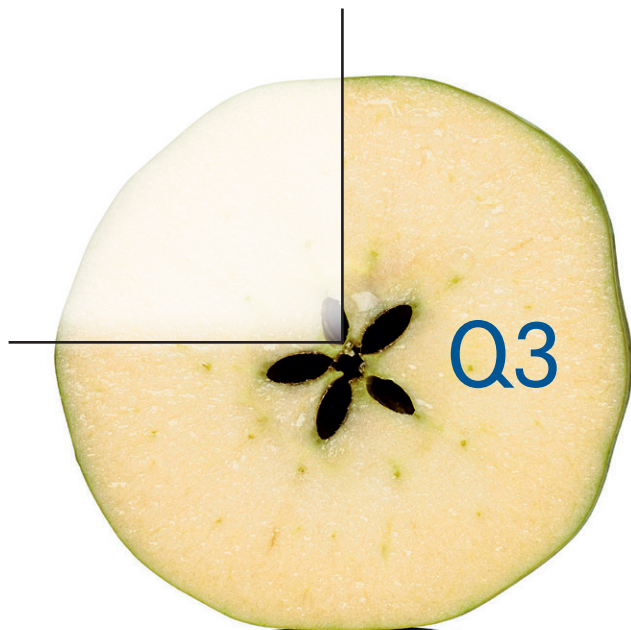


After revising the 2014 forecast LPKF is expected to return to growth in 2015

Key figures after nine months:

- Revenue of EUR 80 million down 20% year-on-year
- EBIT margin at 10% (previous year: 20%)
- Incoming orders up 17% year-on-year
- Orders on hand up 96% year-on-year



Quarterly financial report 1 January – 30 September 2014

Focus on core competence

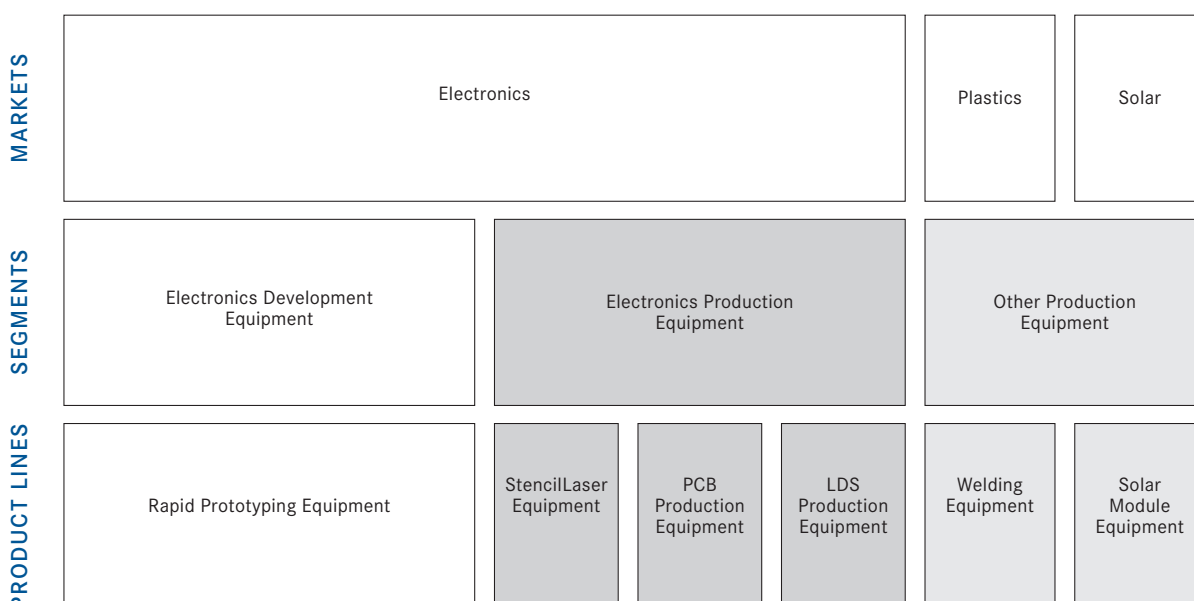
LPKF at a glance

Key Group figures

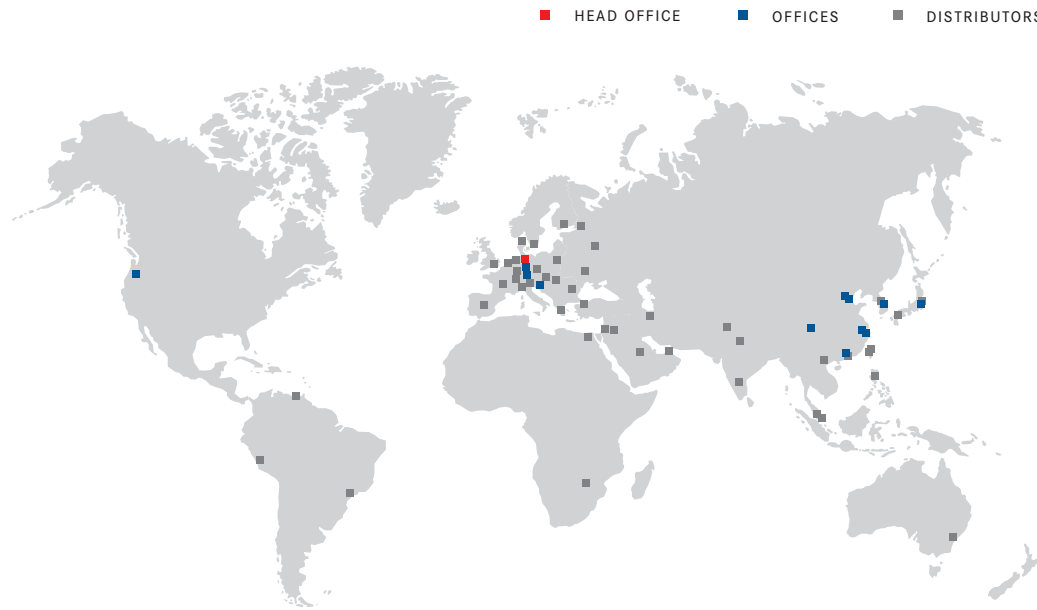
		Q3 2014	Q3 2013	9 months 2014	9 months 2013
Revenue	EUR million	33.7	29.6	79.4	99.5
EBIT	EUR million	6.0	4.5	7.6	19.5
EBIT margin	%	17.9	15.3	9.6	19.6
EPS, diluted	EUR	0.17	0.13	0.21	0.57
Incoming orders	EUR million	18.5	27.5	98.2	83.9

