VISION

Focus on the future

Quarterly financial report

1 January 2012 to 30 September 2012

LPKF Laser & Electronics

LPKF AT A GLANCE

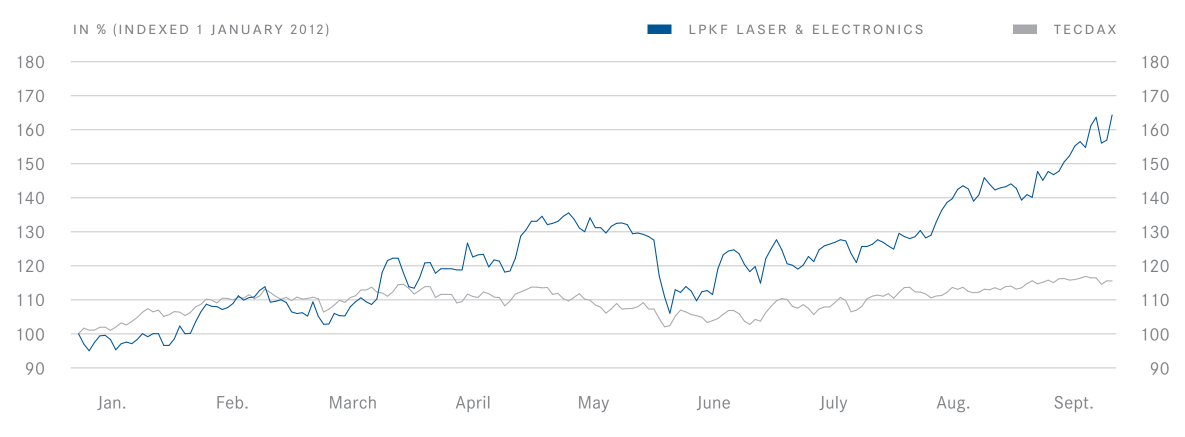
LPKF raises revenue guidance for 2012

- Revenue now forecast at EUR 106 million to EUR 109 million
- Nine-month revenue up 36% year on year
- EBIT increase from EUR 9.2 million to EUR 14.8 million

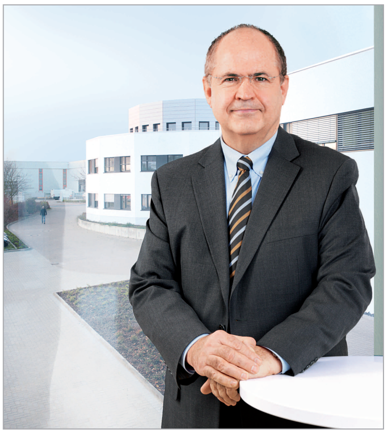
Key Group figures

		9 MONTHS 2012	9 MONTHS 2011	CHANGE %	YEAR 2011
Revenue	EUR million	82.5	60.8	35.8	91.1
EBIT	EUR million	14.8	9.2	61.1	15.2
EBIT margin	%	17.9	15.1		16.7
Free cash flow	EUR million	1.7	– 14.2	112.1	– 10.9
Net working capital	EUR million	47.7	34.5	38.3	39.7
ROCE	%	18.8	14.6		23.4
EPS, diluted	EUR	0.82	0.55	49.1	0.90
Cash and cash equivalents	EUR million	6.5	6.0	8.2	5.6
Equity ratio	%	52.9	51.3		55.6
Orders on hand	EUR million	27.6	30.5	– 9.3	25.2
Incoming orders	EUR million	84.9	78.7	8.0	104.0
Employees	Number	664	572	16.1	602

Performance of the LPKF share in the reporting period (1 Jan. – 30 Sept. 2012)



CHAIRMAN'S STATEMENT



Ladies and Gentlemen,

Despite the clouds gathering on the economic horizon, LPKF continues to look to the future with optimism. Nine-month revenue stands at EUR 82.5 million, up 36% over the previous year. EBIT rose from EUR 9.2 million to EUR 14.8 million, resulting in an EBIT margin of nearly 18% in the reporting period.

