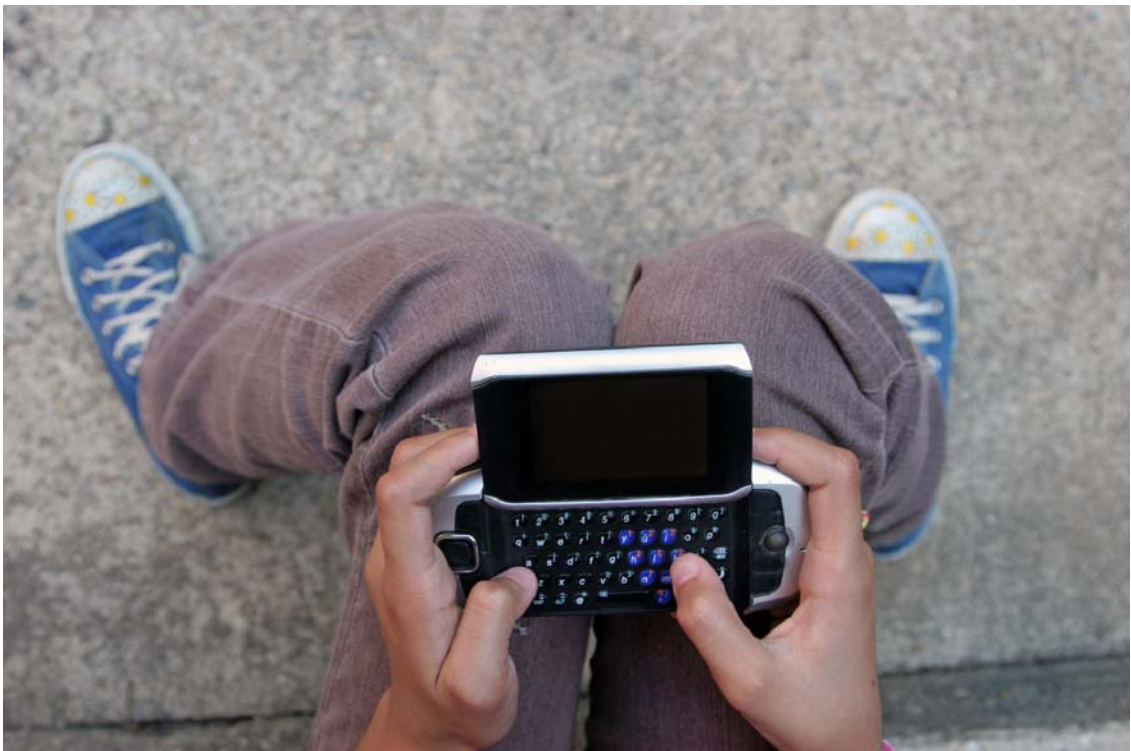


Jump in profits in first half 2009

- 15 % growth in turnover
- EBIT margin back into double figures
- Order situation varies across segments
- Positive outlook for the whole year



Laser technology for the future

Key Group figures

	6 months 2009	6 months 2008	Change (%)	Year 2008
Turnover (€ million)	22.5	19.6	14.6	45.4
Net margin (%)	8.2	1.3	-	5.1
EBIT (€ million)	2.8	0.5	> 100.0	3.1
EBIT margin (%)	12.3	2.4	-	6.8
Net income after minority interests (€ million)	1.6	0.0	> 100.0	1.8
Working capital (€ million)	21.2	21.9	-4.1	22.5
ROCE (%)	6.3	1.1	-	7.4
EPS (€)	0.15	0.00	> 100.0	0.17
Cash and cash equivalents (€ million)	7.5	2.9	> 100.0	6.0
Capital ratio (%)	69.1	64.8	-	68.1
Orders in hand (€ million)	11.0	11.7	-5.4	10.3
Orders received (€ million)	23.2	24.1	-3.6	48.1

Share price development in the first 6 months 2009



Source: www.ariva.de

Group Management Report

Sector-specific situation

According to the VDMA, German machine tool production output in the ongoing year will probably slump by 40 % to around the same level as in 1999. The sector continues to suffer from the collapse in demand, and is having to cope with a significant decline in orders.

