VISION

Focus on the future

Half-yearly Financial Report

1 January 2012 to 30 June 2012

LPKF starts the second half of the year with revenue and earnings growth

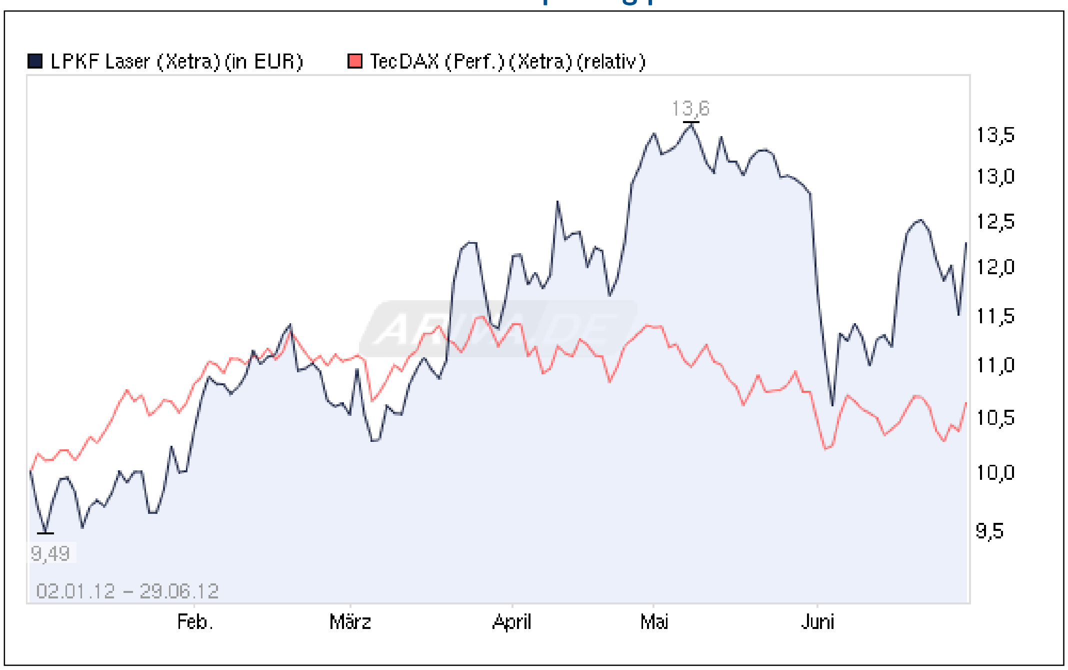
> Revenue up 34% year on year
> EBIT grows by 42%
> Surge in incoming orders: book-to-bill ratio at 1.2

LPKF Laser & Electronics

Key Group figures

	6 months 2012	6 months 2011	Change %	Year 2011
Revenue (EUR million)	50.3	37.7	33.6	91.1
EBIT (million EUR)	7.4	5.2	42.1	15.2
EBIT margin (%)	14.8	13.9		16.7
Free cash flow (EUR million)	-0.6	-9.9	93.5	-10.9
Net working capital (EUR million)	41.0	29.0	41.2	39.7
ROCE (%)	10.0	9.7		23.4
EPS, diluted (EUR)	0.42	0.32	31.3	0.90
Cash and cash equivalents (EUR million)	4.8	3.2	49.5	5.6
Equity ratio (%)	51.5	53.9		55.6
Orders on hand (EUR million)	34.9	26.1	33.6	25.2
Incoming orders (EUR million)	60.0	51.2	17.0	104.0

Performance of the LPKF share in the reporting period



Source: www.ariva.de

Chairman's statement

Ladies and Gentlemen,

Effective immediately, I would like to include a short overview of business development in the LPKF Group for the corresponding reporting period in our quarterly reports.

Although the general economic climate worsened in the second quarter of 2012, we were nonetheless able to continue our positive trend from the first three months uninterrupted and, in terms of revenue, even pick up the pace a little more. The result: revenue of EUR 50.3 million in the first half of the year, an increase of 34%. At EUR 7.4 million, operating income has also reached a respectable level. I am especially pleased when I look at the incoming orders, since they point to the future. With incoming orders of EUR 60.0 million and orders on hand of EUR 34.9 million, we can now look to the second half of the year with great confidence.

