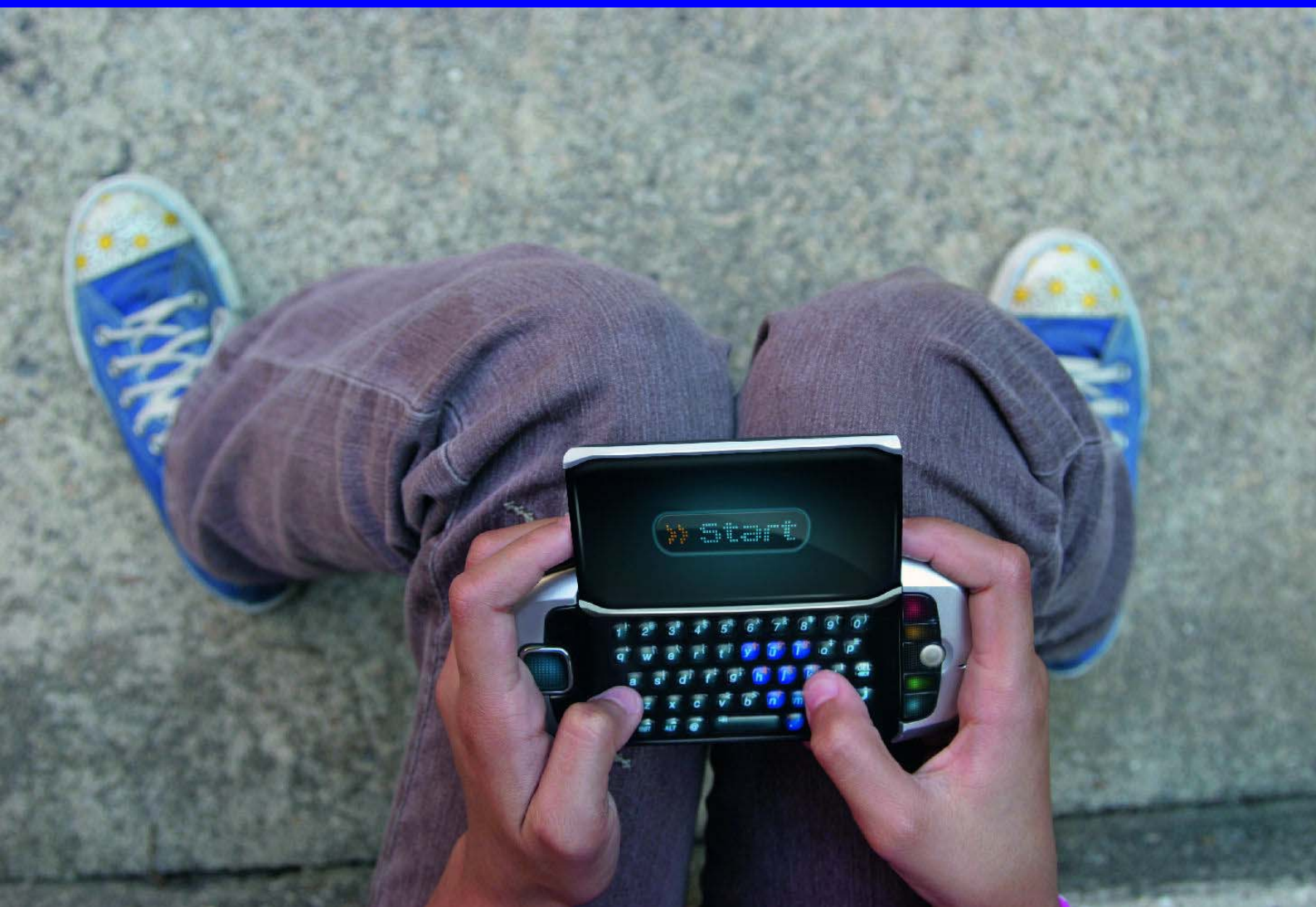


Group interim report

for the three months ending 31 March 2009



1. Group interim management report

1.1 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 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 / China	86.0	2000
LPKF Laser & Electronics (ASIA) Ltd.	Hong Kong / China	100.0	2005
LPKF SolarQuipment GmbH	Suhl / Germany	83.7	2007