These gratifying figures have allowed us to raise our guidance for 2012 slightly. We anticipate that consolidated revenue for the year will be marginally higher than the EUR 100 to EUR 105 million forecast to date and could reach EUR 106 to EUR 109 million. In our estimation, the EBIT margin for the year could range from 16% to 17% (previously: 15% to 17%).

The most successful product group in 2012 is PCB Production Equipment. Thanks to the laser systems from the Electronics Production Equipment segment, our customers can cut complex, already assembled circuit carriers. It sounds relatively simple, but this is actually a production step requiring the utmost precision along with very high throughput. In the current financial year, we have sold more laser cutting machines than ever before to manufacturers of brand-name goods in the electronics industry.

Laser welding of plastic components (Other Production Equipment segment) is becoming increasingly common. This extremely secure and strong joining technique is receiving a boost from continually growing quality and process reliability requirements. In the past ten years, a constant stream of new applications has been developed for welding equipment. For example, the market for microfluidics applications has seen double-digit growth since 2008. This sector involves an analysis of fluids or gases on a micro scale. Annual average growth of 23% is predicted between now and 2016. We are resolute in our decision to further cement our leading position in the welding equipment market. To this end, we aim to expand capacity at our Erlangen site and also further grow our international sales network.

The situation in the solar energy market has remained uncertain and difficult to predict. I am therefore all the more pleased to report that LPKF is delivering orders from the general agreement received at the end of 2011 and valued at a total of nearly EUR 43 million as planned. Our customer's payments are likewise on schedule. Fulfillment of the remaining orders from the general agreement is expected to be wrapped up in 2014.

A high point of the past quarter was our inclusion in the TecDAX index. On 24 September 2012, LPKF officially became one of Germany's 30 largest technology stocks. As a small cap and B2B company, we have our work cut out for us to raise our profile. The step up into the TecDAX index gives us the opportunity to catch the attention of investors who take index membership into account in selecting their investments.

Our hope is that our company and our share price will benefit in the long term from this promotion to the big leagues.

Sincerely,

Dr. Ingo Bretthauer
Chairman of the Management Board

HIGHLIGHTS

Inclusion in the TecDAX

Bettina Schäfer (Investor Relations Manager) and Kai Bentz (CFO) are pleased about the *promotion to the TecDAX*.
On 24 September 2012, LPKF became one of Germany's 30 largest technology stocks.

Fakuma 2012

Kreshnik Ahmeti demonstrates process safety in *laser plastic welding at Fakuma 2012* in Friedrichshafen, Germany.
LPKF utilizes national and international trade fairs to present the latest developments to an expert audience.

SEGMENT STRUCTURE

MARKETS	Electronics				Plastics	Solar
SEGMENTS	Electronics Development Equipment	Electronics Production Equipment			Other Production Equipment	
PRODUCT LINES	Rapid PCB Prototyping Equipment	StencilLaser Equipment	PCB Production Equipment	LDS Production Equipment	Welding Equipment	Solar Module Equipment

GROUP MANAGEMENT REPORT

Economic environment

The International Monetary Fund (IMF) anticipates weak performance for the global economy. In view of heightened risks, growth prospects have waned, according to the IMF. As a result, the global economy as a whole is expected to grow by 3.3% in 2012 and 3.6% in 2013. This represents a downward correction by the IMF of its July forecast by 0.2 and 0.3 percentage points, respectively. The strongest growth among the industrialized countries is projected for the United States at 2.2% for 2012 and 2.1% for 2013. The forecast for the emerging economies was downgraded considerably in some cases, but China's forecast was reduced only slightly.

According to leading economic research institutes, Germany's federal government also sharply lowered its expectations for 2013. In its fall outlook, the federal government put economic growth at only 1.0% in 2013. In spring, the coalition had still projected growth of 1.6%. However, the forecast was bumped up slightly from 0.7% to 0.8% for the current year. The Ifo Business Climate Index for both the mechanical engineering and machine tool building sectors has dropped steeply since the beginning of the year, and expected business for the next six months has declined noticeably, particularly in the machine tool building industry.