A decisive factor for second-quarter growth was the high level of demand for printed circuit board (PCB) laser cutting systems (PCB Production Equipment) and LDS systems. In both product groups, we have managed to convince customers of the business benefits of laser technology and using these to replace conventional production techniques. We have also seen marked growth in revenue with solar scribers.

The successful business development we enjoyed at LPKF in the first six months certainly is no reason for us to lean back and relax. We are working continuously and are making every effort to improve the speed, precision and efficiency of our machinery even further. Only if we can maintain our technological edge will we be able to sustain our ability to successfully defend our leading position in the market.

We will also safeguard our international patent for LDS technology. Recently, increasing numbers of electronics manufacturers have been offered sub-standard, counterfeit LDS parts.

LPKF has therefore stepped up the offensive in defending its intellectual property and has already succeeded in acquiring a temporary injunction against an Asian manufacturer. The patent has also been contested in China and declared null and void by a patent re-examination board. It goes without saying that we will be appealing against this decision.

One key second-quarter event certainly was our Annual General Meeting on 31 May 2012. Around 350 shareholders attended the Hannover Congress Center to be briefed on the Group situation directly by the Management Board; all items on the agenda were approved by a large majority. With a dividend payment of EUR 0.40 per share, we enabled our shareholders to participate in the Company’s profits and we intend to continue paying our stockholders between 30% and 50% of the profit per share in future years.

One very emotional moment at the AGM was the previously announced resignation of our co-founder, long-standing CEO and Chairman of the Supervisory Board Bernd Hildebrandt, whose influence on the LPKF Group has been unique. With standing ovations the shareholders bade their farewells to the entrepreneur, who will now invest even more time and energy in his Animal-Help-Human charity. We wish him luck from the bottom of our hearts.

Sincerely,

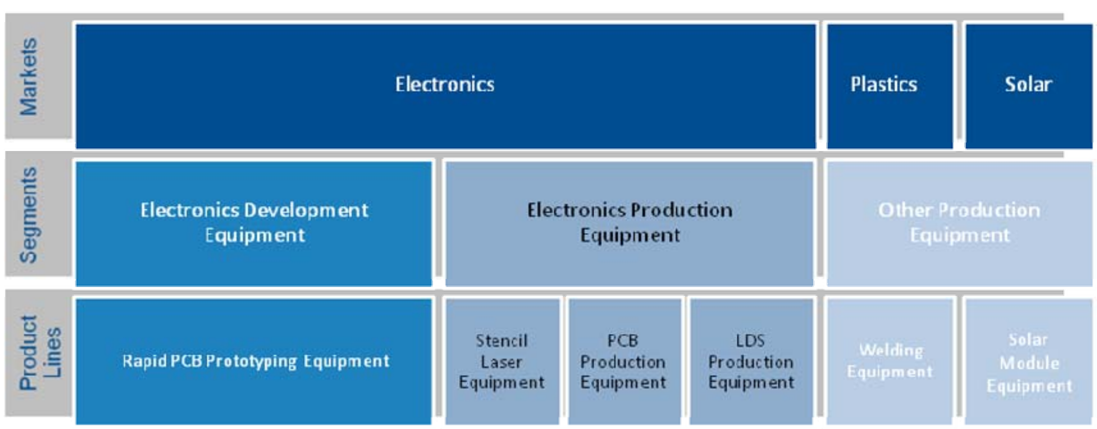
Dr. Ingo Bretthauer

Chairman of the Management Board

Change on the Supervisory Board

Bernd Hildebrandt (left) stepped down from his position of Chairman of the Supervisory Board effective at the end of the Annual General Meeting on 31 May 2012. Bernd Hackmann (right) was newly elected to the Supervisory Board. Dr. Heino Büsching took over as Chairman of the Supervisory Board.

Segment structure



Management report

Economic environment

The International Monetary Fund (IMF) has cut its forecast for global economic growth. In the current year, the IMF now expects global economic growth of 3.5%, 0.1 percentage points less than in April. For 2013, the IMF has reduced its projections by 0.2 percentage points to 3.9%. For Germany, growth of 1.0% is estimated. While China is leading the emerging and developing economies, its economy is also predicted to experience significant slowdown.