		As of 30 September 2014	As of 30 September 2013
Free cash flow	EUR million	-11.5	9.2
Net working capital	EUR million	44.6	40.7
ROCE	%	7.5	22.3
Cash and cash equivalents	EUR million	8.7	11.1
Equity ratio	%	50.9	56.3
Orders on hand	EUR million	36.6	18.7
Employees	Number	798	731

Segment structure



LPKF sites worldwide



Performance of the LPKF share in the reporting period (1 January – 30 September 2014)



Short portrait

Precision with lasers

LPKF Laser & Electronics AG designs and engineers machinery for micro material processing. At the heart of such equipment lies a tool, the laser beam, which offers high-precision surface machining. The ongoing trend for miniaturization is paving the way for the use of laser technology in the industrial production of especially small or delicate parts.

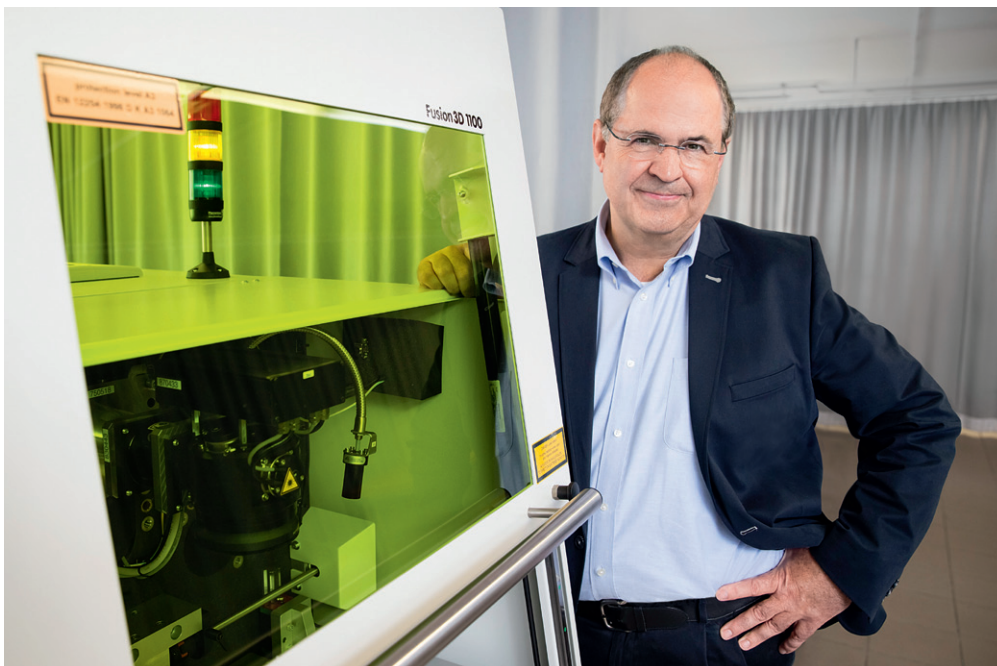
LPKF's laser systems are used in various sectors: in the electronics and automotive industry, in polymer technology applications, and for the manufacture of solar panels. Machines made by LPKF not only design, process and cut out PCBs but can even replace them entirely by employing laser direct structuring (LDS) techniques. In many areas, laser technology is replacing conventional methods of production.

The Group's success stems from its expertise and experience in the fields of laser technology and drive/control systems, supplemented by in-house software development work. A process of continuous improvement and the discovery of new application scenarios have made LPKF into what it is today: a highly profitable mechanical engineering business and a world-class laser specialist.

LPKF is headquartered in Garbsen near Hanover, Germany. The company maintains a broad-based global presence, with a workforce of 798 based at sites in Europe, Asia and the US.

Preface

Chairman's statement



DR. INGO BRETTHAUER

CEO

LADIES AND GENTLEMEN,

Over the last five years, the LPKF Group has experienced average annual growth of 23%. This year, and for the first time during my time as Chairman, we have been required to adjust our annual profit forecast downwards, and prepare to accept a revenue and profit downturn in 2014.

In the following, I would like to explain the reasons for modifying the annual profit forecast in our ad hoc.

