THE POTENTIAL OF LASERS

QUARTERLY FINANCIAL REPORT
1 JANUARY — 30 SEPTEMBER 2015

- Weak LDS business puts strain on business in 2015
- Development of new technologies is being pursued with great intensity
- LPKF wants to return to profitable growth from 2016

LPKF Laser & Electronics

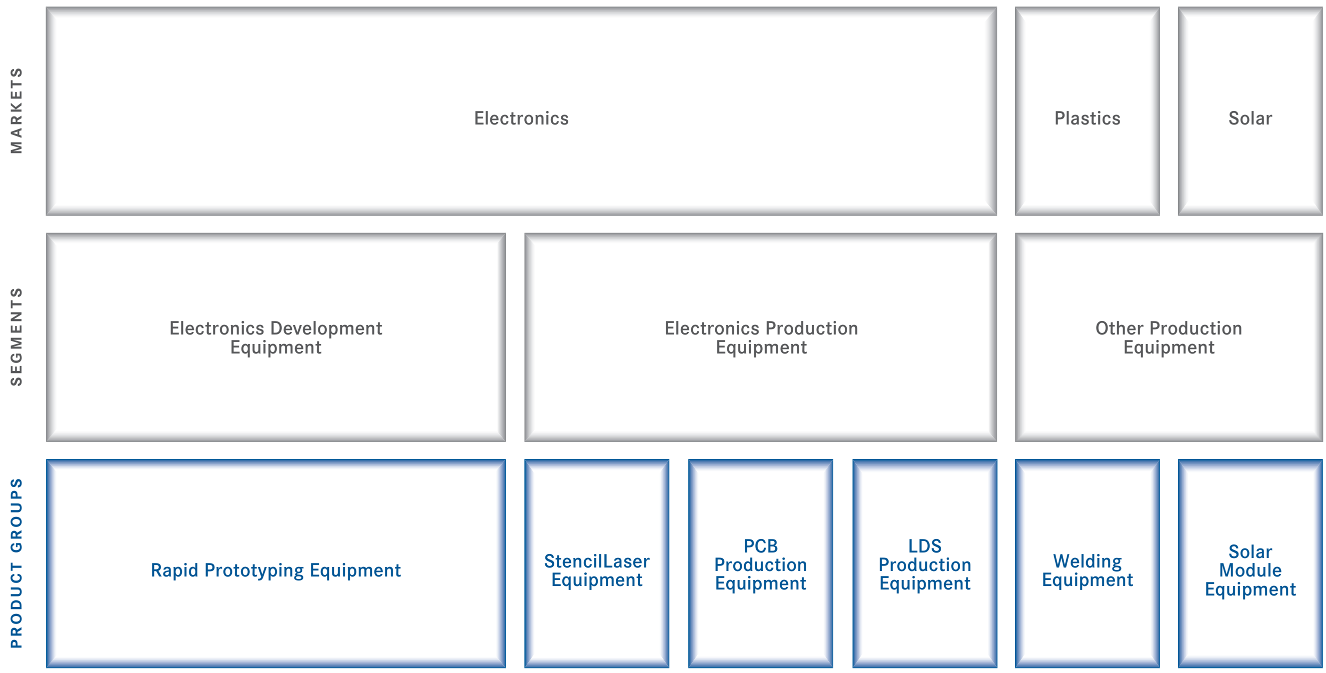
LPKF LASER & ELECTRONICS AG AT A GLANCE

Key Group figures after 9 months 2015

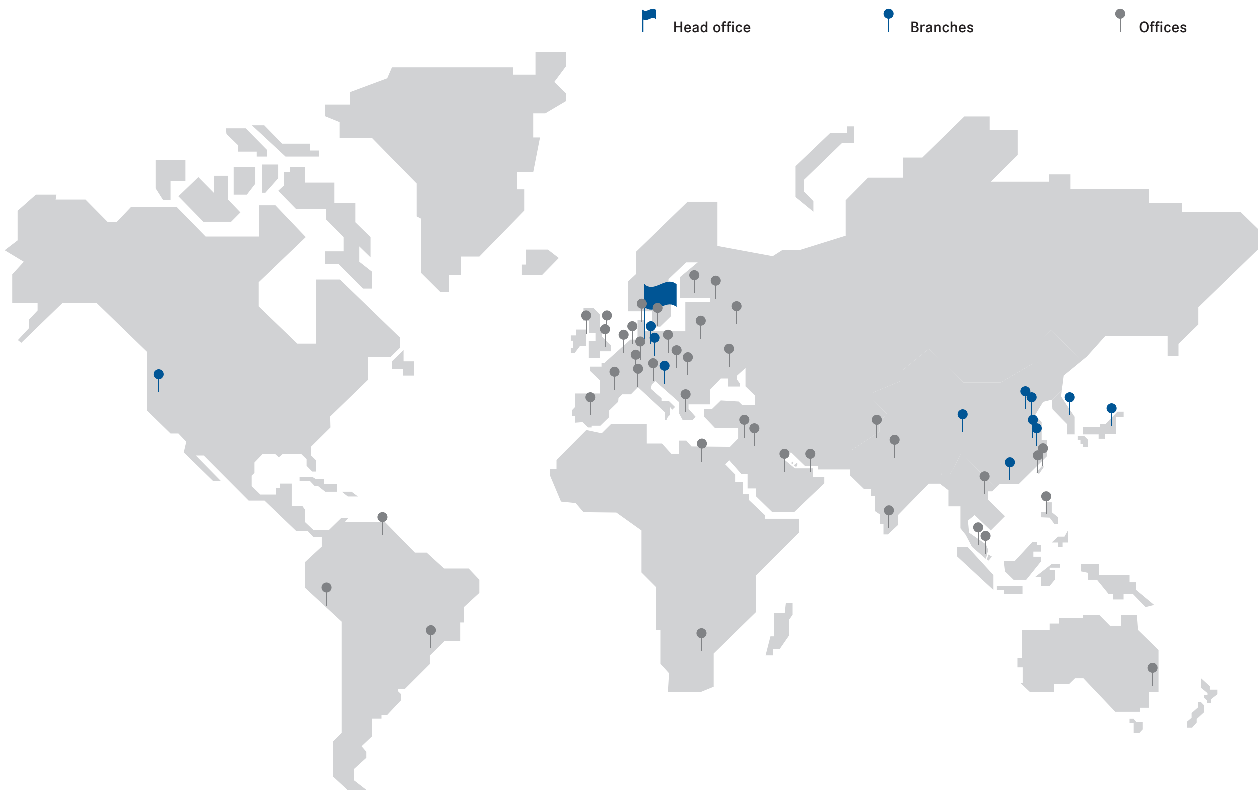
		9 months 2015	9 months 2014
Revenue	EUR million	61.6	79.4
EBIT	EUR million	–5.3	7.6
EBIT margin	%	–8.7	9.6
EPS, diluted	EUR	–0.20	0.21
Incoming orders	EUR million	60.6	98.2

		As of 30 September 2015	As of 30 September 2014