The Ifo Business Climate Index for Germany's industry and trade sector fell further in June. While forecasts for the current state of business brightened somewhat, following the sharp downturn in the previous month, expectations for the coming half-year have been lowered significantly. German businesses are increasingly anxious about suffering effects from the euro crisis.

In May 2012, incoming orders for the German machine tool building sector dropped by 30% year on year. According to the VDW (German Machine Tool Builders' Association), domestic orders were about at the level of the previous month, whereas foreign demand fell sharply by 35%. Figures from the VDW show that German industrial capacity remains well utilized, however, and industry is investing in further capacity to handle its orders.

Development of revenue

At EUR 29.8 million, LPKF Group revenue in the second quarter of 2012 almost equaled the previous record level achieved in the best quarter in the company's history (Q4 2011) and was thus a considerable improvement on the figure for the prior-year period (EUR 23.4 million). Overall, revenue grew by 33.6% to EUR 50.3 million (previous year: EUR 37.7 million).

Here, the Other Production Equipment segment led the field. Year on year, delivery of solar scribers and systems for plastic welding was up more than 100%. The Electronics Production Equipment and Electronics Development Equipment segments were also able to improve revenue compared to the previous year.

Revenue (EUR THSD.)	**6 months 2012**	**6 months 2011**
Electronics Development Equip.	8,091	7,251
Electronics Production Equip.	25,743	21,401
Other Production Equipment	15,438	7,701
All other segments	1,052	1,308
	50,324	**37,661**

Development of earnings

Due to the growth in revenue, earnings before interest and taxes (EBIT) also more than doubled, from EUR 2.2 million in the first quarter to EUR 5.2 million in the second quarter. Year on year, this represents an increase of 42.1% in the first six months of 2012 and an increase in the EBIT margin from 13.9% to 14.8% within this half-year. This is despite a one-time effect in the first half-year of 2011 in connection with the introduction of the new ERP system, which improved earnings by € 0.6 million.

In the wake of this revenue growth, expense items have risen in absolute terms, but all expense ratios remain beneath those of the first quarter.

Other operating income remained roughly at the level of the previous year. The development of new systems and machinery software, which continues to be a priority at LPKF, led to a capitalization of development costs of EUR 1.7 million (previous year: EUR 1.3 million).

Planned growth is possible only by enlarging the workforce. Due to successful new hires, particularly in production, employee numbers have now reached 640. As a proportion of revenue, staff costs remained under the prior-year figure during the first six months.

As a result of investments, not only in buildings and machinery but also in software and development, depreciation and amortization increased by EUR 1.1 million.

Revenue growth led to an increase in other revenue-related operating expenses. Costs such as additions to warranty provisions (+ EUR 0.4 million) and advertising and sales expenses (+ EUR 0.3 million), rose year on year. Production building rental costs (+ EUR 0.3 million), consulting costs (+ EUR 0.2 million) and travel costs also increased. Overall, total other operating expenses exceeded the prior-year figure by EUR 2.0 million.

Segment reporting

EBIT is broken down by segment as follows:

EBIT (EUR THSD.)	6 months 2012	6 months 2011
Electronics Development Equip.	1,117	1,357
Electronics Production Equip.	5,494	4,738
Other Production Equipment	1,290	-206
All other segments	-458	-650
EBIT acc. to the income statement	**7,443**	**5,239**

Total assets developed as follows:

Total assets (EUR THSD.)	30 June 2012	31 Dec. 2011
Electronics Development Equipment	16,566	15,933
Electronics Production Equipment	32,937	33,693
Other Production Equipment	24,889	17,225
All other segments	23,214	22,710
Total assets	**97,606**	**89,561**

Financial position

LPKF completed a further stage in the expansion of its headquarters in Garbsen. The conversion of the oldest part of the premises was completed and new storage facilities were also brought into service. This led to an increase in non-current assets of EUR 2.3 million. Current assets also increased substantially in the first half-year. Due to the solid order situation, inventories grew substantially, with both work in progress and unfinished products recording levels higher than at year-end. Despite the decline in trade receivables, net working capital increased by EUR 1.3 million in the first six months of 2012. For the second half-year, LPKF will make every effort to reduce net working capital.