In contrast, Germany's mechanical engineering sector is increasingly moving away from the economic uncertainty in the euro countries on the strength of robust exports. The German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau, or VDMA) reports that the capital goods industry in September saw an increase in orders compared with the previous month for the first time this year. According to the report, it is too early for an all-clear signal, but according to the president of the VDMA, the mechanical engineering industry is stable. Currently, mechanical engineering companies expect production to grow by 2% with an additional 2% rise possible in 2013. The VDMA has forecast record revenue of EUR 209 billion for this year.

Development of revenue

The delivery of large-scale orders for cutting systems for electronics manufacturing led to the highest quarterly revenue in our company's history to date. At EUR 32.2 million, LPKF Group revenue in the third quarter of 2012 exceeded that of the record fourth quarter of 2011 (EUR 30.4 million). On the whole, revenue thus grew by 35.8% to EUR 82.5 million (previous year: EUR 60.8 million); the third quarter figure was 39.2% up on the prior-year quarter (EUR 23.1 million).

Of our operating segments, Other Production Equipment saw the largest percentage increase (65.0%) due to the fact that delivery of solar scribers from the general agreement reported in December 2011 are continuing on schedule, and demand for plastic welding systems also grew. The aforementioned larger orders for cutting systems were obtained by the Electronic Production Equipment segment and resulted in an increase in revenue by 36.8% compared with the prior year.

REVENUE

EUR THSD.	9 MONTHS 2012	9 MONTHS 2011
Electronics Development Equipment	12,433	12,124
Electronics Production Equipment	41,669	30,450
Other Production Equipment	26,959	16,344
All other segments	1,416	1,837
	82,477	60,755

Development of earnings

The strong growth in revenue also resulted in a significant increase in earnings before interest and taxes (EBIT) totaling EUR 9.2 million in the first three quarters of the previous year to EUR 14.8 million this year. LPKF was therefore able to generate the highest EBIT figure in its history both in the third quarter of 2012 as well as the entire 2012 reporting period. On the whole, the EBIT margin increased from 15.1% in the prior year to 17.9% this year. This is despite a one-time effect in the first nine months of 2011 in connection with the introduction of the new ERP system, which improved earnings by EUR 0.6 million. The EBIT margin of 22.8% in the third quarter follows on from figures in 2010, which featured the best margins to date in recent corporate history.

Strong business development also caused operating expenses to rise. However, this increase was disproportionately low and, as a result, all expense ratios declined compared with the first six months.

Other operating income remained roughly below the level of the previous year. Once again in the third quarter, the capitalization of development costs for new system and machinery software exceeded the figure of the prior-year quarter: a total of EUR 2.4 million (previous year: EUR 1.9 million) was reported.

The material cost ratio at 31.1% is somewhat higher than the prior-year figure, primarily due to changes in inventories and the product mix.

As of 30 September 2012, the number of employees rose to 664 thanks to successful new hires, mainly in development. This trend went hand-in-hand with an increase in staff costs by 26.8%. As a proportion of revenue, staff costs remained under the prior-year figure during the reporting period.

Investments, not only in buildings and machinery but also in software and development, pushed up depreciation and amortization by EUR 1.5 million year on year.

Revenue growth led to an increase in other revenue-related operating expenses, such as advertising and sales expenses (+ EUR 0.9 million) as well as additions to warranty provisions (+ EUR 0.9 million). Production building rental costs (+ EUR 0.3 million), consulting costs (+ EUR 0.4 million) and travel costs (+ EUR 0.3 million) also increased. Overall, total other operating expenses thus exceeded the prior-year figure by EUR 3.1 million.