Free cash flow	EUR million	– 0.7	– 11.5
Net working capital	EUR million	36.5	44.6
ROCE	%	– 5.3	7.5
Cash and cash equivalents	EUR million	3.3	8.7
Equity ratio	%	51.5	50.9
Orders on hand	EUR million	16.7	36.6
Employees	Number	791	794

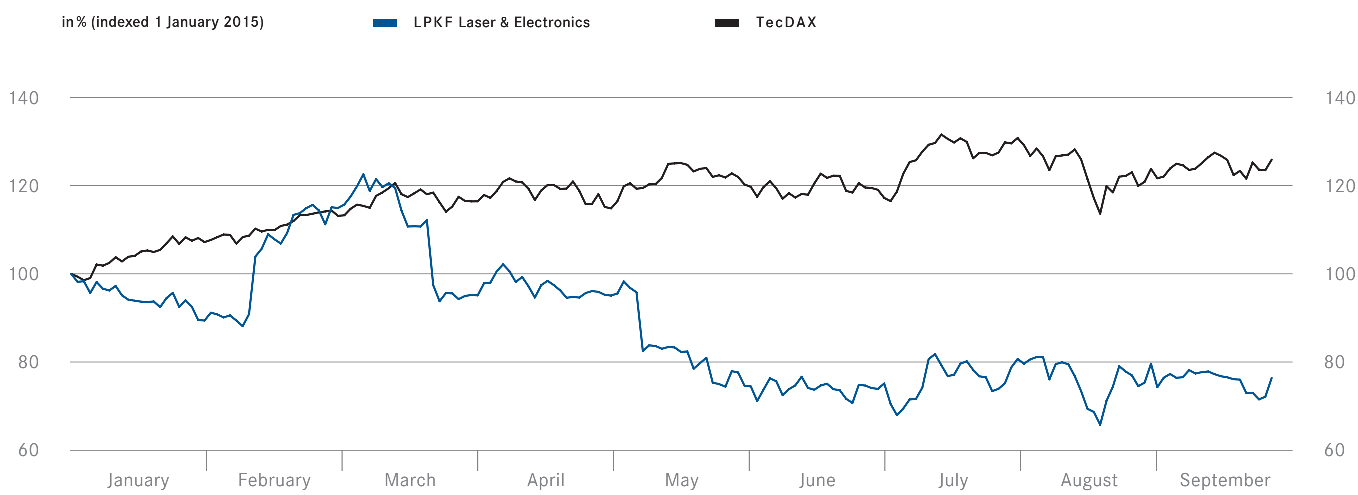
Markets, segments and product groups



LPKF sites worldwide



Performance of the LPKF share in the reporting period (1 January – 30 September 2015)



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 always has been and should be in the future: a 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 791 based at sites in Europe, Asia and the US.