Equity rose, primarily because of the good net profit of EUR 5.0 million. Following the AGM on 31 May, dividend payments of EUR 4.4 million were made to shareholders. The loans that the Company took out to finance the expansion measures at the Garbsen site and the acquisition of non-controlling interests are being repaid on schedule, further reducing non-current liabilities. Taking out short-term loans, among other things for project financing in connection with a specific contract, increased liabilities to banks shown under current liabilities. In connection with the expansion of the inventory, trade payables also increased by EUR 1.3 million. Payment of a portion of a purchase price to the non-controlling interests in LPKF Motion & Control GmbH was a primary factor in the decline of other liabilities, as were payments of bonuses in combination with lower tax liabilities. Overall, therefore, current liabilities increased by EUR 8.5 million.

Cash flows

The consistently solid funding structure of LPKF Laser & Electronics AG is reflected in its equity ratio which, at 52%, continues to remain above average.

Cash inflows from operating activities were EUR 4.2 million (previous year: cash outflows of EUR 0.8 million), primarily as a result of the solid net profit recorded in the first half-year. Investing activities in the current year led to smaller cash outflows (EUR 4.9 million) than in the previous year (EUR 9.1 million). With balanced cash flows from financing activities (previous year: cash inflows of EUR 0.2 million), cash and cash equivalents were EUR 0.7 million lower than at the start of the year.

Investments

The renovation of the oldest building at the Garbsen site and the creation of modern office and warehouse space serve to lay the foundation for further growth. Investments in development remain a key element of the Company's growth strategy.

In addition, an additional EUR 3.5 million tranche of the purchase price for the acquisition of LPKF Motion & Control GmbH was paid in the reporting period.

At EUR 5.3 million, total investments in intangible assets and property, plant and equipment were EUR 4.0 million lower year on year.

Employees

The following table shows the development in employee numbers in the first six months of 2012:

Area	**30 June 2012**	**31 Dec. 2011**
Production	194	174
Development	120	114
Administration	131	121
Sales	103	97
Services	92	96
	640	**602**

Opportunities and risks

The economic risks to the global economy increased further in the second quarter of the 2012 financial year.

The situation in the solar energy market remains uncertain. The excess capacities in module production have caused manufacturers to substantially curtail investments. While expansion programs are being rolled back or canceled, solar cell manufacturers must simultaneously streamline their existing production processes. LPKF's opportunities in this business arise particularly from the range of its machinery that enables customers to bring about efficiency gains and achieve a competitive edge. Potential order cancellations pose a risk.

The patent for LDS technology has recently been contested in a number of Asian countries. Accordingly, LPKF has stepped up the offensive in defending its intellectual property.

In all other respects, however, there were no fundamental changes in the risks and opportunities of the LPKF Group in the reporting period compared to the close of 2011 such that the disclosures in the 2011 annual report still apply. There were no going-concern risks as of 30 June 2012.

Business performance in the segments

Electronics Development Equipment

The Electronics Development Equipment (Rapid PCB Prototyping) segment targets customers in industry's R&D departments, as well as universities and other research institutions. As expected, the business with systems for manufacturing PCB prototypes showed a slight upward trend in the second quarter. Accordingly, revenue in the second quarter was 24.1% higher than the prior-year figure.

Electronics Production Equipment

The Electronics Production Equipment segment targets manufacturers of electronic components. It encompasses laser systems for manufacturing stencils (StencilLaser Equipment), laser systems for cutting printed circuit boards (PCB Production Equipment) and laser systems for manufacturing molded interconnect devices using the laser direct structuring (LDS Production Equipment) process.

In the first half-year, revenue from LDS systems was considerably higher than in the prior-year period. In June 2012, LPKF achieved the expected breakthrough in the production of larger components, e.g. antennas for laptops or tablet PCs. Within a few days, LPKF received orders of around EUR 5 million for the Fusion3D 1500 model. This latest generation of the LDS systems was developed especially for the manufacture of larger components. As before, the aim is to crowd out traditional PCBs or cabling in areas where space, weight and flexibility are essential. LPKF continues to believe that there is high growth potential in this segment.