Segment reporting

EBIT is broken down by segment as follows:

EBIT

EUR. THSD.	9 MONTHS 2012	9 MONTHS 2011
Electronics Development Equipment	1,848	2,333
Electronics Production Equipment	10,391	7,243
Other Production Equipment	3,421	283
All other segments	– 878	– 684
EBIT acc. to the income statement	**14,782**	**9,176**

Total assets developed as follows:

TOTAL ASSETS

EUR THSD.	30 SEPTEMBER 2012	31 DECEMBER 2011
Electronics Development Equipment	17,323	15,933
Electronics Production Equipment	37,822	33,693
Other Production Equipment	23,406	17,225
All other segments	25,238	22,710
Total assets	**103,789**	**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 added. Own work capitalized rose by EUR 0.5 million due to extensive development activity. All this led to an increase in non-current assets of EUR 2.4 million. Current assets also increased substantially in the first nine months. Due to the solid order situation, inventories grew substantially, and both work in progress and unfinished products recorded levels higher than at the beginning of the year. Net working capital rose considerably by EUR 8.0 million in the reporting period, reflecting an increase in trade receivables. Limited any increase in net working capital to less than the increase in revenue remains a goal. The net working capital ratio was up only slightly on the prior-year period.

Equity rose, primarily because of the good net profit of EUR 9.8 million. Following the AGM on 31 May 2012, 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 major contract, increased liabilities to banks shown under current liabilities. In connection with the expansion of the inventory, trade payables also increased by EUR 0.7 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. Overall, therefore, current liabilities increased by EUR 11.6 million.

Cash flows

The consistently solid funding structure of LPKF Laser & Electronics AG is reflected in its equity ratio which, at 53%, continues to remain above average.

Cash inflows from operating activities were EUR 8.8 million (previous year: cash outflows of EUR 2.6 million), primarily as a result of the solid net profit recorded in the first nine months. Investing activities in the current year led to smaller cash outflows (EUR 7.1 million) than in the previous year (EUR 11.5 million). With slight cash outflows from financing activities (EUR 0.6 million; previous year: cash inflows of EUR 7.0 million), cash and cash equivalents were EUR 0.9 million higher 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.

Furthermore, an additional EUR 3.5 million tranche of the purchase price for the acquisition of LPKF Motion & Control GmbH was paid in the first quarter of 2012, i.e. during the reporting period. LPKF Motion & Control GmbH has been merged into LPKF SolarQuipment GmbH in the meantime.

At EUR 7.7 million, total investments in intangible assets and property, plant and equipment in the first nine months were EUR 4.5 million lower year on year.

Employees

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

Area	30 SEPTEMBER 2012	31 DECEMBER 2011
Production	175	167
Development	132	109
Administration	134	118
Sales	125	116
Services	98	92
	664	602

Members of staff are now allocated uniformly to the various divisions within the Group. The previous year's figures were adjusted accordingly.

Opportunities and risks

The economic risks to the global economy increased further in the first quarter of the 2012 financial year, due particularly to the crisis in the euro zone.

The situation in the solar energy market remains uncertain. The excess capacities in module production have caused solar cell manufacturers to substantially curtail investments. It is very difficult to predict when demand in this sector will pick up again.

The patent for LDS technology was contested in two Asian countries. Accordingly, LPKF has stepped up the offensive in defending its intellectual property. In Korea, LPKF obtained a temporary injunction against the infringer of a patent. In China, LPKF is involved in a legal dispute to protect the Chinese LDS patent. The duration and outcome of this dispute cannot be predicted at this time.

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 September 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 schools, universities and other research institutions. The business with systems for manufacturing PCB prototypes is up slightly on the prior-year level after nine months. The ProtoLaser U3 introduced at the start of the year saw excellent market acceptance. Demand from European countries is muted due to the weak economy, but this is balanced out by stepped up activity in North America. Business in China was rather weak in the first nine months, but gained considerable steam toward the end of the year. Therefore, a stronger fourth quarter on the whole is expected.

Electronics Production Equipment

The Electronics Production Equipment segment targets manufacturers of electronic components. It encompasses laser systems for manufacturing SMD 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 nine months, revenue from LDS systems was higher than in the prior-year period. This technology is mainly used in the manufacture of antennas for smartphones, laptops, and tablet PCs. The world's largest smartphone manufacturer is now also an LDS user. LPKF is working at full steam to technically enhance the process in order to make the LDS technology attractive for applications apart from antennas. As before, the aim remains 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.