LPKF
Laser & Electronics

CHAIRMAN'S STATEMENT

DR. INGO BRETTHAUER
Chief Executive Officer

Ladies and Gentlemen,

In the third quarter, the laser direct structuring (LDS) systems business remained weak, putting a heavier than expected strain on the overall business performance of the LPKF Group. Unfortunately, the other product groups were unable to compensate for the strong revenue decline in the LDS business. As a result, we had to revise our annual guidance for 2015 slightly downwards. We now expect consolidated revenue for the full 2015 financial year to amount to EUR 85 million – EUR 90 million (previous guidance: EUR 90 million – EUR 110 million). According to this, EBIT is expected to be negative in the single-digit million range. Regrettably, this means that we will have to post the first loss in the history of LPKF. This certainly comes as a severe disappointment to you – and to us as well.

Let us now take a look at business performance in our segments. Revenue in the Electronics Development Equipment segment remains slightly below expectations after nine months.

In the Electronics Production Equipment segment, our largest product group, LDS equipment, has seen revenue after nine months drop almost 70% year-on-year. Incoming orders also failed to improve during the third quarter. The good news, however, is that some interesting projects are now on the horizon. Our customers tell us that the LDS method remains the best technology for the production of molded interconnect devices. Despite such assurances, our experience of the current year warns us to be very cautious in our 2016 planning, especially for the LDS business. That said, we expect the LDS business to settle at a solid level of revenue in the medium term.

While the StencilLaser Equipment product group failed to meet expectations, PCB Production Equipment turned in a surprisingly positive performance in the first nine months of this year. Business with circuit board cutting systems has currently increased by over 100% year-on-year. At the same time, we have significantly expanded our customer base for these products, thus reducing our dependency on individual customers. In early October, we received our first order from Korea for several machines. The outlook for the year to come is also positive in this product group.

We are making good progress in our new product development work. Our first machine for the Through Glass Via (TGV) process, which is used to create ultrafine holes in glass, is on schedule to be delivered to a customer before the end of the year. This process offers huge potential since it facilitates the use of glass for manufacturing stacked integrated circuits (ICs) in the microelectronics of the future. To date, silicon has been the preferred material, as an efficient process for creating holes in glass was previously unavailable. We expect that this brand new business will slowly start to gather momentum in the course of 2016.

In Other Production Equipment, the solar business is well below the level for the prior-year period, which was strongly influenced by a major order. The drop in revenue for the current year was planned, however, and is therefore unsurprising. There is every indication of profitable growth for the years to come. Business with plastic welding systems is 8% higher year-on-year, however. We are pleased to report that both the relocation of the division and the changes in management have returned us to a growth trajectory.

Our new Laser Transfer Printing (LTP) process for the digital printing of pastes offers a truly novel alternative to the widespread method of screen printing. Here, too, we are on the right track and we plan to deliver the first machine to a customer in the first six months of 2016. This is also a field of business we want to expand continuously in the second half of 2016. There is enormous potential for supplanting specific industrial screen printing applications with LTP.

As regards the legal dispute with Motorola concerning the infringement of our LDS patent, the case will be heard in the second instance before the Karlsruhe Higher Regional Court on 27 April 2016. In July of this year, the Federal Patent Court had already confirmed our LDS patent in a new version that we ourselves recommended. Even though the two plaintiffs in this case, the companies Motorola and BYD, have appealed the decision, we still believe that this confirmation has strengthened our position as regards the litigation.

During the current year, we have naturally made every effort to lower our costs and thereby shift our break-even point downwards. We took the conscious decision to make only slight reductions to our workforce, however. Our employees are to a large extent the key to our ability to innovate and are thus a decisive factor for ensuring new growth over the coming years.

With the systematic reduction of accrued vacation and overtime, the postponing of capital expenditure and projects, plus a multitude of other cost reduction mechanisms, we have managed to cut costs for the current financial year by several million euros. In collaboration with the Group management team, we have also been making every effort to further increase efficiency across the Company and strengthen our culture of cost-consciousness.

After concluding our planning round with all segments, we have, as announced, issued a new forecast for 2016 and the next few years. For the 2016 financial year, we expect revenue to increase again to EUR 100 – 120 million within a stable economic environment. The EBIT margin is expected to reach a positive single-digit figure. In the years to come, we will once again aim for targets of average annual revenue growth of at least 10% and a double-digit EBIT margin.

Yours sincerely,

Dr. Ingo Bretthauer
Chief Executive Officer

LPKF Group and LPKF AG

INTERIM MANAGEMENT REPORT AS OF 30 SEPTEMBER 2015

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 material 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 86% of its revenue abroad. LPKF Laser & Electronics AG (LPKF AG) is listed in the TecDax segment of the German Stock Exchange. The Group had 791 employees worldwide on the reporting date.

