

LPKF NEWSLETTER 01/07

Interim announcement pursuant to Section 37 x WpHG

Ladies and Gentlemen,

Despite the modest start to 2007, we still stick by our sales forecast for the ongoing year. This is justified by the current rise in orders received. Sales and profits remain below forecast in the first quarter. The continuing weakness of the dollar has had an impact on our business in Asia, and temporarily delayed the investment decisions of our clients. The implementation of more stringent import restrictions in China delayed the ordering and delivery of laser systems. These factors affected our StencilLaser and PCB cutting systems business in particular, with an associated decline in sales.

A cause of satisfaction is that the drop in sales of cutting lasers was partially compensated for by the sales success of the new technologies - in 3D-MID in particular. The LDS method for the manufacture of three dimensional circuit carriers has now proved its potential in mass production, where it is being used for instance for the production of 3D antennae for mobile phones.

The still very new solar business can also report positive developments. LPKF won its first orders at the start of the year for laser systems for structuring solar cells. We now have another two orders in hand. This highlights the growing importance of this segment for our company. We started up LPKF SolarQuipment GmbH in Suhl at the end of the first quarter to satisfy the demands of the solar market. This subsidiary concentrates exclusively on the distribution, development and production of laser structurers for solar cells. SolarQuipment benefits enormously here from the many years of experience and in-depth competence of the LPKF Group in laser material processing and hi-tech drive technology.

The Laser Plastic-Welding business was also very successful, although it failed to improve year-on-year on the unusually strong first quarter performance the previous year. The strategic expansion in distribution in the USA led to the first sales of plastic-welding systems in north America. We consider this segment to have strong growth potential in the future. A robust rise in sales of 14.9 % was achieved by the Rapid PCB Prototyping segment in the first three months.

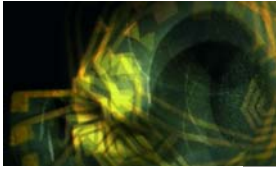
Personnel costs have risen by 11.2% year-on-year in the first quarter as a result of new recruitment. The material usage ratio remained virtually unchanged at 28.8%. Depreciation has risen by T€ 90 in line with the relatively high level of investment in 2006. The developments in the first quarter led to a rise in inventories by T€ 1,481 . The increase in inventories is reflected in the reduction in cash and cash equivalents of T€ 1,185. Orders received by the Group by 31 March totalled T€ 7,984, and were thus around 8% down year-on-year. Orders in hand totalled T€ 5,467.

Dear Shareholders, we already observed a significant increase in orders received in April and May. They are currently higher than the previous year's level. We are confident that we will achieve our sales target of € 45 million for the ongoing financial year, and continue the uninterrupted growth we have enjoyed in the last three years.

The shift in sales within the Laser Division towards 3D-MID, Laser Plastic-Welding and Solar, as indicated by the latest figures, highlight our strategic orientation of the company into systems used in mass production. We see these products as having the greatest growth potential in the coming years.

Bernd Hackmann

Bernd Lange



Statement of income (in T€)

	01.01.- 31.03.2007	01.01.- 31.03.2006
Turnover	7,965	8,141
Other operating income	331	207
Changes in inventories of finished goods and work-in-progress	257	913
Production of own fixes assets capitalized	367	183
Cost of purchased materials and services	2,369	2,590
Personnel expenses	3,442	3,094
Depreciation on plant (and intangible assets)	442	352
Amortisation of goodwill	0	0
Other operating expenses	1,956	1,901
Operating income	711	1,507
Financial income	34	46
Financial expense	48	42
Income from investments and participations	0	0
Income / expense from investments accounted for by the equity method	0	0
Other income / expenses	0	0
Result before income taxes (and minority interest)	697	1,511
Income tax	219	590
Extraordinary income / expenses	0	0
Result before minority interest	478	921
Minority interest	-34	221
Net result	512	700

Balance sheet (in T€)

Assets	31.03.2007	31.12.2006
Non-current assets		
Goodwill	74	74
Other intangible assets	2,274	1,918
Property, plant and equipment	12,467	12,218
Investments	0	0
Notes receivables / loan	0	0
Deferred taxes	470	497
Trade accounts receivable	498	268
Tax refund claims	395	395
Other assets	226	226
Total non-current assets	16,404	15,596
Current assets		
Inventories	16,066	14,585
Trade accounts receivable	6,356	7,392
Tax refund claims	215	216
Other current assets	1,067	734
Short term investments / marketable securities	1,904	1,826
Cash and cash equivalents	2,263	3,330
Non-current assets held for sale	508	519
Total current assets	28,379	28,602
Total assets	44,783	44,198