In the second quarter of 2012, the PCB Production Equipment product group showed rapid growth, more than doubling its revenue. While revenue from laser systems for cutting PCBs amounted to around EUR 6 million for the year as a whole in 2011, incoming orders in the current year already exceed EUR 13 million after just six months. Customers include prestigious electronics corporations. The UV laser cutting systems can be used especially for separating circuit boards in arbitrary shapes from larger boards with great precision. The

PCB Production Equipment product group is considered one of the Group's growth drivers.

Following a strong year in 2011, the StencilLaser business continues to perform below expectations. The product group is lagging behind the prior-year figures in terms of both revenue and incoming orders. With a market share of approx. 70%, LPKF is operating in a relatively mature market for this sector. Our goal is to continue expanding our market leadership.

Other Production Equipment

The Other Production Equipment segment targets customers in the plastics processing industry, as well as solar cell manufacturers. It comprises the Welding Equipment and Solar Module Equipment product groups. Further boosting profitability is and remains the overarching goal for the Other Production Equipment segment. The first half of 2012 brought about a substantial improvement in this regard.

LPKF is one of the world's leading suppliers of laser welding systems for plastics. Following strong growth in 2011, this business maintained this trend in the first six months of 2012. Applications for laser welding are very varied. For any scenario requiring the precise and permanent bonding of plastics, laser welding can replace traditional joining techniques such as the use of adhesives. Incoming order volume considerably exceeds the prior-year figure. LPKF continues to believe that there is high growth potential in this segment.

The general agreement for about EUR 43 million that was closed in December 2011 puts LPKF in a special position given the solar energy market's current crisis. Using LPKF LaserScribers greatly enhances the efficiency of thin film solar modules. The bill and hold transactions under this agreement will be gradually channeled into the order book by 2014. Year on year, this business has therefore shown considerable growth and aims to maintain this trend in 2012.

General outlook

Although general economic conditions have worsened in the second quarter, LPKF has seen dynamic business development in almost all product groups. Thanks to its broad product portfolio, LPKF is less exposed to fluctuations in demand than mechanical engineering firms of a comparable size.

LPKF's various target markets are each subject to individual fluctuations. Yet it is in economically difficult times that LPKF often manages to convince customers to switch to laser technology. Growth is therefore not merely dependent on capacity expansion.

Following the strong focus on expanding capacities in 2011, investments will be scaled back to a normal level in the current year, so that the Management Board expects a positive free cash flow over the entire year.

The management is confirming the forecast for the current financial year it made in March 2012. If the global economy remains stable, the Management Board expects the LPKF Group to post revenue between EUR 100 million and EUR 105 million in 2012. Revenue growth is planned for all segments. The EBIT margin should be between 15% and 17% in 2012. Major orders not considered in current targets could substantially boost the Company's performance.

Given a stable economic environment in both 2013 and 2014, the Management Board expects revenue to grow by approximately 10% per year and the EBIT margin to remain between 15% and 17%.

Consolidated financial statements

Basis of consolidation

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

Company name	Registered seat	Country	Equity interest
LaserMicronics GmbH	Garbsen	Germany	100.0%
LPKF Laser & Elektronika d.o.o.	Naklo	Slovenia	75.0%
LPKF Distribution, Inc.	Tualatin	USA	100.0%
LPKF Motion & Control GmbH	Suhl	Germany	100.0%
LPKF (Tianjin) Co. Ltd.	Tianjin	PR China	100.0%
LPKF Laser & Electronics Trading (Shanghai) Co. Ltd.	Shanghai	PR China	100.0%
LPKF Laser & Electronics Hong Kong Ltd.	Hong Kong	PR China	100.0%
LPKF SolarQuipment GmbH	Suhl	Germany	100.0%
LPKF Laser & Electronics KK	Yokohama	Japan	100.0%

By establishing LPKF Laser & Electronics Trading (Shanghai) Co. Ltd. on 8 March 2012, the LPKF Group has enhanced its presence in the world's most important sales market: China.

