progress than planned. In Austria, where our focus had been on mobile communications, we have now concluded a master agreement with “Wien Strom” to supply, install and maintain active system components. Wien Strom is one of Austria's largest power utilities. Further projects we have acquired in the field of active and passive network technology show that the transfer of know-how and renaming of our local company as “euromicron austria” at virtually the same time is the right forward strategy for this market and the changes it has undergone.

After initially reducing our commitment in the Middle East and in particular in the United Arab Emirates, we have ventured into this region again through our component manufacturers, underpinned by the experience we have been able to gather there. This still aspiring region is now hardly at all setting store by copper infrastructure, instead opting directly for fiber-optic technology. The focus of our presence at the GITEX 2009 trade show was on presenting our active and passive fiber-optic products.

The great response demonstrates to us that, despite the economic crisis, there is great demand for high-quality network infrastructure in this region, among other things in education and healthcare. Key target markets in the Middle East apart from the United Arab Emirates are also Saudi Arabia, Qatar and Oman, where we offer our products for FTTO (fiber to the office) solutions for large systems, such as at airports, hotels, hospitals and universities.

In addition, the rugged design of our components and their suitability for use in extreme climatic and harsh environments means they are also used for surveillance of oil installations, large tanker ports and electrical supply and transportation networks.

In the field of transportation, the focus of our largest and most important customer, Deutsche Bahn AG, up to now and also next year is to invest in passenger stations as part of the government's economic stimulus programs. As a result, construction measures to modernize a total of almost 2,500 stations will be implemented in this and the coming year. To improve the quality of information, euromicron is collaborating in projects such as the construction of new and replacement of existing passenger information systems, the construction of new passenger warning systems and dynamic displays (LED technology) at 1,700 stations.

We are also strengthening fire prevention systems and installing digital video surveillance and fire alarm systems (installation of new and extension of existing ones).

Our product development also benefits from these many years of experience and has now successfully completed certification for its solution for industry and rail. The objective of this development work was to offer a standards-compliant solution for equipping and monitoring rail infrastructure and industrial ring structures using fiber-optic Ethernet technology. This certification was awarded under the product brand name MICROSENS.

Many application areas of this technology, which responds to interruptions in the ring structure in a reconfiguration time of 20 ms, are electrical supply networks that increasingly use renewable energy and can be connected to the medium-voltage network. Fault tolerance and safeguarding communication within the system network are vital to ensuring a reliable supply. At the same time, a particular dielectric strength for the medium-voltage range must be observed. Here, too, we have been awarded power substation certification under the product name MICROSENS.

Our development efforts repeatedly continued to focus on permanent adaptation and further development of our standard products for special conditions of use and the needs of our customers, as a result of which we are able to impress existing customers and win new ones.

By acquiring two Europe-wide exclusive licenses for mobile care systems in May 2009, euromicron has systematically embarked on the next phase of its long-term strategy of leveraging its expertise as a product developer and experience as a system integrator to now offer complete applications for specific target groups who demand information and communications solutions.

The "euromicron mobile care center" is used in mobile caring for senior citizens, most of whom wish to grow old at home, but be supervised in case of an emergency. The proportion of the population of persons aged over 60 has grown from approximately 15% (1950) to around 23% (2000) and is expected to increase to around 35% in 2025; and approximately 70% wish to live at home or with relatives in their old age. That means this application has great growth opportunities. In the system, a small terminal device enables mobile location of persons who have lost their bearings or in the event of emergencies, mobile transfer of medical data, mobile voice communication with the supervision center and relatives, as well as a fall detection system that initiates an automatic call to the supervision center. In future, vital data and medical data will also be able to be transferred to enable remote diagnosis.

The “euromicron mobile care center” can also be used with a specially developed terminal device for monitoring offenders released on probation. This form of monitored freedom increases the chances of rehabilitation thanks to the possibility of contacting persons on probation and sharply reduces the recidivism rate, as proven by an MPI study accompanying the pilot project that was conducted over several years in Hesse.

This technical innovation also offers considerable cost advantages compared with caring for senior citizens in a home and, in law enforcement, for the probation service.

Among other things, our strategic decision to acquire these licenses was corroborated by the fact that “euromicron mobile care center” was nominated for the Application Award 2009 at the Vodafone Innovation Days 2009 in October and captured second spot. Potential customers displayed a great response to presentation of the demonstration version of the two applications, with the result that we are now implementing them as a system for actual use.

euromicron has again proven with its strategic farsightedness, financial solidity and operating strength that it is an innovative and reliable player in the information and telecommunications market. Whether high-quality products developed among other things on the basis of system integration requirements, customized special solutions or, as now in the next phase, purpose-designed applications – euromicron is one of the competent solution providers on the ITC market.