The first six months of 2014 were characterized by weak revenue and strong incoming orders. Business with PCB Production Equipment was sluggish and performance here remained considerably below our expectations for the remainder of the year. The trend for the solar business was quite the reverse: in the first quarter, we were positively surprised by a major order exceeding EUR 15 million, with further orders to follow. This made it likely that the solar business revenue windfall would largely compensate for the revenue shortfall in PCB Production Equipment for the year as a whole.

Performance in business with laser direct structuring systems went initially according to plan in the current financial year. After last year's boom, we had expected to see more subdued performance from business in this segment. Recent events also included the postponement of a sizable LDS project on account of waning momentum in the electronics industry. This project was instrumental for the achievement of our original annual targets. As it had not yet been posted to incoming orders, it therefore does not count as a cancellation.

Business with plastic welding systems was also hampered during the course of the second half of the year by a cautious attitude to capital spending in the euro zone, and thus underperformed against expectations recently.

Due to the above developments, we revised our annual profit forecast in our ad hoc communication of 23 October 2014. For 2014, LPKF now anticipates revenue in the range of EUR 120 million – EUR 125 million (previously: EUR 132 million – EUR 140 million) and an EBIT margin of 10% – 12% (previously: 15% – 17%).

Third-quarter results showed a reversal of the weak revenue trend of the first half of the year, however, with nine-month revenue at EUR 80 million, EUR 34 million being achieved solely in the third quarter. The EBIT margin also rose in the third quarter, to 17.9% (Q3 2013: 15.3%). The EBIT margin was 10% for the first nine months of the year, again significantly exceeding the mid-year figure. Incoming orders and orders on hand comfortably exceed previous-year values and bode well for the future.

We expect LPKF to return to growth in the 2015 financial year. Revenue is estimated at EUR 128 million – EUR 136 million while the EBIT margin is estimated at 12% – 15% and should therefore once again converge on our desired range of 15% – 17%. Over the next few years, we continue to expect revenue growth at an annual average of at least 10%, accompanied by an EBIT margin of 15% – 17%.

We are naturally dissatisfied with business performance in the current financial year, since its failure to match our original forecast is also a failure to meet your expectations. However, we do not believe this is a cause for serious concern, since

- our growth drivers in the markets are intact;
- company financing is solid and an EBIT margin consistently above 10% means profitability is above-average, despite the revenue downturn; and
- we continue to develop new products and methods that we believe offer us opportunities for growth.

Our immediate priority is therefore to look to the future. For many years, LPKF has continuously invested around 10% of its profits into new technology development work. Thanks to continuous improvements made to our products, we will also see revenue growth in two of our three segments in the current financial year. In our oldest segment, Electronics Development Equipment, the introduction of new laser-driven products will generate a period of above-average growth. Our Other Production Equipment segment will also grow significantly due to 2014's strong solar business.

Supplementing continuous enhancement of existing product lines, our work on novel methods also proceeds apace. In October, we presented a completely new procedure at the Fakuma trade show: "Laser Plasma Patterning" (LPP) enables the economically-viable production of three-dimensional circuit carriers with markedly thicker and more conductive metallic structures. This procedure will supplement our LDS segment product portfolio.

October also saw the initial presentation of our new "Laser Transfer Printing" (LTP) procedure to industry delegates at the glasstec trade show. This technology should generate initial products in 2015 and strengthen growth in succeeding years.

We have, of course, already introduced a series of short-term cost-cutting measures aimed at safeguarding profit for the 2014 financial year.

Ladies and Gentlemen, project work is and remains a primary driver for our business, thus rendering it difficult to predict. Major projects with individual customers can decisively influence business performance in one year – with both positive and negative ramifications. We, too, view the revision of our annual profit forecast as deeply dissatisfying. Yet I would ask you, if I may, to look beyond the twelve-month period and consider our business performance over the long term. While the revenue downturn in 2014 is a temporary setback, it will not divert us from our path of successful growth.

Yours sincerely,



Dr. Ingo Bretthauer
CEO

Interim management report as of 30 September 2014

I. Fundamental information about the Group

1.1 GROUP STRUCTURE AND BUSINESS MODEL

The LPKF Group develops and produces material processing systems. The mechanical engineering company has become one of the world's leading laser technology providers on the strength of its technical leadership in a number of areas of laser micro-materials processing. The LPKF Group has specialist know-how in the fields of laser technology, optics, precision drive systems, control technology and software as well as materials engineering. LPKF's laser systems are used primarily in the electronics industry, in polymer technology applications and for the manufacture of solar panels. In many sectors, the innovative processes developed by LPKF replace established conventional techniques. The Group generates 88% of its revenue abroad. LPKF Laser & Electronics AG (LPKF AG) is listed in the TecDAX segment of the German Stock Exchange. The Group had 798 employees worldwide on the reporting date.

In the reporting period, the Group's structure and business remained as described in the 2013 combined management report. The basis of consolidation is presented in the Notes to this interim report.

1.2 CORPORATE GOALS AND STRATEGY

The Group's fundamental, overarching corporate goal is to increase the value of the Company in the long term. The Group's technical edge is to be sharpened continually to achieve this goal. Promoting and expanding LPKF's own development activities is therefore a top priority.

In the reporting period, the contents of LPKF's corporate strategy and management remained as described in the 2013 combined management report.

1.3 RESEARCH AND DEVELOPMENT

Continuous investment in near-to-market developments are of crucial importance to a technology-oriented Group such as LPKF. The course pursued by R&D is described in the 2013 Annual Report; no fundamental changes were made to this course in the first nine months of the current year. R&D expenses in the reporting period amounted to EUR 8.1 million (previous year: EUR 9.2 million).