1.2 Development of business and earnings situation

1.2.1 Economic environment

After an already weak fourth quarter in 2008, the worldwide economic environment deteriorated further in the first three months of 2009, leading to a 42 % slump in orders received by German mechanical and plant engineering companies (VDMA). The crisis has also affected the electronics industry as well as the polymer sector. The solar industry is mainly suffering from difficulties in acquiring finance. Although LPKF is clearly affected by the crisis in specific segments, the Group has so far successfully distanced itself from the negative effects, and started the ongoing financial year with above average growth.

1.2.2 Development in turnover

In the first three months of the 2009 financial year, LPKF boosted turnover by 19 % to € 10.1 million. Interestingly, the growth in turnover according to segments is different to the previous year: in particular, the MID and PCB Processing business units which were weak in the 2008 financial year enjoyed major growth in the first quarter. Business was also satisfactory in the Plastic Welding and Solar units. Figures well below forecast however were reported by the Stencil unit and Rapid Prototyping segment. The development in turnover in Q1 2009 was also helped by positive exchange rate effects.

External Sales	Q1 / 2009	Q1 / 2008
Laser Systems	6,765	3,969
Rapid Prototyping	2,848	3,870
Inspection/Special Systems	0	3
Production services	397	372
Others	75	248
Total	10,085	8,462

1.2.3 Development in income

With an EBIT (earnings before interest and tax) of € 1.2 million, and an EBIT margin of 12 %, the performance in the first quarter 2009 exceeded the forecast. In the previous year a loss was reported. The improvement in earnings is mainly attributable to the strong growth in turnover with a different product mix. The rise in capitalized development services consists of € 0.2 million for capitalized development costs and € 0.5 million for the capitalization of in-house produced prototypes and demo systems. The other operating income rose mainly due to an increase of € 0.2 million in capital gains.

The appointment of new staff in the first half of 2008 combined with a profit-related rise in variable remuneration components led to a rise in personnel costs of € 0.4 million or 11 %. The increase in the scheduled depreciation of capitalized development costs in particular led to a rise in depreciation of € 0.1 million. The other operating expenses hardly changed.

1.2.4 Segment reporting

The following table shows the spread of the operating results across the product lines:

Operating result	1 / 2009	Q1 / 2008
Laser Systems	955	-698
Rapid Prototyping	301	654
Inspection/ Special Systems	0	0
Production services	78	73
Others	43	59
Not distributed	-163	-405
Total	1,214	-317

1.3 Assets and financial situation

1.3.1 Assets situation

The fixed assets have risen by € 0.4 million because of additions to the capitalized development services. This reflects the intense development work mainly carried out in the MID business unit. The inventories and trade accounts receivable were at around the same level per 31 March 2009 as at the end of last year. Liquid funds are also reported with hardly any change.

Liabilities and provisions including liabilities due to banks, have hardly changed since the beginning of the year.

The capital ratio of 68 % still lies above the sector average and highlights LPKF Laser & Electronics AG's robust financial structure.

1.3.2 Financial situation

A cash inflow of € 1.0 million (previous year: cash outflow of € 0.2 million) was generated from ongoing operating activities. Net expenditure for investments totaled € 1.0 million (previous year: € 0.8 million). This concentrated on development. In the light of a cash outflow from financing activity of € 0.3 million (previous year: € 0.2 million) cash and cash equivalents declined during the course of the year by € 0.4 million.

1.3.3 Investments

Investment in product development was increased in the first quarter 2009. Other investments were at a low level given the more difficult economic environment. The investment totaled € 1.0 million, and therefore exceeded last year's investments of € 0.8 million.