Risk report

The reports from the risk management system at December 31, 2008, and at June 30, 2009, have been continuously examined and updated as part of the interim report at September 30, 2009. At September 30, 2009, 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 2008 Annual Report.

Taking into account all known facts and circumstances, euromicron does not anticipate any significant effects from the deterioration in macro-economic prospects on its operational business and 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.

Outlook

The euromicron Group anticipates stable and constant business for the final quarter of 2009, despite the tough general economic conditions. There are currently no serious forecasts on how sharp the present recession will be and how long it will last or whether it will hit all sectors of the economy alike. euromicron expects growing order levels in its markets up to the end of the year, albeit with postponements in individual industries. As an experienced and competent niche provider, euromicron believes it has good opportunities in the final quarter, even if the Group should be confronted by an uncertain economic development and occasionally declining business in the final months of fiscal 2009.

Given the current market volatility, there consequently remains a latent uncertainty in euromicron's important last quarter of the fiscal year, if our customers postpone promised projects or experience investment or liquidity bottlenecks.

We at the euromicron Group expect a sharp year-on-year increase in sales and operating EBIT in the current fiscal year. We are optimistic about achieving our targets. Even though no acquisitions were made and pro-rata sales are missing as a result, the target sales figure remains EUR 180–200 million and an EBIT return of 8–11%.

The intensified phase of "build and integration" in the company's development this fiscal year will continue to follow the objective of further optimizing the Group's structures in future. We anticipate positive effects in terms of process efficiency and organic growth. The integration and consolidation measures that have been planned and accomplished to date are basically geared to market needs and so to improving service delivery for our customers. We are planning to round out our portfolio

further and expand our international footprint in Eastern and South-eastern Europe. Initial offers for delivery business are currently being processed.

Apart from the company's strategic further development, and now that the last acquisitions have been examined and work on them completed, we will now begin to reduce external debt as of 2010. The repayment strategy in current corporate planning will be accorded greater weight systematically in order to create a balanced structure in our financing that ensures our growth and also enables further optimization of our balance sheet ratios.

Apart from our longstanding partner banks and financiers to the industry, an interested circle of banks has redefined and expanded its commitment to partnering us. All of them regard the greater financing needed for current business as a result of the company's growing size and the possibility of assisting euromicron with other financial services and flanking us with professional financial support in our next strategic steps as an interesting challenge. The internal analysis of our goodwill, and the average factor of 3.9 for the ratio between goodwill and operating EBIT, confirm the positive assessment of euromicron by financial experts.

We are now regarded as one of the leading network specialists in the market and as an all-round provider of communications and security solutions, from planning, project planning, execution to turnkey handover, as well as maintenance and service. We have the blanket coverage to offer customers any desired solution tailored to their needs. In addition, we are continuously looking for new and lucrative market potentials so as to identify and leverage opportunities in the nursing, care and health market and in surveillance of persons by mobile communications. The focus here is on merging technology and the defined solution. We will also continue to repeatedly review our portfolio and develop innovative ideas and make them ready for the market.

The objective for the current fiscal year is therefore still to continue to establish the brand name euromicron in the market as a byword for quality, solution-oriented expertise and know-how in all areas relating to network-based information, communications and security needs and to keep up our active PR and investor relations work in order to actively support our share performance and give institutional investors opportunities for interesting replacements that look to the company's future. As part of its investor relations work, euromicron AG will present itself at the Munich Small and Mid Cap Conference on December 2 and the Investors Conference in Hamburg on December 3, 2009.

We feel sure that, with our business model and corporate strategy geared to value-oriented growth, we have taken the right path and so are acting in accord with the interests of our shareholders and company as best possible. We will continue to work towards this goal in future.