The rapid growth of PCB Production Equipment continued in the third quarter. After nine months, revenue in this segment nearly tripled compared to the previous year. Customers include prestigious international electronics corporations and their suppliers. 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 strong prior-year figures in terms of both revenue and incoming orders in the reporting period. Business activities are expected to pick up at the end of the year, enabling the product group to nearly reach the projected figures. 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. This segment saw its profitability improve considerably in both product groups in the first nine months of 2012.

LPKF is one of the world's leading suppliers of laser welding systems for plastics. In the first nine months of the current financial year, this business performed very well and contributed substantially to revenue. Demand from the automotive, pharmaceutical engineering and consumer markets is so extensive that the production capacity at the Erlangen site is reaching its limits. The international business, particularly with North America and Asia, is also growing markedly. 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. The bill and hold transactions under this agreement were fulfilled and delivered according to schedule in the current financial year. Fulfillment of the remaining orders from this general agreement is expected to be wrapped up in 2014.

General outlook

LPKF has seen positive business development in almost all product groups although general economic conditions have worsened in the first nine months. Thanks to its broad product portfolio, LPKF is less exposed to fluctuations in demand than many other mechanical engineering firms of a comparable size. Then again, 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 slightly raising the forecast for the current financial year it made in March 2012. The Management Board expects the LPKF Group to post revenue between EUR 106 million and EUR 109 million in 2012 (previously: between EUR 100 million and EUR 105 million). The EBIT margin should be between 16% and 17% in 2012 (previously: between 15% and 17%).

The strong revenue growth this year is due in part to a large order from the solar industry. In view of the continuing weakness of the solar market, the Company is preparing for a decline in revenue in the Solar Equipment product group and therefore expects a temporary slowdown in revenue growth in 2013 with an EBIT margin of 14% to 16%. Given a stable economic environment, LPKF expects revenue to grow again by approximately 10% and the EBIT margin to come in between 15% and 17% in 2014.