1.4 Employees

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

	31.03.2009	31.12.2008
Production	74	73
Distribution	74	72
Research & Development	83	85
Service	55	53
Administration	83	86
	369	369

1.5 Opportunities and risk report

There have been no substantial changes to the opportunities and risks affecting the LPKF Group since the end of 2008. The statements issued in the 2008 annual report are therefore still valid. The comments in the overall outlook chapter of the annual report also continue to apply. There were therefore no risks up to 31 March 2009 which could threaten the existence of the company.

1.6 Forecast

1.6.1 Development of the segments

Basic business

Rapid Prototyping Segment

The Rapid Prototyping segment is suffering particularly hard as a consequence of the global economic crisis, and posted declines in turnover especially in Europe, Japan and the USA. A number of new, economical products are scheduled to revive interest during the course of 2009.

Stencil (Laser Segment)

Turnover with StencilLasers is still below forecast, but in the first quarter has managed to maintain the previous year's level. The current low level of incoming orders indicates that there will not be any imminent upturn in this business unit.

PCB Processing (Laser Segment)

The business with printed circuit board processing machines enjoyed a considerable upswing in the first quarter, and generated good turnover in China in particular. This is attributable to greater interest among PCB manufacturers to invest in innovative technologies despite the crisis, with the aim of enhancing the quality of their products and raising their margins. This segment also benefited from state funding for local Chinese companies involved in the telecommunications sector.

Growth segments

MID (Laser Segment)

The strong growth in the MID segment planned one year ago has now come about. After a long testing phase, a number of customers have now decided to convert their production to the Laser Direct Structuring method (LDS) developed by LPKF, and have ordered several systems. Turnover in the first quarter significantly exceeded the forecast. An additional growth stimulus is expected from a new, even more productive system that has already been ordered by several clients, and is scheduled for delivery in the early summer of 2009 with the brand name LPKF Fusion. Business here is also currently experiencing a high level of incoming orders. Because of the relatively low visibility and the concentration of the orders on a few key accounts it is currently difficult to predict how business will develop in future, but the chances of success have improved considerably in the last few months.

Plastic Welding (Laser Segment)

None of LPKF's business units has been so seriously affected by the continuing crisis in the automobile industry as the Plastic Welding division. Nevertheless, this unit reported vigorous growth in turnover in the first quarter. Despite a continuous increase in the level of interest in this technology, there has been a significant decline in the ability of our clients to place orders in the current economic climate. This is reflected in the latest figures for incoming orders. In addition to the automotive industry, plastic welding is also gaining in importance in the medical technology sector - the potential for growth in this field remains high.

Solar (Laser Segment)

The business with laser machines for scribing thin film solar panels generated a significant increase in turnover in the first three months. However, the level of incoming orders is currently at a low level. The market for solar cells is currently undergoing a consolidation phase. Many solar cell manufacturers are postponing investment to expand their production, also against the background of their ongoing financing negotiations. Decisions will be made in the coming weeks on a range of customer projects which will have an impact on the development of this segment in the second half of 2009.

1.6.2 General outlook

The current situation clearly highlights how LPKF profits during difficult times in particular from its broad positioning in three mutually independent markets, and from its focus on development last year. It also proved very prudent to not pull the plug too quickly even during longer phases of weakness in some business units, but to give the market time to realize the strengths of LPKF technology. The MID unit for instance has enjoyed strong growth in the ongoing year, despite having generated only relatively minor turnover in the first nine months of the previous financial year.

Despite the good figures in the first quarter compared to the rest of the sector, LPKF is still exposed to very real risks arising from the financial crisis. All of the markets relevant to the LPKF Group, in the electronics, polymer and photovoltaic industries, are dependent on the development of the overall economy. Reliable forecasts are extremely difficult to make. LPKF still remains confident however because of its innovative range of products. The management looks forward to the future with optimism and is sticking to the forecast for 2009 because of the current order situation. The forecast for 2009 is for the Group to generate a turnover similar to that achieved in 2008 and to improve profitability. The worst case scenario, presented alongside the forecast, of a decline in turnover of up to 25 %, but with a balanced result, is now considered to be less likely given the current business performance.