In the reporting period, the Group's structure and business remained as described in the 2014 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 essentially remained as described in the 2014 combined management report. Due to the current development of business, LPKF will have to focus even more on efficiency.

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 2014 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 8.0 million (previous year: EUR 8.1 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. Highlights of this development work include the following:

The LPKF Through Glass Via (TGV) process
The LPKF TGV process is used to rapidly produce a large number of tiny holes in thin glass. Such glass can then be used in microelectronics, for example, for contact redistribution in high-density circuitry.

The plan is to launch the TGV process on the market before the end of the year. This product group is expected to generate revenue starting in 2016.

Laser Transfer Printing (LTP)
LTP (Laser Transfer Printing) is the name for a new digital printing process for functional pastes being developed by LPKF as an alternative to screen printing.

In addition to the obvious benefits of a digital printing system in terms of its flexibility, the Laser Transfer Printing (LTP) method also offers higher-resolution printing and can therefore contribute to reducing the consumption of pastes containing expensive metals. In early 2015, LPKF enhanced its presence in this field with an acquisition.

This product group is expected to generate revenue starting in the second half of 2016.

II. Report on economic position

2.1 OVERVIEW OF THE COMPANY'S DEVELOPMENT

2.1.1 General economic environment

The International Monetary Fund (IMF) has again trimmed its forecasts for the global economy, using its World Economic Outlook in early October to withdraw forecasts made in spring. Although previously expecting global economic output to grow by 3.5% in the current year, the IMF is now forecasting a global growth rate of only 3.1%. According to the Fund, the key factors affecting the global economic situation are the prices of oil and commodities, the expected normalization of US monetary policy and the new Chinese growth model. While the IMF sees signs of a recovery in most of the developed countries, the emerging economies are increasingly suffering the effects of low commodity prices and economic slowdown in China. The IMF made a slight upwards correction to its 2015 forecast only for the USA.

While the IMF expects a slight economic recovery to continue in the advanced economies, and particularly in the USA and the euro zone, it does not believe that the industrialized nations will be able to compensate for the downturn in the emerging economies. For the euro zone, economists have left their 2015 forecast unchanged at 1.5%.

In their Autumn Outlook, leading German economic research institutions revised their growth forecasts as published in spring only moderately, trimming their expectations for German GDP growth from 2.1% to 1.8%. The experts also expect the German economy to expand by 1.8% in 2016, citing positive developments in the labor market, low inflation and low interest rates.

2.1.2 Sector-specific environment

Incoming orders in the German engineering sector were down 1% in the third quarter of 2015. According to figures from the German Engineering Federation (VDMA), domestic business showed healthy growth of 8% whereas international business recorded a drop of 6%. For 2015, the VDMA economists now expect to see only stagnation instead of the real growth of 2% in Germany originally forecast. While the VDMA assumes that sector revenue will remain flat in 2016, it expects stable year-on-year figures for incoming orders, production and employment.

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 been varied in the current financial year. There has been a palpable loss of economic momentum in some areas and capital spending has declined further. Among others, this applies to the electronics industry in Asia, especially in China. LPKF is feeling the effects across a range of business segments, particularly in the EPE segment. Customers continue to respond to the growing uncertainty in the markets by postponing both orders and projects.

The Group generally benefits from trends such as mobile communication with smartphones and other mobile devices, 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

The weak revenue trend also persisted unbroken into the third quarter, meaning earnings for LPKF remained negative.

LPKF would need to go back a long way to find a period of similarly weak revenue with LDS systems. Business in this segment has declined by 66% compared with the previous year. With the StencilLaser business remaining below last year's figures, improved performance in the PCB product group (+107% year on year) was unable to turn the tide. Overall, the Electronics Production Equipment segment therefore posted a decline in revenue of 38% year on year. LPKF's two other segments also posted a drop in revenue. A strong third quarter in the previous year meant that revenue for the Electronics Development Equipment segment was down 4% in the current year. Business with solar scribers declined as expected. Last year's major order in this product group generated a level of revenue that was predictably not repeated this year. The revenue growth in plastic welding systems was unable to compensate for this effect in the Other Production Equipment segment.

With total incoming orders in the current year of EUR 61 million, LPKF lags behind last year's figure by 38%; orders on hand as of 30 September were also 54% lower than the prior-year figure. One should also remember, however, that the figure for the previous year includes a portion of the large solar scriber order (approx. EUR 14 million). The current book-to-bill rate is 1.0.

Coupled with higher personnel expenses, the weak revenue trend in the reporting period resulted in negative EBIT of EUR 5.3 million while the EBIT margin fell to –8.7%.

Own work capitalized in the reporting period includes development costs of EUR 4.8 million. Other operating income was up slightly from the previous year due to a portion of the compensation received for the loss suffered by the fire in Garbsen totaling EUR 1.9 million and currency gains (+EUR 0.7 million). In the previous year, there was income from the use of warranty provisions in the amount of EUR 1.1 million.