Although the LPKF Group has enjoyed a very successful first half year compared to the rest of the sector, many of its segments are still affected by the economic crisis. Nevertheless, thanks to its broad positioning, it has so far been able to over compensate for declines in some segments by strong growth in other divisions.

Development in turnover

Turnover across the Group grew by around 15 % in the first half of the 2009 financial year to € 22.5 million. With a growth of 11 %, the second quarter 2009 accounted for € 12.4 million of this turnover. The growth is generated by the Cutting & Structuring Laser segment. The other segments report stagnating or declining turnovers. The change in turnover in the first half 2009 was also positively influenced by exchange rate effects.

External Sales (T€)	6 months 2009	6 months 2008
Cutting & Structuring Lasers	10,194	6,915
Rapid Prototyping	6,174	7,591
Joining Technologies	2,034	2,276
Thin-film Technologies	3,016	1,751
Other Segments	1,056	1,082
	22,474	19,615

Development in earnings

With quarterly earnings before interest and taxes (EBIT) of € 1.6 million, and an EBIT margin of 13 %, the performance exceeded expectations again in the second quarter 2009. In the first half year, the LPKF Group generated an EBIT of € 2.8 million and an EBIT margin of 12 %, compared to € 0.5 million and 2 % in the previous year. This upturn in earnings was largely attributable to the positive development in turnover, a changed product mix, and cost savings.

The other operating income rose mainly due to a rise in capital gains of around € 0.1 million.

The recruitment of new staff in the first half 2008 and an increase in profit-related remunerations were responsible for a rise in personnel costs of € 0.8 million or 10 %. Depreciation rose by € 0.2 million mainly due to an increase in scheduled depreciation on capitalized development costs. The Other operating expenses have hardly changed on balance: whereas the distribution costs rose by around € 0.2 million, most of the other cost items reported under Other operating expenses were lowered.

Segment report

LPKF has modified its segment report to bring it into line with IFRS 8 which was adopted at the start of the financial year. The body responsible for this aspect pursuant to IFRS 8 is the Board of Managing Directors of LPKF Laser & Electronics AG. The Board of Managing Directors is responsible for allocating resources to the segments and assessing the earnings power. The segments are identified on the basis of reports submitted to this committee.

The restructuring of the segments guarantees even more transparency, and enables more detailed assessment of the Group's business development. The previously reported Laser Systems segment has now been subdivided and replaced by the following three segments: Cutting & Structuring Lasers, Thin-film Technologies, and Joining Technologies. The other named segment - Rapid Prototyping - remains unchanged. Other Segments primarily concerns the turnover generated by production services, table systems and electronic controls. No significant turnover is generated between the segments themselves. The Board of Managing Directors assesses the performance of each segment on the basis of the operating earnings before interest and taxes (EBIT). The EBIT per segment is divided up as follows:

Operating result (T€)	6 months 2009	6 months 2008
Cutting & Structuring Lasers	2,312	107
Rapid Prototyping	887	1,053
Joining Technologies	-79	-114
Thin-film Technologies	160	81
Other Segments	104	148
Total Segments	3,384	1,275
Not distributed income and expenses		
- Administration costs	278	320
- Other	338	483
EBIT acc. P&L-Statement	2,768	472

The assets have changed as follows:

Total assets (T€)	30.06. 2009	31.12. 2008
Cutting & Structuring Lasers	17,820	18,062
Rapid Prototyping	14,407	15,217
Joining Technologies	2,968	2,884
Thin-film Technologies	7,055	6,857
Other Segments	1,169	1,022
Total Segments	43,419	44,042
Not distributed assets		
- Tax accrual	372	498
- Cash and cash equivalents	7,919	6,005
- Other	1,890	1,206
Total assets	53,600	51,751

Asset situation

The fixed assets have risen by € 0.4 million as a result of additions to the capitalized development services. This reflects the intensive development work, particularly on MID structuring lasers. Whilst inventories are still at around the same levels as the end of the last financial year, short term trade accounts receivable and other assets were reduced by around € 0.6 million. Liquid assets rose in the second quarter in particular by € 1.9 million to € 7.9 million.