Consolidated income statement

EUR THSD.	04-06/2012	04-06/2011	01-06/2012	01-06/2011
Revenue	29,789	23,354	50,324	37,661
Changes in inventories of finished goods and work in progress	331	-1,604	3,176	1,754
Other own work capitalized	862	678	1,663	1,267
Other operating income	446	397	948	777
Cost of materials	8,969	6,237	17,116	11,706
Staff costs	9,457	6,877	17,216	13,251
Depreciation and amortization	1,708	1,146	3,188	2,083
Other operating expenses	6,090	5,284	11,148	9,180
Operating result	**5,204**	**3,281**	**7,443**	**5,239**
Finance income	4	41	27	70
Finance costs	146	79	379	111
Earnings before tax	**5,062**	**3,243**	**7,091**	**5,198**
Income taxes	1,415	826	2,067	1,403
Consolidated net profit	**3,647**	**2,417**	**5,024**	**3,795**
Of which attributable to				
Shareholders of the parent company	3,424	2,211	4,691	3,563
Non-controlling interests	223	206	333	232
Earnings per share				
Earnings per share (basic)	€ 0.30	€ 0.20	€ 0.42	€ 0.32
Earnings per share (diluted)	€ 0.30	€ 0.20	€ 0.42	€ 0.32
Weighted average number of shares outstanding (basic)	11,130,594	11,007,757	11,115,767	11,007,757
Weighted average number of shares outstanding (diluted)	11,143,002	11,082,125	11,132,252	11,082,125

Consolidated statement of comprehensive income

	(EUR-THSD.)		(EUR-THSD.)	
Consolidated net profit	**3,647**	**2,417**	**5,024**	**3,795**
Gains and losses on remeasuring available-for-sale financial assets	5	-25	11	-28
Adjustment for difference from the purchase of non-controlling interests	0	-8,636	0	-8,636
Fair value changes from cash flow hedges	-3	0	-13	0
Currency translation differences	438	-78	43	-479
Deferred taxes	0	8	1	8
Total comprehensive income	**4,087**	**-6,314**	**5,066**	**-5,340**
Of which attributable to				
Shareholders of the parent company	4,032	-4,858	4,733	-3,893
Non-controlling interests	55	-1,456	333	-1,447

Consolidated statement of financial position

Assets			
	EUR THSD.	30 June 2012	31 Dec. 2011
Non-current assets			
Intangible assets			
	Software	3,015	2,530
	Goodwill	74	74
	Development costs	4,491	4,631
		7,580	**7,235**
Property, plant, and equipment			
	Land, similar rights and buildings	19,771	18,744
	Plant and machinery	2,911	3,061
	Other equipment, operating and office equipment	3,378	2,875
	Advances paid and construction in progress	400	152
		26,460	**24,832**
Financial assets			
	Other borrowings	23	25
		23	**25**
Restricted securities		**252**	**241**
Receivables and other assets			
	Trade receivables	177	255
	Income tax receivables	221	267
	Other assets	252	193
		650	**715**
Deferred taxes		**1,992**	**1,631**
		36,957	**34,679**
Current assets			
Inventories			
	(System) parts	19,307	16,017
	Work in progress	4,895	3,630
	Finished products and goods	7,552	6,323
	Advances paid	313	388
		32,067	**26,358**
Receivables and other assets			
	Trade receivables	17,884	19,368
	Income tax receivables	1,151	330
	Other assets	3,465	1,820
		22,500	**21,518**
Cash and cash equivalents		**6,082**	**7,006**
		60,649	**54,882**
		97,606	**89,561**

Equity and liabilities

EUR THSD.	30 June 2012	31 Dec. 2011
Equity		
Subscribed capital	11,135	11,101
Capital reserves	5,599	5,338
Other retained earnings	7,000	7,000
Reserve for cash flow hedges	-138	-129
Revaluation surplus	-8	-16
Share-based payment reserve	490	490
Currency translation reserve	-303	-346
Net retained profits	24,595	24,345
Non-controlling interests	1,936	1,978
	50,306	**49,761**
Non-current liabilities		
Liabilities to banks	10,606	11,368
Deferred income from grants	379	395
Other liabilities	55	70
Deferred taxes	1,712	1,976
	12,752	**13,809**
Current liabilities		
Tax provisions	847	895
Other provisions	3,191	3,634
Liabilities to banks	13,272	3,981
Trade payables	5,134	3,805
Other liabilities	12,104	13,676
	34,548	**25,991**
	97,606	**89,561**