Earnings per share (in €)

	01.01.- 31.03.2007	01.01.- 31.03.2006
Net income per share (basic)	0.05	0.06
Net income per share (diluted)	0.05	0.06
Weighted average shares outstanding (basic)	10,858,052	10,838,347
Weighted average shares outstanding (diluted)	10,858,052	11,009,147

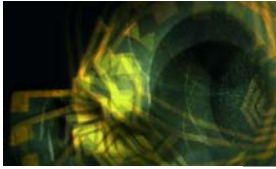
Segment reporting (in T€)

According to product lines per 31.03.2007

External Sales	2007	2006
Laser Systems	4,489	4,736
Rapid PCB Prototyping	3,013	2,621
Inspection/Special systems	0	438
Production services	197	259
Others	266	87
Not distributed	0	0
Total	7,965	8,141

Operating result	2007	2006
Laser Systems	688	1,374
Rapid PCB Prototyping	239	225
Inspection/Special systems	-27	124
Production services	65	33
Others	13	8
Not distributed	-267	-257
Total	711	1,507

Liabilities and shareholders' equity	31.03.2007	31.12.2006
Shareholders' equity		
Share capital	10,858	10,858
Additional paid-in capital	3,953	3,953
Treasury stock	0	0
Fair value reserves hedging instruments	8	14
Market value of securities	-8	0
Reserves for share based payments	181	161
Retained earnings	15,546	15,034
Foreign currency translation adjustments	-837	-864
Minority interest	2,464	2,559
Total shareholders' equity	32,165	31,715
Non-current liabilities		
Pension accrual	315	309
Long-term debt, less current portion	3,243	3,042
Deferred income	296	305
Deferred taxes liability	969	873
Total non-current liabilities	4,823	4,529
Current liabilities		
Accrued expenses	1,913	3,207
Short-term debt and current portion or long term debt	738	625
Trade accounts payable	1,952	2,034
Advanced payments received	1,086	479
Other current liabilities	2,106	1,609
Total current liabilities	7,795	7,954
Total liabilities and shareholders' equity	44,783	44,198



Consolidated statement of the changes in shareholders' equity (in T€)

Consolidated statement of the changes in shareholders' equity for the financial year ended 31 March 2007 (previous year in brackets)

	Share capital	Additional paid-in capital	Other earnings reserves	Market value of hedging transactions	Market value of securities	Reserves for share based payments	Retained earnings	Foreign currency translation adjustments	Minority interest	Total
As at 1.1.2007 before setting-off own stock and market valuation of securities	10,858	3,953	6,000	14	0	161	9,034	-864	2,559	31,715
As at 1.1.2006 before setting-off own stock and market valuation of securities	(10,838)	(3,901)	(4,700)	(-3)	(-29)	(93)	(7,445)	(-564)	(2,173)	(28,554)
Setting-off own stock	0	0	0	0	0	0	0	0	0	0
Additions from market valuation of securities	0	0	0	0	0	0	0	0	0	0
As at 01.01.2007 after setting-off own stock and market valuation of securities	10,858	3,953	6,000	14	0	161	9,034	-864	2,559	31,715
As at 01.01.2006 after setting-off own stock and market valuation of securities	(10,838)	(3,901)	(4,700)	(-3)	(-29)	(93)	(7,445)	(-564)	(2,173)	(28,554)
Costs of capital increase	0	0	0	0	0	0	0	0	0	0
Proceeds from capital increase	0	0	0	0	0	0	0	0	0	0
Buying back own stock	0	0	0	0	0	0	0	0	0	0
Issue of own stock	0	0	0	0	0	0	0	0	0	0
Additions from valuation of cash flow hedge	0	0	0	0	0	0	0	0	0	0
Reductions from valuation of cash flow hedge	0	0	0	-14	0	0	0	0	0	-14
Additions from market valuation from securities	0	0	0	0	-8	0	0	0	0	-8
Allocations to reserves	0	0	0	8	0	0	0	0	0	8
Transfer of earnings reserves	0	0	0	0	0	0	0	0	0	0
Dividend payment to shareholders	0	0	0	0	0	0	0	0	0	0
Net result	0	0	0	0	0	0	512	0	-34	478
Expenditure for granted option rights	0	0	0	0	0	20	0	0	0	20
Settlement of difference from acquisition of minority shares	0	0	0	0	0	0	0	0	0	0
Foreign currency translation adjustments	0	0	0	0	0	0	0	27	-61	-34
As at 31.03.2007	10,858	3,953	6,000	8	-8	181	9,546	-837	2,464	32,165
As at 31.03.2006	(10,838)	(3,901)	(4,700)	(0)	(-31)	(106)	(8,145)	(-639)	(2,378)	(29,408)