Financial situation

Liabilities and provisions including liabilities due to banks have basically remained unchanged compared with the start of the year.

The capital ratio of 69 % remains higher than the sector average and demonstrates the robust financial structure of LPKF Laser & Electronics AG.

A cash inflow of € 3.9 million (previous year: cash inflow € 0.1 million) was generated by ongoing operating activities. In addition to the positive consolidated earnings, this also mainly reflects the reduction in working capital. € 1.8 million (previous year: € 1.7 million) was expended on balance for investments. The main focus of investment was development activities. As a result of cash inflow from financing activities of € 0.5 million (previous year: € 1.4 million) cash and cash equivalents rose by € 1.5 million during the course of the year.

Investments

Investments in product development were boosted during the first half of 2009. Other investments were reduced to a low level in the light of the difficult economic environment.

The level of investment overall at € 1.8 million was similar to last year's level.

Employees

The following table shows the change in the number of employees in the first half 2009:

Department	30.06.2009	31.12.2008
Production	73	73
Sales	76	72
Development	81	85
Service	55	53
Administration	83	86
	368	369

Opportunities and risks

The opportunities and risks affecting the LPKF Group have not changed substantially over the reporting period since the end of 2008 – the statements made in the 2008 annual report are therefore still valid. The comments in the overall outlook chapter of the annual report therefore also continue to apply. However, the situation at the moment suggests a stabilization of the global economy. No risks which could jeopardize the future of the company existed on 30 June 2009.

Business development per segment

Rapid Prototyping

The Rapid Prototyping segment was particularly hit by the global recession and suffered another decline in turnover in the second quarter, particularly in Europe and Japan. The current situation is marked by recovery in the North American market and incoming orders overall.

Cutting & Structuring Lasers

Whilst the turnover with StencilLasers again failed to match the forecast, business with systems for printed circuit board processing grew again in the second quarter, and is profiting from the continuing strong demand in Asia in particular. The acquisition of new groups of customers has also boosted growth. Turnover overall is therefore ahead of budget. The rapid growth in business with structuring lasers for the production of MIDs continued well above forecast in the second quarter, and is largely responsible for the positive development in LPKF's consolidated turnover. There is unbroken demand for the Laser Direct Structuring (LDS) method developed by LPKF.

Joining Technologies

The crisis affecting carmakers and the automotive subcontractors has depressed the Joining Technologies segment. The growth in turnover forecast for the ongoing financial year has not been realized to date. Turnover remains at around the same level as the previous year, and incoming orders have declined. The company sees further opportunities for additional growth in business with the more crisis-resistant medical technology sector. The Board of Managing Directors still considers this segment to offer potential for growth in the medium term.

Thin-film Technologies

Dealing with the high level of orders in hand at the beginning of the year boosted turnover by 72 %. The business with laser systems for structuring thin-film solar panels is suffering from a decline in incoming orders as a consequence of the financial crisis. The manufacturers of solar panels are experiencing pressure on their prices and have difficulties financing new factories and capacities. An improvement in the level of orders is not expected until the situation of the solar panel manufacturers has stabilized. This business offers considerable potential for growth in the medium term because it serves a dynamic market with a promising future.

General outlook

Despite the extremely bad economic conditions, LPKF can look back on a successful first half year. Its broad base and the innovation strength of its products have enabled the company to increase turnover and considerably boost its earnings. The business with structuring lasers for MID production in particular is very positive. Nevertheless, all of the markets relevant to LPKF are dependent on the overall economic situation. The uncertainties affecting forecasts, especially concerning the fourth quarter 2009, are still high even though there are some signs of an end to the global economic crisis.

Given the good order situation in some segments, the Board of Managing Directors expects the LPKF Group to generate an annual turnover matching last year's level, and a considerably improved level of earnings.