2. Interim Group financial statements

Consolidated balance sheet (in T€)

Assets	31.03.2009	31.12.2008	Liabilities and shareholders' equity	31.03.2009	31.12.2008
NON-CURRENT ASSETS			SHAREHOLDERS' EQUITY		
Intangible assets			Share capital	10,858	10,858
Software	576	606	Additional paid-in capital	3,953	3,953
Goodwill	74	74	Market value of hedging transactions	7,000	0
Development costs	3,674	3,393	Market value of securities	-51	-42
	4,324	4,073	Reserves for share-based payments	411	394
Tangible assets			Net income for the year	11,657	11,107
Land and building	10,829	10,866	Foreign currency translation adjustments	-1,333	-1,344
Technical equipment and machinery	1,636	1,451	Minority interest	3,575	3,322
Other equipment, factory and office equipment	1,113	1,145		36,070	35,248
Construction in process	252	220	NON-CURRENT LIABILITIES		
	13,830	13,682	Provisions for pensions	361	358
Financial assets			Medium and long-term liabilities due to banks	3,489	3,549
Securities of the fixed assets	162	147	Deferred grants	335	341
	162	147	Other medium and long-term liabilities	139	145
Assets subject to disposal restrictions	210	214	Deferred taxes	1,258	1,170
				5,582	5,563
Accounts receivable and other asset			CURRENT LIABILITIES		
Trade accounts receivable	18	35	Tax provisions	372	186
Tax refund claims	329	329	Other provisions	885	1,267
Other assets	114	114	Short-term liabilities due to banks	3,204	3,093
	461	478	Trade accounts payable	1,975	1,640
Deferred taxes	519	498	Other liabilities	4,584	4,754
	19,506	19,092		11,020	10,940
CURRENT ASSETS				52,672	51,751
Inventories					
(System-) components	7,760	7,474			
Work-in-process	1,850	1,565			
Finished goods and merchandise	5,531	5,859			
Prepayments	178	137			
	15,319	15,035			
Accounts receivable and other assets					
Trade accounts receivables	10,095	10,129			
Tax refund claims	1,127	946			
Other assets	734	544			
	11,956	11,619			
Cash on hand, bank balances	5,891	6,005			
	33,166	32,659			
	52,672	51,751			

Consolidated Statement of Income (in T€)

	01.01.-31.03.2009	01.01.-31.03.2008
Sales	10,085	8,462
Changes in inventories of finished goods and work-in-progress	286	294
Own work capitalized	1,011	267
Other operating income	409	154
Cost of purchased materials and services	3,333	2,735
Personnel expenses	4,236	3,826
Depreciation on plant (and intangible assets)	649	581
Other operating expenses	2,359	2,352
Operating income	1,214	-317
Financial income	34	28
Financial expenditure	82	53
Result before income taxes	1,166	-342
Income tax	422	-107
Net result	744	-235
of which attributable to		
Shareholders of parent company	550	-371
Minority interests	194	136

Earnings per share (in €)

	01.01.-31.03.2009	01.01.-31.03.2008
Earnings per share (basic)	0.05	-0.03
Earnings per share (diluted)	0.05	-0.03
Weighted average shares outstanding (basic)	10,858,052	10,858,052
Weighted average shares outstanding (diluted)	10,858,052	10,858,052

Consolidated statement of comprehensive income (in T€)

	01.01.- 31.03.2009	01.01.- 31.03.2008
Profit after tax	744	-235
Available-for-sale financial assets	-9	0
Expenditure for granted options rights	17	30
Exchange differences	70	-161
Total comprehensive income	822	-366
of which attributable to		
Shareholders of parent company	569	-550
Minority interests	253	184

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

T€	Share capital	Additional paid-in capital	Other earnings reserves	Market value of securities	Reserves for share-based payments	Net income for the year	Foreign currency translation adjustments	Minority interest	Total
Per 1.1.2009	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 market valuation of securities				-9					-9
Allocations to reserves									
Dividend payment to shareholders									
Net result						550		194	744
Expenditure for granted option rights					17				17
Settlement of differences from acquisition of minority shares									
Foreign currency translation adjustments							11	59	70
Per 31.3.2009	10,858	3,953	7,000	-51	411	11,657	-1,333	3,575	36,070