The LPKF Group's R&D segment is currently working on a range of projects for new laser processes, with the long-term goals of usefully supplementing the LPKF product portfolio and opening up new markets. Two such projects were recently presented to industry delegates at trade shows.

Laser Plasma Patterning

Laser Plasma Patterning (LPP) will expand the product range offered by Electronics Production Equipment. LPP enables the economically-viable production of three-dimensional circuit carriers with markedly thicker and more conductive metallic structures, thus supplementing existing LDS technology.

First results were presented by LPKF at Fakuma in October. Corresponding turnkey solutions are to be offered from 2015.

Laser Transfer Printing

LPKF's Other Production Equipment segment is developing a new digital printing process, Laser Transfer Printing (LTP), which was first presented to industry delegates at the glasstec show in October. LPKF is now developing the LTP process towards product maturity and intends to bring it to market in 2015.

II. Report on economic position

2.1 OVERVIEW OF THE COMPANY'S DEVELOPMENT

2.1.1 General economic environment

The pace of global economic recovery is lagging behind recent forecasts. In early October, the International Monetary Fund (IMF) used its World Economic Outlook to again revise its forecasts. Accordingly, IMF analysts are now predicting global economic output to grow by only 3.3% in the current year. Compared to July, this cuts 0.1 percentage points off the 2014 forecast. As before, the IMF views the effects of the financial crisis and rising geopolitical tensions – including the Ukraine conflict – as the key downside risks. China's economic miracle also appears to be losing pace, although its rate of growth remains high: its economy is still expected to expand by 7.4% in 2014. Bucking the general trend is the US, which appears to be returning to its role as a global economic powerhouse. The IMF has adjusted its 2014 US forecast upwards to 2.2%.

This contrasts with the euro zone, where a capital spending decline and lower export volumes in the second quarter have caused the economy to stagnate. Political economists at the International Monetary Fund have cut the forecast for 2014 by 0.3 points to 0.8% of GDP.

Positive news from Germany was also scarce over the last few months. Figures from the Federal Statistical Office showed German industrial output in August falling by 4% compared to July. The Ifo business climate index, Germany's leading economic indicator, fell for the fifth time in succession in September to its lowest level since April 2013. Economic analysts at the IMF are now predicting German economic output to grow by no more than 1.4% in 2014 and by a mere 1.5% in the coming year. The German government now also expects growth of only 1.2% for 2014 and 1.3% for 2015.

2.1.2 Sector-specific environment

According to figures from the German Engineering Federation (VDMA), order intakes in the German engineering sector increased by 5% in the third quarter. While domestic business expanded moderately by 1%, foreign trade rose by 6% year-on-year. Business was driven by major orders. For 2015, VDMA analysts are forecasting an increase of 2% for the price-adjusted production of machinery and equipment in Germany.

2.1.3 Effects on the LPKF Group

The situation in the economy as a whole and most of the industries relevant to LPKF has worsened considerably in the current financial year. There has been a palpable loss of economic momentum and capital spending has declined. LPKF is feeling the effects across a range of business segments, particularly in Plastic Welding Equipment and LDS Equipment. Customers are responding to the growing uncertainty in the markets by postponing both orders and projects. This deteriorating economic mood was instrumental in the downward revision of our 2014 annual targets.

The Group benefits from trends such as mobile communication with smartphones, the struggle toward optimal efficiency in solar cells – fueled by fiercer competition – and lightweight construction in the automotive industry. These trends continue to persist and should result in a return to profitable growth in the next years.

2.2 RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS OF THE GROUP

2.2.1 Results of operations

After two slow quarters, the Group's revenue has picked up in the third quarter. A robust figure of EUR 33.7 million was recorded in the third quarter of the year, putting it on a par with the strong quarters in 2013. In the Other Production Equipment segment, the continuing shipment of parts of the major order generated revenue of EUR 12.6 million, the highest quarterly revenue since the creation of this segment. The Electronics Development Equipment segment also reported good quarterly performance and remains on a growth trajectory, due in particular to the increased demand for laser systems for development. Amounting to EUR 17.6 million since the beginning of the year, this segment's revenue also substantially exceeded the prior-year figure. In the Electronics Production Equipment segment, on the other hand, there were reasons to be both pleased and disappointed: While StencilLaser systems sold well, demand for cutting systems and LDS machinery was down on the previous year and also fell short of expectations. At EUR 37.2 million, segment revenue retreated 36% year-on-year. On the whole, revenue was down 20% compared with the previous year.

Order intake was weak in the third quarter. While a strong LDS business had generated a record order intake in the second quarter, there was a considerable drop in incoming orders in the third quarter. After nine months, the order intake was still higher than revenue, however, and the book-to-bill ratio was 1.2. At EUR 36.6 million, orders on hand were actually even higher than in the prior-year period.

The strong growth in revenue also resulted in a significant increase in earnings before interest and taxes (EBIT) from EUR 1.6 million in the first six months of the year to EUR 7.6 million in the reporting period. The EBIT margin rose in this period from 3.5% to 9.6%.

Particularly in the Other Production Equipment segment, deliveries of machinery currently in production are scheduled for subsequent periods. This caused a sharp rise in the change in inventories of finished goods and work in progress, which amounts to EUR 5.3 million after nine months (previous year: EUR 1.4 million). Own work capitalized includes development costs of EUR 3.4 million as well as capitalized assets of EUR 0.4 million. Other operating income was up slightly from the previous year, due mainly to the use of warranty provisions.