CONSOLIDATED FINANCIAL STATEMENTS

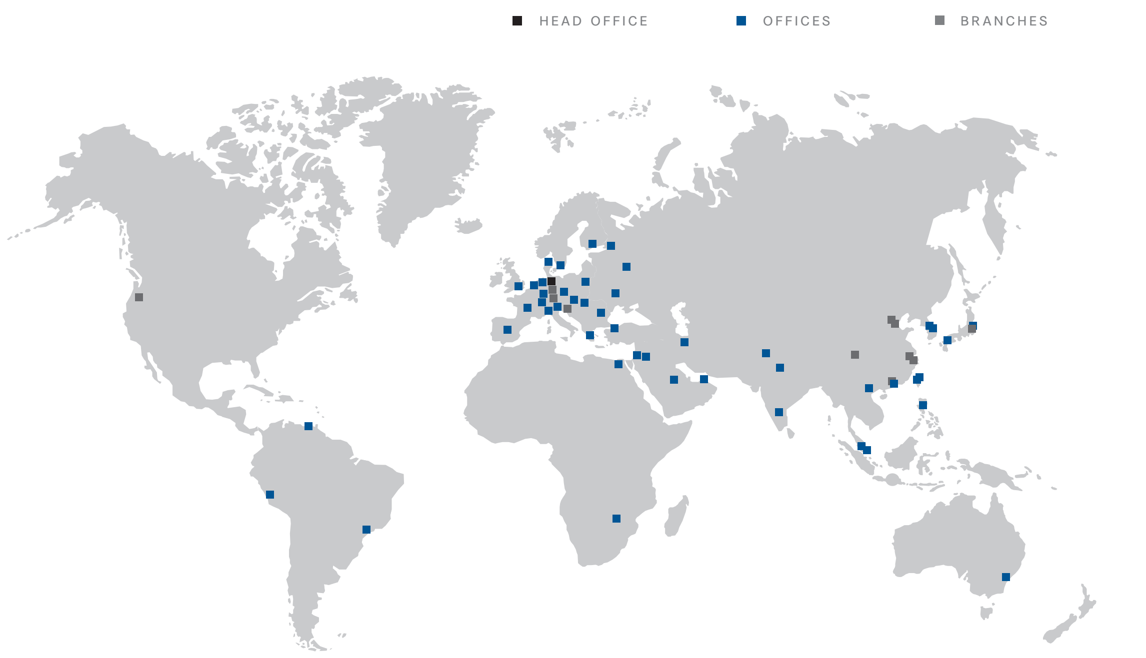
Basis of consolidation

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 (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 K.K.	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. In a move to streamline and simplify the Group's structure at its German site in Suhl, LPKF Motion & Control GmbH was merged into LPKF SolarQuipment GmbH.

LPKF WORLDWIDE



Consolidated statement of financial position

ASSETS

EUR THSD.	30 SEPT. 2012	31 DEC. 2011
Non-current assets		
Intangible assets		
Software	3,400	2,530
Goodwill	74	74
Development costs	4,276	4,631
	7,750	7,235
Property, plant and equipment		
Land, similar rights and buildings	19,605	18,744
Plant and machinery	2,839	3,061
Other equipment, operating and office equipment	3,714	2,875
Advances paid and construction in progress	741	152
	26,899	24,832
Financial assets		
Other borrowings	22	25
	22	25
Restricted securities	264	241
Receivables and other assets		
Trade receivables	87	255
Income tax receivables	221	267
Other assets	287	193
	595	715
Deferred taxes	1,534	1,631
	37,064	34,679
Current assets		
Inventories		
(System) parts	21,569	16,017
Work in progress	5,712	3,630
Finished products and goods	7,058	6,323
Advances paid	401	388
	34,740	26,358
Receivables and other assets		
Trade receivables	20,294	19,368
Income tax receivables	1,434	330
Other assets	2,086	1,820
	23,814	21,518
Cash and cash equivalents	8,171	7,006
	66,725	54,882
	103,789	89,561

EQUITY AND LIABILITIES

EUR THSD.	30 SEPT. 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	– 140	– 129
Revaluation surplus	– 7	– 16
Share-based payment reserve	490	490
Currency translation reserve	– 427	– 346
Net retained profits	29,048	24,345
Non-controlling interests	2,214	1,978
	54,912	49,761
Non-current liabilities		
Liabilities to banks	9,085	11,368
Deferred income from grants	371	395
Other liabilities	45	70
Deferred taxes	1,789	1,976
	11,290	13,809
Current liabilities		
Tax provisions	1,099	895
Other provisions	5,210	3,634
Liabilities to banks	14,783	3,981
Trade payables	4,533	3,805
Other liabilities	11,962	13,676
	37,587	25,991
	103,789	89,561

Consolidated income statement

EUR THSD.	07 – 09/2012	07 – 09/2011	01 – 09/2012	01 – 09/2011
Revenue	32,153	23,094	82,477	60,755
Changes in inventories of finished goods and work in progress	523	– 1,466	3,699	288
Other own work capitalized	767	666	2,430	1,933
Other operating income	342	568	1,290	1,345
Cost of materials	9,688	5,159	26,804	16,865
Staff costs	8,612	7,118	25,828	20,369
Depreciation and amortization	1,643	1,274	4,831	3,357
Other operating expenses	6,503	5,374	17,651	14,554
Operating result	**7,339**	**3,937**	**14,782**	**9,176**
Finance income	9	10	36	80
Finance costs	212	168	591	279
Earnings before tax	**7,136**	**3,779**	**14,227**	**8,977**
Income taxes	2,405	1,099	4,472	2,502
Consolidated net profit	**4,731**	**2,680**	**9,755**	**6,475**
Of which attributable to				
Shareholders of the parent company	4,453	2,582	9,144	6,145
Non-controlling interests	278	98	611	330
Earnings per share				
Earnings per share – basic (in EUR)	0.40	0.23	0.82	0.56
Earnings per share – diluted (in EUR)	0.40	0.23	0.82	0.55
Weighted average number of shares outstanding – basic	11,134,794	11,043,719	11,122,109	11,019,744
Weighted average number of shares outstanding – diluted	11,134,794	11,101,982	11,133,099	11,088,744

