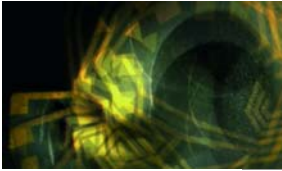


LPKF NEWSLETTER

Interim announcement for the nine months ending 30 September 2007



Dear Madam, Dear Sir,

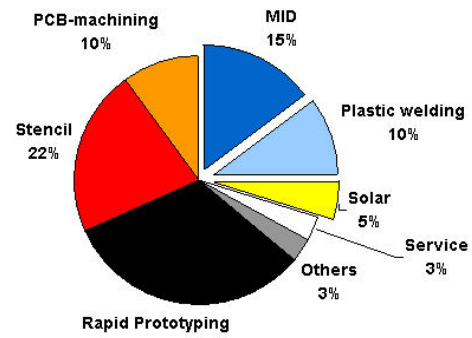
We promised to provide you with open and honest financial market information. For our part this means calling things by their proper names even in difficult situations. The fact is that sales have not developed according to our expectations during the first nine months of the year. There are a number of reasons for this which are explained below. First of all, we would like to assure you that we do not regard the weak growth of the last months as heralding any general slow-down in our turnover development. On the contrary, our expectation for next years is that LPKF Laser & Electronics AG will experience a very positive development.

Cumulative sales of LPKF Laser & Electronics AG in the first three quarters 2007 are slightly up at 27.7 million €. In Q3 the growth rate was 5.0%, amounting to 9.6 million €. The dynamic development in the three growth segments of Solar, MID and Plastic-welding is reflected on the one hand in a sales increase for these three segments of 39.4%. Furthermore, the strong demand from these segments in particular resulted in a 15.2% boost to orders received by the Group to a level of 31.7 million €. Orders in hand at the LPKF Group also continue at a record level of 9.9 million €. Nonetheless, turnover development after nine months is below our expectations. Since the start of the year a number of influences, including the restrictive import policy of the Chinese government, have resulted in a substantial lengthening of the gap between receipt of order and delivery. In addition, shifts in sales have taken place due to delayed call-offs by customers in response to the high Euro exchange rate.

Comparing results also makes the shifts in sales clear, since the majority of performance has been rendered and a substantial volume of costs incurred without being able to book corresponding sales. As a consequence, operating profit at 3.9 million € is down 0.3 million € on the previous year. Thanks to a substantially reduced tax load ratio, owing in particular to special effects of 0.4 million €, and reduced minority shareholdings, profit after tax climbed by 20.2% to 2.7 million €. The profit per share rose accordingly from 0.21 € to 0.25 €.

In the Rapid Prototyping segment, business developed very satisfactorily during the first three quarters with a growth of 24.6%. In contrast, the PCB Processing and Stencil segments experienced weak sales development. In the case of StencilLasers we are looking forward to new impetus from the introduction of a new high performance model. A good number of orders have already been received for the new High-End StencilLaser.

The Solar, MID and Plastic-welding segments increased their share of sales during the current financial year from 19% to 26%. The absolute sales volume was, however, not able to fully compensate for stagnation in other business fields. We have consequently adjusted our sales forecast for 2007 from 45 million € to approx. 42 million €. We have recognised the mounting importance of markets outside of the electronics industry and are aligning our growth efforts accordingly on the following business segments.



Turnover distribution acc. to business segments 2007 (e)

Since the beginning of the year, the Solar business segment has been offering laser technology for the structuring of thin-layer solar cells and is expected to achieve sales of 2 million € during 2007. We are able to announce the receipt of a new order for a number of LPKF Allegro laser structurers with an overall value of almost 2 million €. This order also represents an expansion of our client base in this segment. During the next year we anticipate an average growth in sales of more than 50% to over 10 million €.

In Plastic-welding we are being increasingly successful in substituting conventional technologies with laser-welding. Our customers benefit from a considerable boost to efficiency and product quality. Building on a sales volume of approx. 4 million € in 2007, our expectation is for an average annual sales growth rate of 40%.

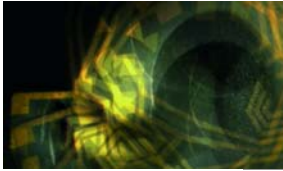
The MID segment has grown strongly and will reach sales of approx. 6 million € this year. This segment involves implementing laser technology for the production of three-dimensional circuit carriers, so-called MIDs. MIDs are for example used as antenna in mobile phones. This is another business area in which conventional technologies are being displaced by laser technology. This has the effect of lowering costs and providing for considerably increased flexibility compared with other processes. By 2010 we anticipate a sales growth rate of more than 25% per annum, rising to more than 10 million €.

Over the medium term we expect the combined share of Group sales of these three segments to climb to a minimum of 50%. The excellent growth in the MID, Plastic-welding and Solar segments, taken in conjunction with the increasing level of internationalisation of this business, opens promising development opportunities for the LPKF Group. Combined with stable developments in the established segments of Rapid Prototyping, Stencil and PCB Processing, we anticipate a total sales volume of 50 million € in 2008. It is our intention to raise sales to 68 million € by 2010 with an EBIT margin of 13 - 16%.