At 32.5%, the material cost ratio is higher than in the same period of the previous year (26.7%) owing to the product mix. The share of systems from the Electronics Production Equipment segment is lower in the reporting period, but a shift to the benefit of this segment is still expected for the fourth quarter.

The increase in the headcount to 798 as of 30 September 2014 also increased staff costs. On account of higher earnings, variable remuneration components were lower. Overall, the staff cost ratio rose from 30.2% after nine months in the previous year to 39.6%. There are no plans for further expansion of the workforce for the time being.

Depreciation and amortization rose from EUR 5.4 million in the previous year to EUR 5.8 million this year, due mainly to investments in buildings and machinery as well as in software and development.

Other operating costs fell year-on-year from EUR 23.8 million to EUR 19.2 million. In particular, advertising and sales expenses (license expenses, sales commission and transport costs) fell sharply by EUR 2.8 million year-on-year as a result of the lower revenue. Warranty expenses were reduced by EUR 1.0 million in the reporting period and expenses for purchased development services were also down (minus EUR 0.6 million). The decrease in consulting expenses of EUR 0.5 million likewise deserves mention.

2.2.2 Financial position

The Group's cash and cash equivalents decreased in the reporting period from EUR 12.5 million to EUR 8.7 million. In spite of a higher net profit in the third quarter, a substantial increase in inventories in particular and the reduction in provisions did not permit a balanced cash flow from operating activities. Investing activities gave rise to a cash outflow of EUR 11.0 million, which was not fully compensated by the cash inflow from financing activities in the amount of EUR 7.3 million. This resulted in an overall cash outflow of EUR 4.2 million (previous year: cash inflow of EUR 8.7 million).

The Group's financial position remains stable. Alongside its own funds, sufficient undrawn lines of credit are available for meeting funding requirements.

2.2.3 Net assets

Analysis of net assets and capital structure

The equity ratio of 50.9% attests to a stable asset position. This stood at 56.6% as of 31 December 2013.

Non-current assets rose during the reporting year, principally as a result of investments made at the Company's Garbsen and Fürth sites in Germany and the capitalization of development costs.

The increase in finished goods and work in progress led to higher current assets. These mostly relate to customer-specific systems that are expected to generate revenue in the following period. In contrast, cash and cash equivalents decreased by EUR 3.7 million in the first nine months.

An increase in net working capital to EUR 44.6 million on the reporting date was largely the result of the build-up in inventories. The net working capital ratio of 40.7% is considerably higher than the prior-year value (30.8%), which is mainly due to the decline in revenue after nine months. Development is expected to reverse as a result of deliveries of finished goods in the next months.

Equity was reduced by the distribution of the dividend. The sale of securities led to a recycling of the changes in value of these securities previously reported in the revaluation surplus, which was released to income. Current provisions decreased by EUR 4.5 million, mainly as a result of lower provisions for bonuses and taxes. Liabilities to banks increased by EUR 13.4 million due to the utilization of short-term loans. In other current liabilities, payments received on account of orders rose, raising this item as a whole. All of these developments together increased liabilities by EUR 13.0 million in 2014.

With these exceptions, there has been no substantial change in the structure of the statement of financial position.

Capital expenditures

In the first nine months of 2014, capital expenditures for intangible assets and property, plant and equipment decreased by EUR 7.0 million year-on-year to EUR 11.0 million. However, capital expenditures in the prior-year period had been EUR 9.0 million higher on account of the purchase of the property in Fürth, Germany. Intangible assets contain capitalized development costs in the amount of EUR 3.4 million. Investing activities in the current year were dominated by the construction of a new building in Garbsen (now complete) and extension work at the Fürth site. Both capital expenditure projects are intended to support further growth for the Group.

2.2.4 Segment performance

The following table provides an overview of the operating segments' performance:

EUR THSD.		Electronics	Electronics	Other	Other	Total
		Production	Development	Production		
		Equipment	Equipment	Equipment		
External revenue	9 months 2014	37,202	17,619	24,100	445	79,366
	9 months 2013	58,279	15,201	25,666	392	99,538
Operating result	9 months 2014	6,951	2,430	-888	-894	7,599
(EBIT)	9 months 2013	16,861	1,402	2,159	-879	19,543

The production services, which previously were shown under the "Other" segment, have now been allocated to the other operating segments. The previous year's figures were adjusted accordingly.

The decline in revenue for the Electronics Production Equipment segment resulted in a much lower figure for EBIT. A rise in shipments in the third quarter enabled the Other Production Equipment segment to make up for the revenue shortfall over the previous year. However, this was not yet enough for EBIT to reach breakeven. For the year as a whole, positive EBIT is expected in this segment, too.

Revenue and earnings performance was highly satisfactory for the Electronics Development Equipment segment. Revenue grew at a rapid pace in the third quarter. The EBIT margin was lifted slightly again after nine months and at 13.8% is now higher than the figure for the first half year (13.2%) and substantially higher than the prior-year level (9.2%).

2.3 EMPLOYEES

Motivated, highly-qualified staff that identifies with the Company is the key to success – especially for a technology company like LPKF. Low levels of sick leave and employee turnover are important indicators of LPKF's success in achieving this goal. At 3.1%, the sick leave percentage in the LPKF Group in the first nine months was below the average for the metal working and electronics industry (2013: 4.6%). The employee turnover rate in the Group was 4.5%.