Consolidated statement of comprehensive income

EUR THSD.	07 – 09/2012	07 – 09/2011	01 – 09/2012	01 – 09/2011
Consolidated net profit	**4,731**	**2,680**	**9,755**	**6,475**
Gains and losses on remeasuring available-for-sale financial assets	2	0	13	– 28
Adjustment for difference from the purchase of non-controlling interests	0	0	0	– 8,636
Fair value changes from cash flow hedges	– 3	0	– 16	0
Currency translation differences	– 124	56	– 81	– 423
Deferred taxes	0	– 1	1	8
Total comprehensive income	**4,606**	**2,735**	**9,672**	**– 2,604**
Of which attributable to				
Shareholders of the parent company	4,328	2,637	9,061	– 1,255
Non-controlling interests	278	98	611	– 1,349

Consolidated statement of changes in equity

EUR THSD.	SUBSCRIBED CAPITAL	CAPITAL RESERVES	OTHER RETAINED EARNINGS	RESERVE FOR CASH FLOW HEDGES	REVALUATION SURPLUS
Balance as of 1 Jan. 2012	11,101	5,338	7,000	–129	–16
Consolidated total comprehensive income					
Consolidated net profit					
Additions from measurement of cash flow hedge				–16	
Additions from market valuation of securities					13
Deferred taxes on changes recognized directly in equity				5	– 4
Currency translation differences					
Consolidated total comprehensive income	0	0	0	–11	9
Transactions with owners					
Proceeds from capital increases	34	261			
Distributions to owners					
Balance as of 30 Sept. 2012	11,135	5,599	7,000	–140	-7

EUR THSD.	SUBSCRIBED CAPITAL	CAPITAL RESERVES	OTHER RETAINED EARNINGS	RESERVE FOR CASH FLOW HEDGES	REVALUATION SURPLUS
Balance as of 1 Jan. 2011	11,006	4,556	7,000	0	4
Consolidated total comprehensive income					
Consolidated net profit					
Adjustment for difference from the purchase of non-controlling interests					
Additions from market valuation of securities					– 28
Deferred taxes on changes recognized directly in equity					8
Currency translation differences					
Consolidated total comprehensive income	0	0	0	0	– 20
Transactions with owners					
Expenses for options granted					
Proceeds from capital increases	77	698			
Distributions to owners					
Balance as of 30 Sept. 2011	11,083	5,254	7,000	0	– 16

Consolidated statement of changes in equity (cont.)

	SHARE-BASED PAYMENT RESERVE	CURRENCY TRANSLATION RESERVE	NET RETAINED PROFITS	EQUITY BEFORE NON-CONTROLLING INTERESTS	NON-CONTROLLING INTERESTS	TOTAL
	490	–346	24,345	47,783	1,978	49,761
			9,144	9,144	611	9,755
				–16		–16
				13		13
				1		1
		–81		–81		–81
	0	–81	9,144	9,061	611	9,672
				295		295
			–4,441	–4,441	–375	–4,816
	490	–427	29,048	52,698	2,214	54,912

	SHARE-BASED PAYMENT RESERVE	CURRENCY TRANSLATION RESERVE	NET RETAINED PROFITS	EQUITY BEFORE NON-CONTROLLING INTERESTS	NON-CONTROLLING INTERESTS	TOTAL
	484	–741	25,751	48,060	3,373	51,433
			6,145	6,145	330	6,475
			–6,949	–6,949	–1,687	–8,636
				–28		–28
				8		8
		–431		–431	8	–423
	0	–431	–804	–1,255	–1,349	–2,604
	4			4		4
				775		775
			–4,402	–4,402	–157	–4,559
	488	–1,172	20,545	43,182	1,867	45,049