euromicron Group

CONSOLIDATED INCOME STATEMENT AT SEPTEMBER 30, 2009

	3-month report		9-month report	
	July 1, 2009 – Sept. 30, 2009 EUR thou.	July 1, 2008 – Sept. 30, 2008 EUR thou.	Jan. 1, 2009 – Sept. 30, 2009 EUR thou.	Jan. 1, 2008 – Sept. 30, 2008 EUR thou.
Net sales	43,273	48,298	131,016	122,503
Inventory changes	5,851	6,132	5,773	8,435
Other operating income	349	551	1,132	1,378
Cost of materials	– 29,448	– 34,464	– 74,169	– 75,807
Personnel costs	– 11,508	– 11,175	– 36,409	– 32,165
Amortization and depreciation expense	– 796	– 616	– 2,191	– 1,672
Other operating expenses	– 5,227	– 5,409	– 16,518	– 15,850
Operating profit	2,494	3,317	8,634	6,822
Net financing costs	– 699	– 931	– 1,900	– 1,987
Income before taxes (and minority interests)	1,795	2,386	6,734	4,835
Income taxes	– 811	– 874	– 2,097	– 1,461
Income before minority interests	984	1,512	4,637	3,374
Minority interests	– 31	– 294	– 335	– 332
Net profit for the period	953	1,218	4,302	3,042
Earnings per share (undiluted), in EUR thou.	0.21	0.27	0.96	0.68
Earnings per share (diluted), in EUR thou.	0.20	0.26	0.92	0.65

(unaudited acc. to IFRS)

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**CONSOLIDATED BALANCE SHEET
ASSETS**

	Sept. 30, 2009 EUR thou.	Dec. 31, 2008 EUR thou.
Noncurrent assets		
Intangible assets	87,450	86,103
Property, plant and equipment	10,426	8,965
Financial assets	37	44
Other receivables and other assets	48	108
Deferred tax assets	954	1,042
	98,915	96,262
Current assets		
Inventories	15,278	14,353
Trade accounts receivable	44,822	45,126
Other receivables and other assets	5,681	5,128
Marketable securities and cash	6,077	11,246
	71,858	75,853
Total assets	170,773	172,115

(unaudited acc. to IFRS)

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CONSOLIDATED BALANCE SHEET LIABILITIES AND STOCKHOLDERS' EQUITY

	Sept. 30, 2009 EUR thou.	Dec. 31, 2008 EUR thou.
Stockholders' equity		
Subscribed capital	11,914	11,914
Own shares at acquisition cost	– 2,941	– 2,941
Additional paid-in capital	61,781	61,781
Gain/loss on the valuation of securities	– 429	– 429
Consolidated retained earnings	– 2,125	– 5,689
Consolidated net income	4,302	8,067
Minority interests	880	1,098
	73,382	73,801
Long-term debt		
Accrued liabilities	430	446
Liabilities	24,733	23,607
Deferred taxes	2,863	4,295
	28,026	28,348
Current liabilities		
Accrued liabilities	3,249	3,515
Trade accounts payable	10,380	13,620
Other liabilities	55,736	52,831
	69,365	69,966
Total assets	170,773	172,115

(unaudited acc. to IFRS)

euromicron Group

**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (IFRS)
FROM JANUARY 1, 2008, TO SEPTEMBER 30, 2009**

	Subscribed capital EUR thou.	Additional paid-in capital EUR thou.
Balance at January 1, 2008	11,914	61,781
Consolidated net income for 2008		
Dividend for 2007		
Purchase of own shares		
Gain/loss on the valuation of securities		
Profit share for minority interests		
Other changes in stockholders' equity		
Balance at December 31, 2008	11,914	61,781
Consolidated net income for the 1st half of 2009		
Dividend for 2008		
Other changes in stockholders' equity		
Profit share for minority interests		
Balance at September 30, 2009	11,914	61,781

(unaudited acc. to IFRS)

Own shares EUR thou.	Consoli- dated retained earnings EUR thou.	Gain/loss from		Minority interests EUR thou.	Total EUR thou.
		currency translation difference EUR thou.	the valuation of securities EUR thou.		
-1,680	-2,084	0	-170	684	70,445
	8,067				8,067
	-3,605				-3,605
-1,261					-1,261
			-259		-259
				666	666
				-252	-252
-2,941	2,378	0	-429	1,098	73,801
	4,302				4,302
	-4,503				-4,503
				-553	-553
				335	335
-2,941	2,177	0	-429	880	73,382

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STATEMENT OF CASH FLOWS

	Jan. 1, 2009– Sept. 30, 2009 EUR thou.	Jan. 1, 2008– Sept. 30, 2008 EUR thou.
Net profit for the period (after taxes)	4,302	3,042
Depreciation and amortization of noncurrent assets	2,191	1,672
Disposal of assets, net	– 89	– 521
Change in accrued liabilities	– 282	1,553
Change in deferred taxes	38	– 1,265
Cash flow	6,160	4,481
Changes in current assets and other operating liabilities:		
– Inventories	– 925	– 9,487
– Trade accounts receivable	304	3,935
– Trade accounts payable	– 3,240	– 93
– Other operating assets and liabilities	– 628	– 737
Cash used in operating activities	1,671	– 1,901
Balance from proceeds from retirement of noncurrent assets and cash paid for investments	– 4,903	– 6,653
Net cash used in investing activities	– 4,903	– 6,653
Dividends paid	– 4,503	– 3,606
Change in financial debt	2,785	6,514
Change in minority interests	– 219	– 45
Net cash used in financing activities	– 1,937	2,863
Own shares	0	– 1,259
Currency translation difference		0
Net change in cash and cash equivalents	– 5,169	– 5,691
Cash and cash equivalents at start of period	11,246	12,442
Cash and cash equivalents at end of period	6,077	5,492
Composition of cash and cash equivalents	6,077	5,492
Cash	5,003	4,155
Securities	1,074	1,337