Consolidated statement of changes in equity

(EUR THSD.)	Subscribed capital	Capital reserves	Other retained earnings	Reserve for cash flow hedges	Revaluation surplus	Share-based payment reserve	Currency translation reserve	Net retained profits	Equity before non-controlling interests	Non-controlling interests	Total
Balance as of 1 Jan. 2012	**11,101**	**5,338**	**7,000**	**-129**	**-16**	**490**	**-346**	**24,345**	**47,783**	**1,978**	**49,761**
Consolidated total comprehensive income											
Consolidated net profit								4,691	4,691	333	**5,024**
Additions from measurement of cash flow hedge				-13					-13		**-13**
Additions from market valuation of securities					11				11		**11**
Deferred taxes on changes recognized directly in equity				4	-3				1		**1**
Currency translation differences							43		43		**43**
Consolidated total comprehensive income	**0**	**0**	**0**	**-9**	**8**	**0**	**43**	**4,691**	**4,733**	**333**	**5,066**
Transactions with owners											
Proceeds from capital increases	34	261							295		**295**
Distributions to owners								-4,441	-4,441	-375	**-4,816**
Balance as of 30 June 2012	**11,135**	**5,599**	**7,000**	**-138**	**-8**	**490**	**-303**	**24,595**	**48,370**	**1,936**	**50,306**
Balance as of 1 Jan. 2011	**11,006**	**4,556**	**7,000**	**0**	**4**	**484**	**-741**	**25,751**	**48,060**	**3,373**	**51,433**
Consolidated total comprehensive income											
Consolidated net profit								3,563	3,563	232	**3,795**
Adjustment for difference from the purchase of non-controlling interests								-6,949	-6,949	-1,687	**-8,636**
Additions from market valuation of securities					-28				-28		**-28**
Deferred taxes on changes recognized directly in equity					8				8		**8**
Currency translation differences							-487		-487	8	**-479**
Consolidated total comprehensive income	**0**	**0**	**0**	**0**	**-20**	**0**	**-487**	**-3,386**	**-3,893**	**-1,447**	**-5,340**
Transactions with owners											
Expenses for options granted						3			3		**3**
Proceeds from capital increases	59	612							671		**671**
Distributions to owners								-4,402	-4,402	-158	**-4,560**
Balance as of 30 June 2011	**11,065**	**5,168**	**7,000**	**0**	**-16**	**487**	**-1,228**	**17,963**	**40,439**	**1,768**	**42,207**

Consolidated statement of cash flows

EUR THSD.	6 months 2012 (EUR THSD.)	6 months 2011 (EUR THSD.)
Operating activities		
Consolidated net profit	5,024	3,795
Income taxes	2,067	1,403
Interest expense	379	111
Interest income	-27	-70
Depreciation and amortization	3,188	2,083
Gains/losses from the disposal of non-current assets including reclassification to current assets	-192	-60
Non-cash currency differences in non-current assets	-95	-67
Changes in inventories, receivables and other assets	-6,968	-6,136
Changes in provisions	1,348	343
Changes in liabilities and other equity and liabilities	3,283	3,549
Other non-cash expenses and income	97	-720
Interest received	26	67
Income taxes paid	-3,905	-5,124
Cash flow from operating activities	**4,225**	**-826**
Investing activities		
Investments in intangible assets	-1,790	-2,100
Investments in property, plant and equipment	-3,525	-7,201
Investments in financial assets	0	1
Proceeds from disposal of financial assets	1	0
Proceeds from disposal of non-current assets	442	162
Interest received	1	3
Cash flow from investing activities	**-4,871**	**-9,135**
Financing activities		
Dividend payment	-4,441	-4,402
Dividend payment to non-controlling interests	-375	-158
Interest paid	-379	-111
Cash payments for the acquisition of non-controlling interests	-3,533	-3,263
Proceeds from borrowings	10,500	8,436
Proceeds from issue of capital	47	51
Cash repayments of borrowings	-1,821	-365
Cash flow from financing activities	**-2**	**188**
Change in cash and cash equivalents		
Change in cash and cash equivalents due to changes in foreign exchange rates	-126	-46
Change in cash and cash equivalents	-648	-9,773
Cash and cash equivalents on 1 Jan.	5,586	13,037
Cash and cash equivalents on 30 June	**4,812**	**3,218**
Composition of cash and cash equivalents		
Cash and cash equivalents	6,082	4,683
Overdrafts	-1,270	-1,465
Cash and cash equivalents on 30 June	**4,812**	**3,218**

Notes on the preparation of the half-yearly financial report

This half-yearly financial report for the period ended 30 June 2012 is in full compliance with the provisions of IAS 34. Due consideration is given to the interpretations of the International Financial Interpretations Committee (IFRIC). All prior-period figures were determined according to the same principles.