Interim Group financial statements

Consolidated Group

In addition to the parent company LPKF Laser & Electronics AG, Garbsen, the following subsidiaries are also included in the consolidated financial statements:

Company Name	Domicile	Country	Holding	Acquired
LaserMicronics GmbH	Garbsen	Germany	100.0 %	1989
LPKF Laser & Elektronika d.o.o.	Naklo	Slovenia	75.0 %	1995
LPKF Distribution, Inc.	Tualatin	USA	85.0 %	1994/1999/2005
LPKF Motion & Control GmbH	Suhl	Germany	50.9 %	1991/1999
LPKF France S.A.R.L.	Créteil	France	100.0 %	1999/2007
LPKF (Tianjin) Co. Ltd.	Tianjin	PR China	86.0 %	2000
LPKF Laser & Electronics (ASIA) Ltd.	Hong Kong	PR China	100.0 %	2005
LPKF SolarQuipment GmbH	Suhl	Germany	83.7 %	2007



■ Production site

■ Branch

■ Representation

Consolidated balance sheet

Assets		
	30.06.2009 (T€)	31.12.2008 (T€)
NON-CURRENT ASSETS		
Intangible assets		
Software	629	606
Goodwill	74	74
Development costs	3,894	3,393
	4,597	4,073
Tangible assets		
Land and building	10,610	10,866
Technical equipment and machinery	1,539	1,451
Other equipment, factory and office equipment	1,067	1,145
Construction in process	311	220
	13,527	13,682
Financial assets		
Securities of the fixed assets	189	147
	189	147
Assets subject to disposal restrictions		
	220	214
Accounts receivable and other assets		
Trade accounts receivable	6	35
Tax refund claims	329	329
Other assets	114	114
	449	478
Deferred taxes		
	372	498
	19,354	19,092
CURRENT ASSETS		
Inventories		
(System) components	8,378	7,474
Work-in-process	1,791	1,565
Finished goods and merchandise	4,898	5,859
Prepayments	254	137
	15,321	15,035
Accounts receivable and other assets		
Trade accounts receivable	9,068	10,129
Tax refund claims	788	946
Other assets	1,150	544
	11,006	11,619
Cash on hand, bank balances		
	7,919	6,005
	34,246	32,659
	53,600	51,751

Liabilities and shareholders' equity		
	30.06.2009 (T€)	31.12.2008 (T€)
SHAREHOLDERS' EQUITY		
Share capital	10,858	10,858
Additional paid-in capital	3,953	3,953
Other earnings reserves	7,000	7,000
Market value of securities	-42	-42
Reserves for share-based payments	427	394
Net income for the year	12,741	11,107
Foreign currency translation adjustments	-1,448	-1,344
Minority interests	3,554	3,322
	37,043	35,248
NON-CURRENT LIABILITIES		
Provisions for pensions	370	358
Medium and long-term liabilities due to banks	3,577	3,549
Deferred grants	321	341
Other medium and long-term liabilities	135	145
Deferred taxes	1,323	1,170
	5,726	5,563
CURRENT LIABILITIES		
Tax provisions	331	186
Other provisions	898	1,267
Short-term liabilities due to banks	3,205	3,093
Trade accounts payable	1,814	1,640
Other liabilities	4,583	4,754
	10,831	10,940
	53,600	51,751