Bernd Hackmann

Bernd Lange

Kai Bentz



Consolidated Balance Sheet (in T€)

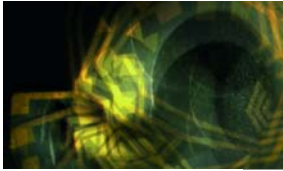
Assets	30.09.2007	31.12.2006	Liabilities and shareholders' equity	30.09.2007	31.12.2006
Non-current assets			Shareholders' equity		
Goodwill	75	74	Share capital	10,858	10,858
Other intangible assets	3,256	1,918	Additional paid-in capital	3,953	3,953
Tangible assets	12,838	12,218	Own stock	0	0
Investments	0	0	Market value of hedging transactions	0	14
Notes receivables / loan	0	0	Market value of securities	-3	0
Deferred taxes	541	497	Reserves for share based payments	237	161
Trade accounts receivable	508	268	Retained earnings	16,429	15,034
Tax refund claims	395	395	Foreign currency translation adjustments	-1,012	-864
Other assets	226	226	Minority interest	2,390	2,559
Total non-current assets	17,839	15,596	Total shareholders' equity	32,852	31,715
Current assets			Non-current liabilities		
Inventories	17,643	14,585	Provisions for pensions	328	309
Trade accounts receivable	6,427	7,392	Long-term debt, less current portion	3,358	3,042
Tax refund claims	24	216	Deferred grants	302	305
Other current assets	1,213	734	Deferred taxes	1,135	873
Short term investments / marketable securities	275	1,826	Total non-current liabilities	5,123	4,529
Cash and cash equivalents	3,169	3,330	Current liabilities		
Non-current assets held for sale	0	519	Accrued expenses	2,094	3,207
Total current assets	28,751	28,602	Short-term debt and current portion or long term debt	723	625
Total assets	46,590	44,198	Trade accounts payable	2,102	2,034
			Advanced payments received	1,944	479
			Other current liabilities	1,752	1,609
			Total current liabilities	8,615	7,954
			Total liabilities and shareholders' equity	46,590	44,198

Consolidated Statement of Income (in T€)

	01.07.-30.09.2007	01.07.-30.09.2006	01.01.-30.09.2007	01.01.-30.09.2006
Sales	9,591	9,138	27,719	27,417
Other operating income	265	246	1,384	704
Changes in inventories of finished goods and work-in-progress	-440	96	1,013	648
Own work capitalized	487	284	1,942	877
Cost of purchased materials and services	2,545	3,115	9,244	8,734
Personnel expenses	3,531	3,187	10,796	9,601
Depreciation on plant (and intangible assets)	552	443	1,553	1,160
Amortisation of goodwill	0	0	0	0
Other operating expenses	2,189	1,921	6,572	5,941
Operating income	1,086	1,098	3,893	4,210
Financial income	27	245	94	337
Financial expenditure	63	28	166	112
Income from investments and participations	0	0	0	0
Income / expense from investments accounted for by the equity method	0	0	0	0
Other income / expenses	0	0	0	0
Result before income taxes (and minority interests)	1,050	1,315	3,821	4,435
Income tax	113	486	960	1,749
Extraordinary income / expenses	0	0	0	0
Result before minority interests	937	829	2,861	2,686
Minority interests	32	138	163	441
Net result	905	691	2,698	2,245

Earnings per share (in €)

	01.07.-30.09.2007	01.07.-30.09.2006	01.01.-30.09.2007	01.01.-30.09.2006
Earnings per share (basic)	0.08	0.06	0.25	0.21
Earnings per share (diluted)	0.08	0.06	0.25	0.21
Weighted average shares outstanding (basic)	10,856,058	10,850,251	10,856,058	10,842,347
Weighted average shares outstanding (diluted)	11,024,348	11,017,413	10,946,515	10,921,976



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

Consolidated statement of the changes in shareholders' equity for the financial year ended 30 September 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 / 1.1.2006 before setting-off own stock	10,858 (10,838)	3,953 (3,901)	6,000 (4,700)	14 (-3)	0 (-29)	161 (93)	9,034 (7,445)	-864 (-564)	2,559 (2,173)	31,715 (28,554)
Setting-off own stock	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
As at 1.1.2007 / 1.1.2006 after setting-off own stock	10,858 (10,838)	3,953 (3,901)	6,000 (4,700)	14 (-3)	0 (-29)	161 (93)	9,034 (7,445)	-864 (-564)	2,559 (2,173)	31,715 (28,554)
Costs of capital increase	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Proceeds from capital increase	0 (18)	0 (47)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (65)
Buying back own stock	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Issue of own stock	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Additions from measurement of cash flow hedge	0 (0)	0 (0)	0 (0)	0 (-2)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (-2)
Reductions from measurement of cash flow hedge	0 (0)	0 (0)	0 (0)	-14 (3)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	-14 (3)
Additions from market valuation from securities	0 (0)	0 (0)	0 (0)	0 (0)	-3 (29)	0 (0)	0 (0)	0 (0)	0 (0)	-3 (29)
Allocations to reserves	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Transfer of earnings reserves	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Dividend payment to shareholders	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	-1,303 (-1,084)	0 (0)	270 (0)	-1,573 (-1,084)
Net result	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2,698 (2,245)	0 (0)	163 (441)	2,861 (2,686)
Expenditure for granted option rights	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	76 (39)	0 (0)	0 (0)	0 (0)	76 (39)
Settlement of difference from acquisition of minority shares	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Foreign currency translation adjustments	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	-148 (-199)	-62 (-36)	-210 (-235)
As at 30.09.2007	10,858	3,953	6,000	0	-3	237	10,429	-1,012	2,390	32,852
As at 30.09.2006	(10,856)	(3,948)	(4,700)	(-2)	(0)	(132)	(8,606)	(-763)	(2,578)	(30,055)