Consolidated statement of cash flows

EUR THSD.	9 MONTHS 2012	9 MONTHS 2011
Operating activities		
Consolidated net profit	9,755	6,475
Income taxes	4,472	2,502
Interest expense	578	274
Interest income	– 36	– 80
Depreciation and amortization	4,831	3,357
Gains/losses from the disposal of non-current assets including reclassification to current assets	– 198	– 323
Non-cash currency differences in non-current assets	– 87	32
Changes in inventories, receivables and other assets	– 10,491	– 12,862
Changes in provisions	3,135	1,670
Changes in liabilities and other equity and liabilities	2,473	3,636
Other non-cash expenses and income	193	– 850
Interest received	36	77
Income taxes paid	– 5,826	– 6,547
Cash flow from operating activities	8,835	– 2,639
Investing activities		
Investments in intangible assets	– 3,457	– 3,020
Investments in property, plant and equipment	– 4,200	– 9,117
Investments in financial assets	3	3
Proceeds from disposal of non-current assets	530	614
Interest received	1	3
Cash flow from investing activities	– 7,123	– 11,517
Financing activities		
Dividend payment	– 4,440	– 4,402
Dividend payment to non-controlling interests	– 375	– 158
Interest paid	– 578	– 274
Cash payments for the acquisition of non-controlling interests	– 3,533	– 3,263
Proceeds from borrowings	10,650	15,975
Proceeds from issue of capital	47	156
Cash repayments of borrowings	– 2,389	– 997
Cash flow from financing activities	– 618	7,037
Change in cash and cash equivalents		
Change in cash and cash equivalents due to changes in foreign exchange rates	– 188	84
Change in cash and cash equivalents	1,094	– 7,119
Cash and cash equivalents on 1 Jan.	5,586	13,037
Cash and cash equivalents on 30 Sept.	6,492	6,002
Composition of cash and cash equivalents		
Cash and cash equivalents	8,171	6,304
Overdrafts	– 1,679	– 302
Cash and cash equivalents on 30 Sept.	6,492	6,002

Notes on the preparation of the quarterly financial report

This quarterly financial report for the period ended 30 September 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 6.8 million (previous year: EUR 5.1 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 September 2012 reporting date.

This quarterly financial report has neither been audited nor reviewed.

Transactions with related parties

Two shareholders of the subsidiary, LPKF Laser & Elektronika d.o.o., own 100% of the shares in Zeltra Naklo d.o.o. In the first nine months of 2012, Group companies purchased services amounting to EUR 7 thousand from this related party.

25% percent of the shares in PMV d.o.o. are held by a shareholder of the subsidiary, LPKF Laser & Elektronika d.o.o. In the first nine months of 2012, the Group purchased materials and production services amounting to EUR 26 thousand from this company and provided such services to it in the amount of EUR 22 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 195 thousand to Group companies and purchased such services in the amount of EUR 37 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 SEPT. 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, 13 November 2012
LPKF Laser & Electronics AG
The Management Board

Dr. Ingo Bretthauer Bernd Lange Kai Bentz

DATES

26 MARCH 2013	Publication of the annual report 2012	Internet chat at 6:00 pm at www.lpkf.com/investor-relations
15 MAY 2013	Publication of the Q1 financial report	Internet chat at 6:00 pm at www.lpkf.com/investor-relations
23 MAY 2013	Annual General Meeting at Hanover Congress Center	
14 AUGUST 2013	Publication of the Q2 financial report	Internet chat at 6:00 pm at www.lpkf.com/investor-relations
13 NOVEMBER 2013	Publication of the Q3 financial report	Internet chat at 6:00 pm at www.lpkf.com/investor-relations

PUBLISHING INFORMATION

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

This quarterly financial report can also be downloaded from our website.

Concept and design

CAT Consultants, Hamburg, www.cat-consultants.de

Languages

This quarterly financial report is also available in German.

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