The material cost ratio fell from 32.5% to 28.8% year-on-year due to lower solar revenue and an improved use of materials in laser welding.

In the first nine months of 2015, the workforce decreased by 4 employees to its present total of 791. The primary reason for the rise in staff costs is the expansion to the workforce that was carried out last year. Until 30 September 2015 extraordinary restructuring expenses were also recognized in the amount of EUR 0.6 million. The staff cost ratio rose from 39.6% in the previous year to 53.7%, primarily as a result of lower revenue.

Since the amortization period of some capitalized development costs ended in 2014, depreciation and amortization in the 2015 reporting period was lower than in the previous year. Overall, depreciation and amortization after nine months totaled EUR 5.1 million, compared to EUR 5.8 million in the prior-year period.

Other operating expenses rose year-on-year from EUR 19.2 million to EUR 21.5 million. While advertising and sales expenses (primarily license expenses) fell slightly (– EUR 0.8 million) as a result of the development of revenue, increases were seen in repairs (+ EUR 1.4 million, mostly due to the fire in Garbsen), exchange rate losses (+ EUR 1.1 million) and property and leasing costs (+ EUR 0.2 million).

Despite a higher net debt, lower interest rates ensured interest expenses remained at last year's level.

Tax expenses include an extraordinary expense stemming from the reversal of deferred tax assets due to the Japanese subsidiary's loss carryforward. This resulted in a consolidated net loss after taxes of EUR –4.6 million, compared with a consolidated net profit of EUR 4.6 million in the previous year.

2.2.2 Financial position

The Group's cash and cash equivalents decreased in the reporting period from EUR 6.0 million to EUR 3.3 million. The loss in the reporting period was more than balanced out by the settlement of receivables, resulting in a significant cash inflow from operating activities. The cash outflow from investing activities was EUR 11.3 million. Together with a cash outflow from financing activities in the amount of EUR 1.8 million, this resulted in an overall decrease in cash and cash equivalents of EUR 2.7 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 net loss for the period was the main factor in the change in the equity ratio from 53.5% on 31 December 2014 to 51.5% as of 30 September 2015. The Group's own funds account for more than half of its financing, which puts it in a strong position.

LPKF SolarQuipment GmbH acquired assets worth a total of EUR 1.5 million from a company outside the Group. Intangible development costs of EUR 4.8 million were capitalized in the first nine months. The new administrative building at the Fürth location was dedicated in June, marking completion of the expansion of the facilities there.

Compared with the end of the prior year, current assets declined due especially to the reduction in trade receivables (– EUR 15.3 million). In contrast, claims for reimbursement of corporate income tax and VAT, among others, rose (+ EUR 1.1 million). Inventories changed little overall. Cash and cash equivalents decreased by EUR 1.6 million in the first nine months.

The reduction in trade receivables drove down net working capital significantly from EUR 50.1 million to EUR 36.5 million as of the reporting date. Compared with the previous year, the net working capital ratio now is 35.8%, down considerably from 41.9% nine months ago. In the first nine months of the year, LPKF thus almost reached the goal of keeping this figure below 35%.

There was only a marginal change in equity on account of the lower net retained profits for the year and the distribution of profits after the Annual General Meeting. LPKF AG has refinanced the majority of its short-term working capital financing into medium- to long-term loans from two banks. Non-current liabilities to banks therefore increased by EUR 10.0 million, while current liabilities to banks decreased by the same amount. LPKF also took out additional short-term loans in the amount of EUR 3.0 million. Trade payables decreased by EUR 3.0 million in the reporting period, as did current liabilities by EUR 1.5 million.

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 2015, capital spending on intangible assets and property, plant and equipment increased by EUR 0.3 million year-on-year to EUR 11.3 million. This expenditure was incurred in particular by the – now finished – expansion of the Fürth site, and the purchase of patents and other items of property, plant and equipment already mentioned. Intangible assets also include capitalized development costs in the amount of EUR 4.8 million.

In January, the Development Center in Garbsen suffered a fire that rendered a part of the building unusable. An estimate of the total costs of restoration is currently underway. These costs, together with the losses due to the interruption to business, should largely be covered by appropriate insurance policies. The building was restored in late September so that the affected departments were able to return there.

2.2.4 Segment performance

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

EUR thsd.		Electronics Production Equipment	Electronics Development Equipment	Other Production Equipment	Other	Total
External revenue	9 months 2015	23,114	16,954	20,731	762	61,561
	9 months 2014	37,202	17,619	24,100	445	79,366
Operating result (EBIT)	9 months 2015	–3,835	1,380	–1,609	–1,265	–5,329
	9 months 2014	6,951	2,430	–888	–894	7,599

The considerable decline in revenue for the Electronics Production Equipment segment resulted in a lower figure for EBIT. Revenue in the Other Production Equipment segment also fell considerably short of the previous year's figure, resulting in a year-on-year decrease in earnings.