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

	01.01. - 30.09.2007	01.01. -30.09.2006
Operating activities		
Net profit	2,861	2,686
Income tax	960	1,749
Financial charges	166	112
Financial income	-94	-337
Depreciation and amortisation	1,553	1,160
Changes in provisions and accruals	-547	-487
Gains/losses on the disposal of fixed assets including reclassification into current assets	-402	0
Cashless currency differences in fixed assets	-13	139
Changes in inventories, accounts receivables and other assets	-2,859	-2,294
Changes in liabilities and other deferred income	1,800	-46
Other non-payment expense/income	95	107
Payments from interest	94	337
Paid income tax	-1,508	-1,370
Cash flows from operating activities	2,106	1,756
Investing activities		
Fixed assets investment intangible assets	-1,700	-968
Fixed assets investment tangible assets	-2,130	-4,555
Investments in subsidiaries	0	0
Proceeds from disposal of a subsidiary	0	0
Proceeds from sale of equipment	1,444	12
Cash flows from investing activities	-2,386	-5,511
Financing activities		
Dividend payment to shareholders	-1,303	-1,084
Dividend payment to minorities	-270	0
Interest paid	-166	-112
Proceeds from issuance of share capital	0	65
Purchasing of own stock	0	0
Repayment convertible bond	-7	0
Costs of capital increase	0	0
Proceeds from short or long-term borrowings	780	1,160
Repayments long-time bank loans	-444	-306
Cash flows from financing activities	-1,410	-277
Changes in cash and cash equivalents		
Changes in cash and cash equivalents due to exchange rates	-33	-38
Changes in cash and cash equivalents	-1,690	-4,032
Cash and cash equivalents as at 1.1.	5,156	8,564
Cash and cash equivalents as at 30.09.	3,433	4,494
Composition of cash and cash equivalent		
Cash	3,168	2,625
Short-term investments / securities	275	1,928
Bank overdraft	-10	-59
Cash and cash equivalents	3,433	4,494

Number of shares held by board members

	30.09.2007	31.12.2006
Board of managing directors		
Bernd Hackmann	217,800	212,800
Bernd Lange	6,010	4,510
Kai Bentz	725	n/a
Supervisory board		
Bernd Hildebrandt	871,746	871,746
Prof. Dr.-Ing. Erich Barke	1,000	1,000

Workforce

The following table provides an overview of the development of employees during the first nine months of 2007:

	30.09.2007	31.12.2006
Production	99	89
Distribution	69	58
Development	79	68
Administration	85	77
	332	292



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	100.0	1999/2007
LPKF (Tianjin) Co. Ltd.	Tianjin / China	100.0	2000
LPKF Laser & Electronics (ASIA) Ltd.	Hongkong / China	100.0	2005
LPKF SolarQuipment GmbH	Suhl / Germany	83.7	2007

Segment reporting (in T€)

According to product lines per 30.06.2007

External Sales	2007	2006	Operating result	2007	2006
Laser Systems	16,290	16,405	Laser Systems	2,971	3,521
Rapid PCB Prototyping	9,952	7,986	Rapid PCB Prototyping	1,326	1,039
Inspection / Special Systems	116	1,952	Inspection / Special Systems	-31	226
Production services	1,044	906	Production services	176	183
Others	317	168	Others	-1	28
Not distributed	0	0	Not distributed	-548	-787
Total	27,719	27,417	Total	3,893	4,210

Shortened annex

Details on the compilation of the interim announcement

The interim report as at 30 September 2007 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.

In accordance with the AGM resolution dated 24 May 2007 a dividend payment of 1,303 T€ was made.

During the report period, the expenditure for R&D was 3,521 T€ (previous year: 2,543 T€).

In Q3 2007, LPKF AG acquired the shares of a minority shareholder of LPKF France S.A.R.L.. LPKF Laser & Electronics AG now holds 100% of the shares in this subsidiary. Furthermore, shares of LPKF SolarQuipment GmbH have been transferred to LPKF Motion & Control GmbH.

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 30 September 2007.

Imprint:

Publisher

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