The following table shows the development in employee numbers in the first nine months of 2014:

Area	30 Sep. 2014	31 Dec. 2013
Production	193	186
Development	171	165
Administration	176	157
Sales	143	138
Services	115	106
	798	752

2.4 OVERALL APPRAISAL OF THE GROUP'S ECONOMIC SITUATION

Despite a subdued start to the current financial year, the Group's economic situation in the first nine months of 2014 can once again be considered robust. Building on that, LPKF aims at posting good earnings and achieving a high return on the capital employed for the full year.

III. Opportunities and risks

3.1 REPORT ON OPPORTUNITIES AND RISKS

In the combined management report for 2013, the opportunities and risks of the LPKF Group are presented and explained in detail in separate reports.

3.2 ASSESSMENT BY THE MANAGEMENT BOARD OF THE RISK SITUATION AFFECTING THE GROUP

Both the risks for the global economy and the risks from the sovereign debt crisis have increased. While many analysts expect the global economy to recover slightly in 2014, forecasts have been revised downwards in recent weeks.

The solar industry orders received in the reporting period have led to a significant improvement of the Solar Module Equipment product group's situation for the current financial year. Yet the situation in the solar energy market remains uncertain. Despite several positive signals, the solar sector as a whole is still a market in crisis.

In China, LPKF has petitioned to reopen patent proceedings. The Supreme People's Court accepted this petition for review during the reporting period. A decision regarding the reopening of the proceedings is expected within the next weeks. This means that the struggle to defend the LDS patent in China continues. The duration and outcome of this dispute cannot be predicted at this time.

LPKF won a preliminary victory in the legal dispute concerning the infringement of the LDS patent in Germany. On 8 July 2014, the Mannheim Regional Court ordered Motorola Deutschland and Motorola Mobility USA to refrain from selling cell phones in Germany that infringe the patent and ordered Motorola Deutschland to recall all cell phones that infringe the patent from commercial customers. Moreover, the court determined that both defendants must pay compensation. Motorola appealed the verdict of the Regional Court on 7 August 2014. A nullity action against the German patent has been brought before the Federal Patent Court in Munich on which a decision is still pending.

There is also currently no foreseeable development which could significantly and sustainably harm the results of operations, financial position and net assets of the LPKF Group in the future. There is, however, a continued possibility that the effects of a flare-up of the sovereign debt crisis on the economy could negatively impact the further development of the Group.

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 2013 such that the disclosures in the 2013 annual report still apply. There were no going-concern risks as of 30 September 2014.

IV. Report on expected developments

4.1 OVERALL APPRAISAL OF THE GROUP'S PROBABLE PERFORMANCE

4.1.1 Economic environment

Experts from the International Monetary Fund expect the – persistently volatile – global recovery to continue; its pace, however, is expected to be slower than anticipated earlier in the year and even in July's World Economic Outlook update. For the coming year, the IMF is forecasting the rate of global economic growth to rise to 3.8%. Growth of 3.1% is anticipated for the USA, while the Chinese economy is expected to expand by as much as 7.1% in 2015.

4.1.2 Group performance

Forecasts by economic research institutes have worsened overall not only for the global economy, but also for LPKF's target sales markets. The risks of a negative impact on business by economic weakness in end markets increase accordingly. The cloudy economic situation is reflected in the uncertainty shown by LPKF's customers, some of whom have postponed capital spending decisions.

In 2014, LPKF showcased Laser Plasma Patterning (LPP) and Laser Transfer Printing (LTP), two innovative processes for entirely new applications. Both processes are based on the Company's core know-how and offer opportunities to enter totally new markets.

4.1.3 Significant indicators

LPKF Laser & Electronics AG had announced in an ad hoc release back on 23 October 2014 that it downgraded its revenue and earnings forecast for the current financial year. Due to an unexpectedly weak order intake recently, the company considered itself unable to reach the originally forecast revenue and earnings targets. For 2014, LPKF now anticipates revenue in the range of EUR 120 million – EUR 125 million (previously: EUR 132 million – EUR 140 million) and an EBIT margin of 10% – 12% (previously: 15% – 17%). The cash flow from operating activities is expected to be positive. Given the capital expenditures in 2014, LPKF will probably be unable to achieve a positive free cash flow.

Despite the weaker performance in the current financial year, the Management Board anticipates further profitable growth in the coming years. All trends in electronics production point toward increased use of high-precision laser technology.

The Management Board expects LPKF to return to growth in the 2015 financial year. Revenue is estimated at EUR 128 million – EUR 136 million while the EBIT margin is estimated at 12% – 15% and should therefore once again converge on the desired range of 15% – 17%. A markedly positive free cash flow is planned to achieve. Over the next few years, LPKF continues to expect revenue to increase at an compound annual growth rate (CAGR) of at least 10%, accompanied by an EBIT margin of 15% – 17%. This forecast is conditional on a stable economic environment.