The Electronics Development Equipment segment posted revenue that was almost on a par with the previous year. At EUR 1.4 million, EBIT came in below the prior-year figure, however.

2.3 EMPLOYEES

Finding and keeping 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. The sick leave percentage of 3.9% in the LPKF Group in the first nine months was again below the average for the metal working and electronics industry (2013: 4.6%). The employee turnover rate in the Group was 5.7%.

The following table shows the development in employee numbers in the first nine months of 2015:

Area	30 Sep. 2015	31 Dec. 2014
Production	182	191
Development	172	171
Administration	175	174
Sales	155	144
Services	107	115
	791	**795**

In addition, there were 11 workers in minor employment, 39 trainees, and 13 students and interns as of 30 September 2015.

Demographic change makes it important for LPKF to hire and retain qualified young staff early on. This is why the Company trains a constant stream of young people across a range of professions and enables university and high school students to gain valuable practical experience in internships and student-employee arrangements.

2.4 OVERALL APPRAISAL OF THE GROUP'S ECONOMIC SITUATION

Despite the weak revenue posted by the laser direct structuring product group, the Group's economic situation after the first nine months of 2015 can once again be considered robust. It is important to point out that the free cash flow is almost balanced.

III. Opportunities and risks

3.1 REPORT ON OPPORTUNITIES AND RISKS

In the combined management report for 2014, 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

The risks for the global economy have increased further and largely consist of a further slowdown of the Chinese economy, a global slump in investment and a new financial crisis.

Despite several positive signals, the solar sector as a whole is still a market in crisis. The Management Board anticipates a revenue and profit downturn in the solar segment for the current financial year. Major orders are anticipated once again in 2016 and subsequent years based on current projects.

In the legal dispute concerning the infringement of the patent for Laser Direct Structuring (LDS), the case is now pending before the Karlsruhe Higher Regional Court and will be heard on 27 April 2016 following the lodging of an appeal after Motorola and others were ordered in the first instance to refrain from selling cell phones in Germany that infringe the patent. On 9 July 2015 the Federal Patent Court in Germany confirmed the legal validity of the German patent to the greatest possible extent after handing down a decision on a parallel action for declaration of nullity filed by Motorola. A final decision is expected in 2016. The Federal Patent Court in Germany confirmed the legal validity of a European patent with effect for the German market to the greatest possible extent after Motorola had filed an action for declaration of nullity, to which the major Chinese Group BYD had become a party in support of Motorola. Meanwhile, both parties, Motorola and BYD have appealed the decision.

As reported in the previous quarter, in China BYD sued an LDS customer, among others, and filed suit for infringement of its own patents. Since BYD describes LPKF's LDS patent as the state of the art in its own patents, the Company's lawyers believe that this poses only a small risk to LPKF. However, there is a danger that LPKF's customers could be unsettled, and this could in turn negatively influence their investment choices.

Continuation of the currently subdued business performance would have an adverse effect on the LPKF Group's results of operations, financial position and net assets. There is also a possibility that a considerable slowdown of growth in China and a flare-up of the sovereign debt crisis could negatively impact the economy and thus the further development of LPKF.

In all other respects, however, there were no material changes in the risks and opportunities of the LPKF Group in the reporting period compared to 2014. The corresponding disclosures in the 2014 annual report therefore continue to apply. There were no going-concern risks as of 30 September 2015.

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 in spring. For the coming year, the IMF is forecasting the rate of global economic growth to rise to 3.6%, down from the 3.8% forecast in spring. Growth of 2.8% is anticipated for the USA, while the Chinese economy is expected to expand by only 6.3% in 2016. Overall, the growth risks for the global economy have increased.

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. Particularly in China, economic uncertainty is currently high. 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. The persistent weakness of the euro generally has a positive effect on the LPKF Group's business.

LPKF introduced innovative processes for entirely new applications, among them Through Glass Via (TGV) and Laser Transfer Printing (LTP). Both processes are based on the Company's core know-how and offer opportunities to enter totally new markets.

4.1.3 Significant indicators

At EUR 61.6 million, revenue after the first nine months of the current financial year remained below the previous year's figure of EUR 79.4 million. The EBIT margin of –8.7% was considerably lower than in the previous year (9.6%). The operating income (EBIT) fell to EUR –5.3 million.

The LPKF Group's incoming orders and orders on hand continue to underperform expectations, and visibility is still low for new LDS projects. The Management Board therefore revised its guidance downwards on 10 November and now expects consolidated revenue for the full 2015 financial year to amount to EUR 85 million – EUR 90 million (previous guidance: EUR 90 million – EUR 110 million). The Company currently needs revenue of just under EUR 100 million to break even. According to this, EBIT is expected to be negative in the single-digit million range.