T€	Share capital	Additional paid-in capital	Other earnings reserves	Market value of securities	Reserves for share-based payments	Net income for the year	Foreign currency translation adjustments	Minority interest	Total
Per 1.1.2008	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 market valuation of securities									
Allocations to reserves									
Dividend payment to shareholders									
Net result						-371		136	-235
Expenditure for granted option rights					30				30
Settlement of differences from acquisition of minority shares									
Foreign currency translation adjustments							-209	48	-161
Per 31.3.2008	10,858	3,953	7,000	-7	304	10,228	-1,498	2,736	33,574

Consolidated cash flow statement according to IAS 7 (in T€)

	1.1. – 31.3.2009	1.1. – 31.3.2008
Operating activities		
Net profit	744	-235
Income tax	422	-107
Interest charges	82	53
Interest income	-34	-28
Depreciation and amortisation	649	581
Changes in provisions and accruals	-371	-385
Gains/losses on the disposal of fixed assets including reclassification into current assets	13	0
Cashless currency differences in fixed assets	-102	108
Changes in inventories, accounts receivables and other assets	-782	-886
Changes in liabilities and other deferred income	309	1,230
Other non-payment expense/income	266	7
Payments from interest	34	28
Paid income tax	-242	-590
Cash flows from operating activities	988	-224
Investing activities		
Fixed assets investment intangible assets	-517	-326
Fixed assets investment tangible assets	-443	-484
Investments in subsidiaries	-24	0
Proceeds from disposal of financial assets	0	17
Proceeds from sale of equipment	1	4
Cash flows from investing activities	-983	-789
Financing activities		
Dividend payment to shareholders	0	0
Dividend payment to minorities	0	0
Interest paid	-82	-53
Repayment convertible bond	0	0
Proceeds from short or long-term borrowings	500	53
Repayments long-time bank loans	-725	-192
Cash flows from financing activities	-307	-192
Changes in cash and cash equivalents		
Changes in cash and cash equivalents due to exchange rates	-88	23
Changes in cash and cash equivalents	-302	-1,205
Cash and cash equivalents as at 1.1.	5,989	3,108
Cash and cash equivalents as at 31.3.	5,599	1,926
Composition of cash and cash equivalent		
Cash	5,891	1,692
Short-term investments / securities	0	300
Bank overdraft	-292	-66
Cash and cash equivalents	5,599	1,926

3. Shortened annex

3.1 Details on the compilation of the interim-annual report

The interim report as at 31 March 2009 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 evaluation methods were used in the interim accounts as in the last annual financial statements.

Estimates of accounts 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 report period, the expenditure for R&D was T€ 1,388 (previous year: T€ 1,198).

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

No events of significance with substantial impacts on the asset, financial and earnings situation have taken place since key date 31 March 2009.

This present interim three months report has not been audited and has not been subject to an examining review.

3.2 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 quarter 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 quarter of 2009, business relations with this company covered development and production services and rentals and/or 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 totalling TUS\$ 350, for the financing of a construction measurement. Interest rates and provision of security are at prevailing market rates.

On balance sheet date, LPKF Laser & Electronics AG has liabilities due to members of the supervisory board totalling T€ 41.

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

	31.3.2009	31.12.2008
Board of Managing Directors		
Dr. Ingo Bretthauer	0	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

4. Responsibility Statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements for the first three months to 31 March 2009 give a true and fair view of the assets, liabilities, financial position and profit or loss 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 for the remaining months of the financial year.

Garbsen, 15 May 2009

LPKF Laser & Electronics AG, Garbsen
Managing Board of Directors

Dr. Ingo Bretthauer Bernd Lange Kai Bentz

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Publisher

LPKF Laser & Electronics AG Osteriede 7 D - 30827 Garbsen
Internet: www.lpkf.com Phone +49 (0) 5131 - 7095 - 0