(unaudited acc. to IFRS)

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SEGMENT REPORTING AT SEPTEMBER 30, 2009

2009	euromicron North EUR thou.	euromicron South EUR thou.
Sales	64,606	72,261
Income before interest and taxes	9,146	4,332
Assets	73,506	107,601
of which goodwill	33,281	45,569
Liabilities	24,139	51,639
Amortization/depreciation	1,113	1,041

2008	euromicron North EUR thou.	euromicron South EUR thou.
Sales	58,819	66,188
Income before interest and taxes	8,054	1,709
Assets	61,419	111,533
of which goodwill	29,375	43,199
Liabilities	22,941	56,252
Amortization/depreciation	710	843

(unaudited acc. to IFRS)

Notes

Preliminary remarks

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 September 30, 2009, 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.

Reporting and measurement methods

The same reporting and measurement methods were used in the abridged presentation of the consolidated financial statements for the third quarter of 2009 as for preparing the consolidated financial statements at December 31, 2008. A detailed description of these methods is published in the 2008 Annual Report. The consolidated financial statements of euromicron AG as of December 31, 2008, 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.

A tax rate of 30% is used as the basis for calculating the income taxes for German companies. This tax rate is also applied to the deferred taxes.

The respective national rates of tax are used for calculating the income taxes for foreign companies.

Preparation of the interim report requires a number of assumptions and estimates by management. As a result, the actual figures may differ from the amounts reported in the interim report.

Consolidated companies

Apart from euromicron AG, the consolidated financial statements at September 30, 2009, include eleven German companies and three foreign companies, in which euromicron AG has the majority of voting rights directly or indirectly. The number of companies consolidated in the euromicron Group has not changed compared with at December 31, 2008.

Own shares

A share buyback program was adopted by the General Meeting in 2006. No further own shares were acquired as part of this program up to September 30, 2009. There were the following changes in the number of shares in circulation:

	Number
Total number of bearer shares	4,660,000
Own shares at December 31, 2008	157,234
Own shares acquired up to September 30, 2009	0
Sales of own shares	0
Sales in circulation at September 30, 2009	4,502,766

(unaudited acc. to IFRS)

At September 30, 2009, a total of 157,234 bearer shares were held by the company with a value of EUR 403 thousand measured by the capital stock or 3.37% of the capital stock. The value of its own shares at acquisition cost is 2,941 thousand. In accordance with IAS 32.33, the value of its own shares was deducted in one sum from stockholders' equity.

Segment information

The structure of the primary reporting format for segment reporting is based on the internal reporting and management at the euromicron Group. Management currently makes a distinction between the two divisions euromicron North and euromicron South and the holding.

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 from September 30, 2009.

Postscript report

With the notarized agreement dated October 15, 2009, euromicron AG acquired all the shares in SSM Service GmbH, Hamburg.

Apart from that, events that require reporting in accordance with IAS 10 (Events after the Balance Sheet Date) did not occur after September 30, 2009.

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, November 13, 2009

The Executive Board

Dr. Willibald Späth

Thomas Hoffmann

Financial Calendar 2009/2010:

December 2, 2009	Munich Small and Mid Cap Conference
December 3, 2009	Investors Conference in Hamburg
March 31, 2010	Publication of the 2009 Annual Report
May 14, 2010	Publication of the business figures for the 1st quarter of 2010
June 17, 2010	General Meeting
August 13, 2010	Publication of the business figures for the first half of 2010
November 12, 2010	Publication of the business figures for the 3rd quarter of 2010

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.

Note / disclaimer

This report also includes predictive statements and information on future developments that are based on the convictions and current views of euromicron AG's management and on assumptions and information currently available to euromicron. Where the terms "assume", "believe", "assess", "expect", "intend", "can/may/might", "plan" or similar expressions are used, they are intended to indicate predictive statements that are subject to certain elements of insecurity and risks, such as competitive pressure, changes to the law, political and economic changes, changes to business strategy, other risks and uncertainties that euromicron AG in many cases cannot influence and that may result in significant deviations between the actual results and predictive statements.

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