Due to the expected year-end business, the net working capital ratio should be slightly above 35%, which corresponds to net working capital of more than EUR 32 million for the forecast period. This would represent a considerable year-on-year decrease. Regarding the error rate, LPKF expects a slight improvement.

For the 2016 financial year, the Management Board expects revenue to increase to EUR 100 million – EUR 120 million within a stable economic environment. The EBIT margin is expected to reach a positive single-digit figure. The Company expects to see growth in all segments. New products are anticipated to provide significant momentum. In the years to come, LPKF will once again aim for targets of average annual revenue growth of at least 10% and a double-digit EBIT margin.

LPKF Laser & Electronics AG

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

as of 30 September 2015

Assets

EUR thsd.	30 Sep. 2015	31 Dec. 2014
Non-current assets		
Intangible assets		
Goodwill	74	74
Development costs	10,907	6,643
Other intangible assets	2,218	1,830
	13,199	**8,547**
Property, plant and equipment		
Land, similar rights and buildings	39,817	37,026
Plant and machinery	4,588	3,841
Other equipment, operating and office equipment	6,290	6,168
Advances paid and construction in progress	0	1,945
	50,695	**48,980**
Receivables and other assets		
Trade receivables	149	68
Income tax receivables	0	91
Other assets	85	74
	234	**233**
Deferred taxes	**3,754**	**2,565**
	67,882	**60,325**
Current assets		
Inventories		
(System) parts	15,432	16,987
Work in progress	4,906	3,791
Finished products and goods	11,095	11,102
Advances paid	1,004	359
	32,437	**32,239**
Receivables and other assets		
Trade receivables	10,372	25,659
Income tax receivables	2,263	2,082
Other assets	3,591	1,896
	16,226	**29,637**
Cash and cash equivalents	**4,459**	**6,021**
	53,122	**67,897**
	121,004	**128,222**

Consolidated statement of financial position

as of 30 September 2015

Equity and liabilities

EUR thsd.	30 Sep. 2015	31 Dec. 2014
Equity		
Subscribed capital	22,270	22,270
Capital reserves	1,489	1,489
Other retained earnings	10,945	10,945
Reserve for cash flow hedges	–2	–17
Share-based payment reserve	490	490
Currency translation reserve	1,893	858
Net retained profits	25,292	32,527
	62,377	**68,562**
Non-current liabilities		
Provisions for pensions and similar obligations	274	276
Other provisions	52	83
Non-current liabilities to banks	25,352	16,099
Deferred income from grants	746	787
Deferred taxes	3,480	2,020
	29,904	**19,265**
Current liabilities		
Tax provisions	488	657
Other provisions	2,960	4,488
Current liabilities to banks	13,381	20,126
Trade payables	1,859	4,829
Other liabilities	10,035	10,295
	28,723	**40,395**
	121,004	**128,222**

Consolidated income statement

from 1 January to 30 September 2015

EUR thsd.	07–09/2015	07–09/2014	01–09/2015	01–09/2014
Revenue	19,178	33,721	61,561	79,366
Changes in inventories of finished goods and work in progress	–802	1,763	1,126	5,290
Other own work capitalized	1,718	1,487	4,939	3,760
Other operating income	1,242	1,135	4,739	3,118
Cost of materials	4,186	12,871	18,034	27,507
Staff costs	10,325	10,628	33,051	31,407
Depreciation and amortization	1,760	1,773	5,069	5,844
Other operating expenses	7,237	6,813	21,540	19,177
Operating result	**–2,172**	**6,021**	**–5,329**	**7,599**
Finance income	2	2	13	14
Finance costs	177	197	494	529
Earnings before tax	**–2,347**	**5,826**	**–5,810**	**7,084**
Income taxes	–673	2,052	–1,247	2,431
Consolidated net profit	**–1,674**	**3,774**	**–4,563**	**4,653**
Earnings per share				
Earnings per share (basic, EUR)	–0.08	0.17	–0.20	0.21
Earnings per share (diluted, EUR)	–0.08	0.17	–0.20	0.21
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

from 1 January to 30 September 2015

EUR thsd.	07–09/2015	07–09/2014	01–09/2015	01–09/2014
Consolidated net profit	**–1,674**	**3,774**	**–4,563**	**4,653**
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 the market valuation of available-for-sale financial assets	0	–6	0	0
Gains and losses on the market valuation of available-for-sale financial assets that were reclassified to the income statement	0	–5	0	–5
Fair value changes from cash flow hedges	6	25	22	42
Currency translation differences	–219	1,452	1,035	1,145
Deferred taxes	–2	–5	–7	–12
Sum total of changes which will be reclassified to the income statement in the future if certain conditions are met	**–215**	**1,461**	**1,050**	**1,170**
Other comprehensive income after taxes	**–215**	**1,461**	**1,050**	**1,170**
Total comprehensive income	**–1,889**	**5,235**	**–3,513**	**5,823**