Consolidated financial statements

Consolidated statement of financial position

Assets

EUR THSD. _____ 30 Sep. 2014 _____ 31 Dec. 2013

Non-current assets

Intangible assets _____		
Software _____	2,060	3,084
Goodwill _____	74	74
Development costs _____	6,078	4,435
	8,212	7,593

Property, plant, and equipment _____		
Land, similar rights and buildings _____	37,100	32,428
Plant and machinery _____	3,013	3,138
Other equipment, operating and office equipment _____	5,861	4,822
Advances paid and construction in progress _____	1,410	2,379
	47,384	42,767

Restricted securities _____	0	269
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Receivables and other assets _____		
Trade receivables _____	0	95
Income tax receivables _____	138	134
Other assets _____	199	162
	337	391

Deferred taxes _____	2,546	2,148
	58,479	53,168

Current assets

Inventories _____		
(System) parts _____	18,546	17,527
Work in progress _____	6,888	3,604
Finished products and goods _____	11,856	9,881
Advances paid _____	562	196
	37,852	31,208

Receivables and other assets _____		
Trade receivables _____	18,152	12,884
Income tax receivables _____	441	937
Other assets _____	2,616	2,425
	21,209	16,246

Cash and cash equivalents _____	8,825	12,569
	67,886	60,023
	126,365	113,191

Consolidated statement of financial position

Equity and liabilities

EUR THSD. _____ 30 Sep. 2014 _____ 31 Dec. 2013

Equity

Subscribed capital _____	22,270	22,270
Capital reserves _____	1,489	1,489
Other retained earnings _____	11,115	11,115
Reserve for cash flow hedges _____	-26	-55
Revaluation surplus _____	0	4
Share-based payment reserve _____	490	490
Currency translation reserve _____	319	-826
Net retained profits _____	28,665	29,579
	64,322	64,066

Non-current liabilities

Provisions for pensions and similar obligations _____	176	176
Other provisions _____	81	40
Non-current liabilities to banks _____	17,141	17,882
Deferred income from grants _____	735	716
Deferred taxes _____	1,978	1,342
	20,111	20,156

Current liabilities

Tax provisions _____	1,329	2,809
Other provisions _____	2,889	5,934
Current liabilities to banks _____	20,103	5,934
Trade payables _____	4,842	4,357
Other liabilities _____	12,769	9,935
	41,932	28,969
	126,365	113,191

Consolidated income statement

EUR THSD.	07-09/2014	07-09/2013	01-09/2014	01-09/2013
Revenue	33,721	29,610	79,366	99,538
Changes in inventories of finished goods and work in progress	1,763	-617	5,290	1,444
Other own work capitalized	1,487	1,022	3,760	2,484
Other operating income	1,135	944	3,118	2,250
Cost of materials	12,871	6,559	27,507	26,921
Staff costs	10,628	9,295	31,407	30,029
Depreciation and amortization	1,773	1,812	5,844	5,386
Other operating expenses	6,813	8,776	19,177	23,837
Operating result	6,021	4,517	7,599	19,543
Finance income	2	6	14	23
Finance costs	197	202	529	522
Earnings before tax	5,826	4,321	7,084	19,044
Income taxes	2,052	1,329	2,431	5,840
Consolidated net profit	3,774	2,992	4,653	13,204
Of which attributable to				
Owners of the parent	3,774	2,879	4,653	12,756
Non-controlling interests	0	113	0	448
Earnings per share				
Earnings per share (basic, EUR)	0.17	0.13	0.21	0.57
Earnings per share (diluted, EUR)	0.17	0.13	0.21	0.57
Weighted average number of shares outstanding (basic)	22,269,588	22,269,588	22,269,588	22,269,588
Weighted average number of shares outstanding (diluted)	22,269,588	22,269,588	22,269,588	22,269,588

Consolidated statement of comprehensive income

EUR THSD.	07-09/2014	07-09/2013	01-09/2014	01-09/2013
Consolidated net profit	3,774	2,992	4,653	13,204
Revaluations (mainly actuarial gains and losses)	0	0	0	0
Deferred taxes	0	0	0	0
Sum total of changes which will not be reclassified to the income statement in the future	0	0	0	0
Gains and losses on remeasuring available-for-sale financial assets	-6	4	0	-3
Gains and losses on remeasuring available-for-sale financial assets that were reclassified to the income statement	-5	0	-5	0
Fair value changes from cash flow hedges	25	20	42	80
Currency translation differences	1,452	-327	1,145	-100
Deferred taxes	-5	-7	-12	-23
Sum total of changes which will be reclassified to the income statement in the future if certain conditions are met	1,461	-310	1,170	-46
Other comprehensive income after taxes	1,461	-310	1,170	-46
Total comprehensive income	5,235	2,682	5,823	13,158
Of which attributable to				
Owners of the parent	5,235	2,569	5,823	12,710
Non-controlling interests	0	113	0	448

Consolidated statement of changes in equity

EUR THSD.	Subscribed capital	Capital reserves	Other retained earnings	Reserve for cash flow hedges	Revaluation surplus
Balance on 01 Jan. 2014	22,270	1,489	11,115	-55	4
Consolidated total comprehensive income					
Consolidated net profit	0	0	0	0	0
Change from measurement of cash flow hedge	0	0	0	42	0
Change from market valuation of securities	0	0	0	0	-5
Deferred taxes on changes recognized directly in equity	0	0	0	-13	1
Currency translation differences	0	0	0	0	0
Consolidated total comprehensive income	0	0	0	29	-4
Transactions with owners					
Distributions to owners	0	0	0	0	0
Balance on 30 Sep. 2014	22,270	1,489	11,115	-26	0

EUR THSD.	Subscribed capital	Capital reserves	Other retained earnings	Reserve for cash flow hedges	Revaluation surplus
Balance on 01 Jan. 2013	11,135	5,599	6,823	-123	5
Consolidated total comprehensive income					
Consolidated net profit	0	0	0	0	0
Change from measurement of cash flow hedge	0	0	0	80	0
Change from market valuation of securities	0	0	0	0	-3
Deferred taxes on changes recognized directly in equity	0	0	24	-24	1
Currency translation differences	0	0	0	0	0
Consolidated total comprehensive income	0	0	24	56	-2
Transactions with owners					
Capital increase from Company funds	11,135	-4,110	-7,025	0	0
Distributions to owners	0	0	0	0	0
Balance on 30 Sep. 2013	22,270	1,489	-178	-67	3