Consolidated group

In addition to the group's parent company, LPKF Laser & Electronics AG, the following subsidiaries have also been included in the consolidated statements:

Name	Domicile	Holding%	Acquired
LaserMicronics GmbH	Garbsen / Germany	100.0	1989
LPKF Laser & Elektronika d.o.o.	Naklo / Slovenia	75.0	1995
LPKF Laser & Electronics Inc.	Wilsonville / USA	85.0	1994/1999/2005
LPKF Motion & Control GmbH	Suhl / Germany	50.9	1991/1999
LPKF Properties LLC	Wilsonville / USA	60.0	1999
LPKF France S.A.R.L.	Lisses / France	94.0	1999
LPKF (Tianjin) Co. Ltd.	Tianjin / China	100.0	2000
LPKF Laser & Electronics (ASIA) Ltd.	Hongkong / China	100.0	2005
LPKF SolarQuipment GmbH i.G.	Suhl / Germany	100.0	2007

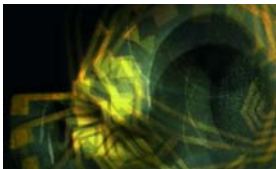
Number of shares held by board members

	31.03.2007	31.12.2006
Board of managing directors		
Bernd Hackmann	212,800	212,800
Bernd Lange	4,510	4,510
Supervisory board		
Bernd Hildebrandt	871,746	871,746
Prof. Dr. Erich Barke	1,000	1,000

Workforce

The breakdown of employee numbers is as follows

	31.03.2007	31.12.2006
Production	77	78
Distribution	70	66
Research & Development	68	67
Engineering and administration	83	81
	298	292



Consolidated cash flow statement (in T€)

	01.01. - 31.03.2007	01.01. - 31.03.2006
Cash flows from operating activities		
Net profit / loss	478	921
Income tax	219	590
Interest charges	48	42
Interest income	-34	-46
Depreciation and amortisation	442	352
Increase in provisions and accruals	-1,218	-1,016
Gains/losses on the disposal of fixed assets including reclassification into current assets	14	-10
Cashless currency differences in fixed assets	3	-15
Changes in inventories, accounts receivables and other assets	-981	-1,555
Changes in liabilities and other deferred income	1,076	843
Other non-payment expense/income	-14	93
Payments from interest	34	46
Prepaid income tax	-289	-644
Cash flows from operating activities	-222	-399
Cash flows from investing activities		
Fixed assets investment intangible assets	-426	-28
Fixed assets investment tangible assets	-632	-2,120
Investments in subsidiaries	0	0
Proceeds from disposal of a subsidiary	0	0
Proceeds from sale of equipment	3	50
Cash flows from investing activities	-1,055	-2,098
Cash flows from financing activities		
Dividend payment to shareholders	0	0
Interest paid	-48	-42
Proceeds from issuance of share capital	0	0
Purchasing of treasury stock	0	0
Repayment convertible bonds	-2	0
Costs of capital increase	0	0
Proceeds from short or long-term borrowings	300	1,000
Repayments long-time bank borrowings	-158	-108
Cash flows from financing activities	92	850
Changes in cash and cash equivalents		
Changes in cash and cash equivalents due to exchange rates	23	-33
Changes in cash and cash equivalents	-1,185	-1,647
Cash and cash equivalents as at 01.01.2007	5,156	8,564
Cash and cash equivalents as at 31.03.2007	3,994	6,884
Composition of cash and cash equivalent		
Cash	2,263	4,213
Short-term investments	1,904	2,806
Bank overdraft	-173	-135
Cash and cash equivalents	3,994	6,884

Shortened Annex

The 31 March 2007 interim report has been prepared in accordance with IFRS. It reflects the interpretations of the International Financial Interpretations Committee (IFRIC). All past figures have been determined using the same principles.

The same accounting methods and valuation 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, or in previous financial years remain unchanged in this interim report.

R&D expenses in the reporting period were T€ 1,095 (previous year T€ 872).

No changes have arisen since the last balance sheet date with respect to contingent liabilities and contingent assets.

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