Consolidated statement of changes in equity

as of 30 September 2015

EUR thsd.	Subscribed capital	Capital reserve	Other retained earnings	Cash flow hedge reserve
Balance on 01 Jan. 2015	22,270	1,489	10,945	–17
Consolidated total comprehensive income				
Consolidated net profit	0	0	0	0
Change from measurement of cash flow hedge	0	0	0	22
Revaluations (mainly actuarial gains and losses)	0	0	0	0
Deferred taxes on changes recognized directly in equity	0	0	0	–7
Currency translation differences	0	0	0	0
Consolidated total comprehensive income	**0**	**0**	**0**	**15**
Transactions with owners				
Distributions to owners	0	0	0	0
Balance on 30 September 2015	**22,270**	**1,489**	**10,945**	**–2**

EUR thsd.	Subscribed capital	Capital reserve	Other retained earnings	Cash flow hedge reserve
Balance on 01 Jan. 2014	22,270	1,489	11,115	–55
Consolidated total comprehensive income				
Consolidated net profit	0	0	0	0
Change from measurement of cash flow hedge	0	0	0	42
Change from market valuation of securities	0	0	0	0
Deferred taxes on changes recognized directly in equity	0	0	0	–13
Currency translation differences	0	0	0	0
Consolidated total comprehensive income	**0**	**0**	**0**	**29**
Distributions to owners	0	0	0	0
Balance on 30 September 2014	**22,270**	**1,489**	**11,115**	**–26**

Revaluation reserve	Share-based payment reserve	Currency translation reserve	Net retained profits	Total Equity
0	490	858	32,528	68,563
0	0	0	–4,563	–4,563
0	0	0	0	22
0	0	0	0	0
0	0	0	0	–7
0	0	1,035	0	1,035
0	**0**	**1,035**	**–4,563**	**–3,513**
0	0	0	–2,672	–2,672
0	**490**	**1,893**	**25,293**	**62,378**

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

Consolidated statement of cash flows

from 1 January to 30 September 2015

EUR thsd.	01–09/2015	01–09/2014
Operating activities		
Consolidated net profit	–4,563	4,653
Income taxes	–1,247	2,431
Interest expense	494	529
Interest income	–13	–14
Depreciation and amortization	5,069	5,844
Gains/losses from the disposal of non-current assets including reclassification to current assets	76	92
Changes in inventories, receivables and other assets	12,667	–11,761
Changes in provisions	–1,073	–3,878
Changes in liabilities and other equity and liabilities	–133	5,145
Other non-cash expenses and income	–126	–521
Interest received	13	9
Income taxes paid	–567	–3,039
Cash flows from operating activities	**10,597**	**–510**
Investing activities		
Investments in intangible assets	–6,568	–3,751
Investments in property, plant and equipment	–4,736	–7,219
Proceeds from disposal of non-current assets	4	20
Cash flows from investing activities	**–11,300**	**–10,950**
Cash flows from financing activities		
Dividend payment	–2,672	–5,567
Interest paid	–494	–529
Proceeds from borrowings	13,598	16,400
Cash repayments of borrowings	–12,247	–3,036
Cash flows from financing activities	**–1,815**	**7,268**
Change in cash and cash equivalents		
Change in cash and cash equivalents due to changes in foreign exchange rates	–201	382
Change in cash and cash equivalents	–2,518	–4,192
Cash and cash equivalents on 01 Jan.	**5,982**	**12,520**
Cash and cash equivalents on 30 Sep.	**3,263**	**8,710**
Composition of cash and cash equivalents		
Cash and cash equivalents	4,459	8,825
Overdrafts	– 1,196	– 115
Cash and cash equivalents on 30 Sep.	**3,263**	**8,710**

NOTES ON THE PREPARATION OF THE QUARTERLY FINANCIAL REPORT

This financial report for the period ended 30 September 2015 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 2015 reporting date.

This 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 name	Registered seat	Country	Equity interest
LaserMicronics GmbH	Garbsen	Germany	100.0 %
LPKF SolarQuipment GmbH	Suhl	Germany	100.0 %
LPKF WeldingQuipment 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.	Tokyo	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. 2015	31 Dec. 2014
Dr. Ingo Bretthauer	56,000	56,000
Bernd Lange	25,000	75,000
Kai Bentz	16,000	15,200
Dr.-Ing. Christian Bieniek	0	0

Supervisory Board	30 Sep. 2015	31 Dec. 2014
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, 10 November 2015

LPKF Laser & Electronics Aktiengesellschaft

The Management Board

Dr. Ingo Bretthauer   Bernd Lange   Kai Bentz   Dr.-Ing. Christian Bieniek

Financial calendar

23 March 2016	Publication of the 2015 annual report
12 May 2016	Publication of the three-month report
02 June 2016	Annual General Meeting
11 August 2016	Publication of the six-month report
14 November 2016	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.

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