Consolidated statement of income

	04-06/2009 (T€)	04-06/2008 (T€)	01-06/2009 (T€)	01-06/2008 (T€)
Sales	12,389	11,153	22,474	19,615
Changes in inventories of finished goods and work-in-process	-892	681	-606	975
Other work capitalized	266	563	1,277	830
Other operating income	131	166	540	320
Costs of materials	2,481	4,429	5,814	7,164
Personnel expenses	4,450	4,073	8,686	7,899
Depreciation and amortization	702	596	1,351	1,177
Other operating expenses	2,707	2,676	5,066	5,028
Results from ordinary activities	1,554	789	2,768	472
Financial income	33	28	67	56
Financial expenditure	85	76	167	129
Result before income taxes	1,502	741	2,668	399
Income tax	405	242	827	135
Net income	1,097	499	1,841	264
Net income thereof				
Shareholders of parent company	1,084	363	1,634	-8
Minority interests	13	136	207	272
Earnings per share				
Earnings per share - basic (in €)	0.10 €	0.03 €	0.15 €	0.00 €
Earnings per share - diluted (in €)	0.10 €	0.03 €	0.15 €	0.00 €
Weighted average shares outstanding (basic)	10,858,052	10,858,052	10,858,052	10,858,052
Weighted average shares outstanding (diluted)	10,858,052	10,858,052	10,858,052	10,858,052
Consolidated statement of comprehensive income	(T€)	(T€)	(T€)	(T€)
Profit after tax	1,097	499	1,841	264
Available-for-sale financial assets	9	-12	0	-12
Expenditure for granted option rights	16	30	33	60
Exchange differences	-149	-5	-79	-166
Total comprehensive income	973	512	1,795	146
Net income thereof				
Shareholders of parent company	1,024	393	1,563	-157
Minority interests	-51	119	232	303

Statement of the changes in shareholders' equity

	Share capital (T€)	Additional paid-in- capital (T€)	Other earnings reserves (T€)	Market value of securities (T€)	Reserves for share- based payments (T€)	Net income for the year (T€)	Foreign currency translation (T€)	Minority interests (T€)	Total (T€)
Per 01.01.2009	10,858	3,953	7,000	-42	394	11,107	-1,344	3,322	35,248
Reductions from measurement of cash flow hedge									
Additions from measurement of cash flow hedge									
Allocation to reserves									
Dividend payment to shareholders									
Net result						1,634		207	1,841
Expenditure for granted option rights					33				33
Settlement of difference from acquisition of minority shares									
Foreign currency translation adjustments							-104	25	-79
Per 30.06.2009	10,858	3,953	7,000	-42	427	12,741	-1,448	3,554	37,043
Per 01.01.2008	10,858	3,953	7,000	-7	274	10,599	-1,289	2,552	33,940
Reductions from measurement of cash flow hedge									
Additions from measurement of cash flow hedge				-12					-12
Allocation to reserves									
Dividend payment to shareholders						-1,303			-1,303
Net result						-8		272	264
Expenditure for granted option rights					60				60
Settlement of difference from acquisition of minority shares									
Foreign currency translation adjustments							-197	31	-166
Per 30.06.2008	10,858	3,953	7,000	-19	334	9,288	-1,486	2,855	32,783

Consolidated cash flow statement according to IAS 7

	6 months 2009 (T€)	6 months 2008 (T€)
OPERATING ACTIVITIES		
Net income for the year	1,841	264
Income tax	827	135
Interest charges	167	129
Interest income	-67	-56
Depreciation and amortization of fixed assets	1,351	1,177
Changes in provisions and accrued liabilities	-561	-145
Profit/loss from sale of assets, including reclassification into current assets	-13	141
Cashless currency differences in fixed assets	56	100
Changes in inventories, accounts receivable and other assets	267	-613
Changes in liabilities and deferred income	46	203
Other non-payment income/expenses	404	11
Payments from interest	67	56
Paid income tax	-478	-1,293
Net cash flow from operating income	3,907	109
INVESTING ACTIVITIES		
Fixed assets investments intangible assets	-1,140	-870
Fixed assets investments tangible assets	-639	-875
Fixed assets investments financial assets	-41	0
Payment from sale of financial assets	0	17
Receipts on sale of equipment	16	4
Cash flow from investing activities	-1,804	-1,724
FINANCING ACTIVITIES		
Dividends paid	0	-1,303
Dividends paid to minority shareholders	0	0
Interest paid	-167	-129
Repayments convertible bonds	0	0
Change in long-term bank loans	591	3,203
Repayments long-term bank loans	-876	-351
Cash flow from financing activities	-452	1,420
CHANGES IN CASH AND CASH EQUIVALENTS		
Changes in cash and cash equivalents due to exchange rates	-162	35
Changes in cash and cash equivalents	1,651	-195
Cash and cash equivalents per 01.01.	5,989	3,108
Cash and cash equivalents per 30.06.	7,478	2,948
COMPOSITION CASH AND CASH EQUIVALENTS		
Cash	7,919	3,415
Short-term investments	0	420
Bank overdraft	-441	-887
Cash and cash equivalents per 30.06.	7,478	2,948

Details on the compilation of the quarterly financial report

The interim financial report per 30 June 2009 has been prepared in accordance with IFRS. It reflects the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). All past figures have been determined using the same principles.