Share-based payment reserve	Currency translation reserve	Net retained profits	Equity before non-controlling interests	Non-controlling interests	Total
490	-826	29,579	64,066	0	64,066
0	0	4,653	4,653	0	4,653
0	0	0	42	0	42
0	0	0	-5	0	-5
0	0	0	-12	0	-12
0	1,145	0	1,145	0	1,145
0	1,145	4,653	5,823	0	5,823
0	0	-5,567	-5,567	0	-5,567
490	319	28,665	64,322	0	64,322

Share-based payment reserve	Currency translation reserve	Net retained profits	Equity before non-controlling interests	Non-controlling interests	Total
490	-556	33,423	56,796	2,036	58,832
0	0	12,756	12,756	448	13,204
0	0	0	80	0	80
0	0	0	-3	0	-3
0	0	-24	-23	0	-23
0	-100	0	-100	0	-100
0	-100	12,732	12,710	448	13,158
0	0	0	0	0	0
0	0	-5,567	-5,567	0	-5,567
490	-656	40,588	63,939	2,484	66,423

Consolidated statement of cash flows

EUR THSD. _____ 01-09/2014 _____ 01-09/2013

Operating activities

Consolidated net profit	4,653	13,204
Income taxes	2,431	5,840
Interest expense	529	522
Interest income	-14	-23
Depreciation and amortization	5,844	5,386
Gains/losses from the disposal of non-current assets including reclassification to current assets	92	350
Changes in inventories, receivables and other assets	-11,761	1,208
Changes in provisions	-3,878	4,278
Changes in liabilities and other equity and liabilities	5,145	822
Other non-cash expenses and income	-521	185
Interest received	9	23
Income taxes paid	-3,039	-4,687
Cash flows from operating activities	-510	27,108

Investing activities

Investments in intangible assets	-3,751	-2,563
Investments in property, plant and equipment	-7,219	-15,447
Proceeds from disposal of financial assets	0	4
Proceeds from disposal of non-current assets	20	71
Cash flows from investing activities	-10,950	-17,935

Cash flows from financing activities

Dividend payment	-5,567	-5,567
Interest paid	-529	-469
Proceeds from borrowings	16,400	12,353
Cash repayments of borrowings	-3,036	-6,828
Cash flows from financing activities	7,268	-511

Change in cash and cash equivalents

Change in cash and cash equivalents due to changes in foreign exchange rates	382	-23
Change in cash and cash equivalents	-4,192	8,662
Cash and cash equivalents on 01 January	12,520	2,494
Cash and cash equivalents on 30 September	8,710	11,133

Composition of cash and cash equivalents

Cash and cash equivalents	8,825	11,191
Overdrafts	-115	-58
Cash and cash equivalents on 30 September	8,710	11,133

NOTES ON THE PREPARATION OF THE QUARTERLY FINANCIAL REPORT

This quarterly financial report for the period ended 30 September 2014 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.

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 2014 reporting date.

This quarterly financial report has neither been audited nor reviewed.

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	Registered seat	Country	Equity interest
LaserMicronics GmbH	Garbsen	Germany	100.0%
LPKF SolarQuipment GmbH	Suhl	Germany	100.0%
LPKF Grundstücksverwaltungs GmbH	Fürth	Germany	100.0%
LPKF Laser & Electronics d.o.o.	Naklo	Slovenia	100.0%
LPKF Distribution Inc.	Tualatin (Portland)	USA	100.0%
LPKF (Tianjin) Co. Ltd.	Tianjin	China	100.0%
LPKF Laser & Electronics Trading (Shanghai) Co. Ltd.	Shanghai	China	100.0%
LPKF Laser & Electronics (Hong Kong) Ltd.	Hong Kong	China	100.0%
LPKF Laser & Electronics K. K.	Yokohama	Japan	100.0%
LPKF Laser & Electronics Korea Ltd.	Seoul	Korea	100.0%

TRANSACTIONS WITH RELATED PARTIES

There are no reportable business relationships with parties related to the LPKF Group.

SHARES HELD BY MEMBERS OF THE COMPANY'S CORPORATE BODIES

Management Board	30 Sep. 2014	31 Dec. 2013
Dr. Ingo Bretthauer	56,000	52,000
Bernd Lange	75,000	75,000
Kai Bentz	15,200	14,600
Dr.-Ing. Christian Bieniek	0	0

Supervisory Board	30 Sep. 2014	31 Dec. 2013
Dr. Heino Büsching	10,000	10,000
Bernd Hackmann	125,600	125,600
Prof. Dr.-Ing. Erich Barke	2,000	2,000

RESPONSIBILITY STATEMENT

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

Garbsen, 12 November 2014

LPKF Laser & Electronics AG

The Management Board



Dr. Ingo Bretthauer



Bernd Lange



Kai Bentz



Dr.-Ing. Christian Bieniek

Financial calendar

12 November 2014	Publication of the nine-month report
24 March 2015	Publication of the 2014 annual report
13 May 2015	Publication of the three-month report
28 May 2015	Annual General Meeting
12 August 2015	Publication of the six-month report
11 November 2015	Publication of the nine-month report

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 financial report can also be downloaded in pdf format from our website.

CONCEPT AND DESIGN

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