In these interim financial statements, the same accounting policies and calculation methods were used as in the most recent annual financial statements.

Estimates of amounts presented in earlier interim reporting periods of the current financial year, the most recent annual financial statements or previous financial years have not been changed in this financial report.

R&D expenses in the reporting period amounted to EUR 4.2 million (previous year: EUR 3.5 million).

Since the most recent reporting date, no changes have occurred with regard to contingent liabilities and receivables.

No significant events having a material effect on the financial position, cash flows and profit or loss of LPKF have taken place since the 30 June 2012 reporting date.

This half-yearly financial report has neither been audited nor reviewed.

Transactions with related parties

A shareholder of the subsidiary, LPKF Laser & Elektronika d.o.o., owns 100% of the shares in Zeltra Naklo d.o.o. In the first six months of 2012, Group companies purchased services amounting to EUR 5 thousand from this related party.

Fifty percent of the shares in PMV d.o.o. are held by a shareholder of the subsidiary, LPKF Laser & Elektronika d.o.o., and 50% are held by other related parties. In the first six months of 2012, the Group purchased materials and production services amounting to EUR 15 thousand from this company and provided such services to it in the amount of EUR 14 thousand. A loan of EUR 75 thousand was granted to the company at arm's length terms for remaining receivables.

A shareholder of the subsidiary, LPKF Laser & Elektronika d.o.o., owns 50% of the equity interest in Detel Plus d.o.o. This company provided goods and services worth EUR 151 thousand to Group companies and purchased such services in the amount of EUR 21 thousand in the reporting period.

For the rest, there are no other significant receivables from or liabilities to LPKF Group companies, nor were any significant payments or benefits granted to related parties.

Shares held by members of the Company's corporate bodies

Management Board	30 June 2012	31 Dec. 2011
Dr. Ingo Bretthauer	30,000	25,000
Bernd Lange	47,510	47,510
Kai Bentz	10,300	7,000
Supervisory Board		
Dr. Heino Büsching	4,000	4,000
Bernd Hackmann	62,800	N/A
Prof. Dr. Ing. Erich Barke	1,000	1,000
Bernd Hildebrandt	N/A	721,177

Responsibility statement

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the 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 material opportunities and risks associated with the expected development of the Group."

Garbsen, 14 August 2012

LPKF Laser & Electronics AG

The Management Board

Dr. Ingo Bretthauer   Bernd Lange   Kai Bentz

Dates

14 August 2012
Publication of the Q2 financial report
Internet chat at 6:00 pm at
www.lpkf.de/investor-relations

14 November 2012
Publication of the Q3 financial report
Internet chat at 6:00 pm at
www.lpkf.de/investor-relations

26 March 2013
Publication of the Annual Report 2012
Internet chat at 6:00 pm at
www.lpkf.de/investor-relations

15 May 2013
Publication of the Q1 financial report
Internet chat at 6:00 pm at
www.lpkf.de/investor-relations

23 May 2013
Annual General Meeting at
Hannover Congress Center

14 August 2013
Publication of the Q2 financial report
Internet chat at 6:00 pm at
www.lpkf.de/investor-relations

13 November 2013
Publication of the Q3 financial report
Internet chat at 6:00 pm at
www.lpkf.de/investor-relations

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LPKF Laser & Electronics AG
Osteriede 7
30827 Garbsen
GERMANY
Tel.: +49-5131-7095-0
Fax: +49-5131-7095-90
E-mail: info@lpkf.com

Investor relations contact

LPKF Laser & Electronics AG
Bettina Schäfer
Osteriede 7
30827 Garbsen
GERMANY
Tel.: +49-5131-7095-1382
Fax: +49-5131-7095-90
E-mail: investorrelations@lpkf.com

Internet

For more information on LPKF Laser & Electronics AG and the addresses of our subsidiaries, please go to www.lpkf.de.

This financial report can also be downloaded from our website.

Languages

This annual report is also available in German.

Laser & Electronics