The same accounting methods and evaluation methods were used in the interim accounts as in the last annual financial statements.

Estimates of amounts reported in earlier interim reporting periods of the current financial year, the last annual financial statements, and in previous financial years remain unchanged in this interim report.

During the reporting period, the expenditure for R&D was T€ 2,764 (previous year T€ 2,483).

Since the last balance sheet date, there have been no changes to contingent liabilities and receivables.

No events of significance with substantial impacts on the asset, financial and earnings situation have taken place since the reporting date 30 June 2009.

This quarterly financial report has not been audited and has not been subject to an examining review.

Related parties transactions

A shareholder of the subsidiary LPKF Laser & Elektronika d.o.o. holds 100 % of the shares in Zeltra Naklo d.o.o.. Materials and equipment, merchandise and services totaling T€ 3 were purchased from this related company in the first half of 2009.

50 % of the shares in PMV d.o.o. are held by a shareholder of the subsidiary LPKF Laser & Elektronika d.o.o., and 50 % by other related parties. In the first half of 2009, business relations with this company covered development and production services and license agreements totaling T€ 73. No additional services were carried out by Group companies.

The managing director of LPKF Distribution, Inc. granted the company a long-term loan totaling TUS\$ 350 in the 2007 financial year to finance construction measures. The interest rates and the provision of security are at prevailing market rates.

On the reporting date, LPKF Laser & Electronics AG had liabilities due to members of the Supervisory Board totaling T€ 68.

With the exception of the aforementioned, there are no other significant claims or liabilities against LPKF Group companies with respect to paid remunerations or benefits granted to related parties.

Number of shares held by Board members

Managing Directors	30.06. 2009	31.12. 2008
Dr. Ingo Bretthauer	20,000	n.a.
Bernd Hackmann	n.a.	222,800
Bernd Lange	21,010	21,010
Kai Bentz	3,000	1,725
Supervisory Board		
Bernd Hildebrandt	871,746	871,746
Prof. Dr. Ing. Erich Barke	1,000	1,000

Responsibility statement by the Board of Managing Directors

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities and financial position of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Garbsen, August 14, 2009

LPKF Laser & Electronics AG, Garbsen

The Board of Managing Directors

Dr. Ingo Bretthauer Bernd Lange Kai Bentz

Calendar

14 August 2009

Publication of Q2 interim financial report
Internet Chat at 18:00 hrs on
www.lpkf.com/investor-relations

10 November 2009

Publication of Q3 interim financial report

11 November 2009

Internet Chat at 18:00 hrs on
www.lpkf.com/investor-relations

30 March 2010

Publication of Annual Report 2009
Balance sheet press conference
Internet Chat at 18:00 hrs on
www.lpkf.com/investor-relations

31 March 2010

Analysts meeting

12 May 2010

Publication of Q1 interim financial report
Internet Chat at 18:00 hrs on
www.lpkf.com/investor-relations

10 June 2010

Annual General Meeting
Hannover Congress Centrum

13 August 2010

Publication of Q2 interim financial report
Internet Chat at 18:00 hrs on
www.lpkf.com/investor-relations

09 November 2010

Publication of Q3 interim financial report
Internet Chat at 18:00 hrs on
www.lpkf.com/investor-relations

Imprint

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For further information on LPKF Laser & Electronics AG please visit our website at www.lpkf.com.

You can download this interim report and other financial information from our website under Investor Relations.

Languages

This interim report is also available in German.

