Half-yearly Financial Report

1 January - 30 June 2017

Laser & Electronics

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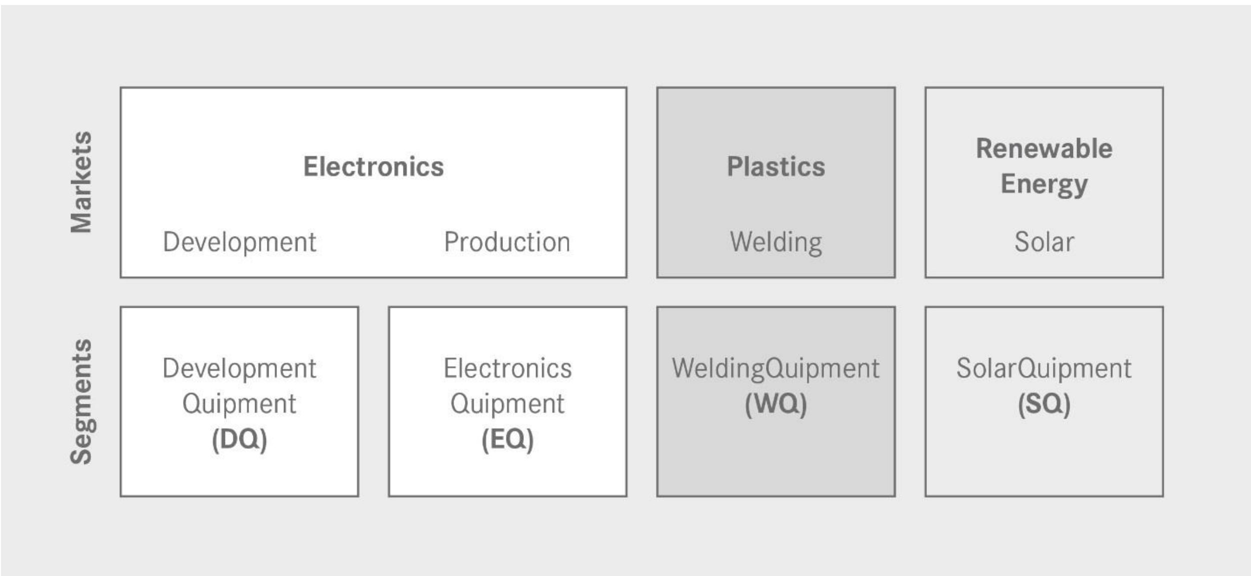
LPKF Laser & Electronics AG at a glance

Key Group figures after 6 months 2017

	6 months 2017	6 months 2016
Revenue (EUR million)	44.8	39.8
EBIT (EUR million)	-2.7	-3.7
EBIT margin (%)	-6.1	-9.4
EPS, diluted (EUR)	-0.11	-0.13
Incoming orders (EUR million)	62.8	59.2

	As of 30 June 2017	As of 30 June 2016
Free cash flow (EUR million)	3.8	-8.1
Net working capital (EUR million)	29.3	42.6
ROCE (%)	-3.0	-3.5
Cash and cash equivalents (EUR million)	0.4	-6.8
Equity ratio (%)	43.4	45.9
Orders on hand (EUR million)	45.7	32.6
Employees	692	768



Chairman's statement

Following an extremely strong first quarter of 2017, revenue in the second quarter was slightly weaker but incoming orders continued to rise. All in all, the Group generated revenue of EUR 44.8 million in the first half of the year, up 13% on the same period of the previous year.

Incoming orders increased by 6% to EUR 62.8 million, resulting in a book-to-bill ratio (incoming orders/revenue) of 1.4. Orders on hand rose by 40% to EUR 45.7 million.

As expected, the level of revenue in the second quarter was not yet sufficient to result in positive EBIT (earnings before interest and taxes) for the first half of the year. EBIT for the second quarter was negative at EUR 2.8 million. EBIT for the first half of the year as a whole therefore totaled EUR -2.7 million, corresponding to an EBIT margin of -6.1%. The net loss for the period was reduced significantly thanks to the revenue growth and the effects of cost savings.

All four segments recorded revenue growth in the first half of the year. Growth varied considerably from segment to segment. Although this was due in part to the differences in the starting positions in the previous year, we are pleased to have recorded broad-based growth. The most notable development is undoubtedly the fact that we recorded our strongest revenue growth of 80% in the difficult solar market. We are benefiting from the systematic refinement of our systems for the structuring of thin-film solar cells in close cooperation with a major customer in the past, which means we can now say that we are the global market leader in this area. The current level of orders on hand in the SolarQuipment (SQ) segment will extend well into 2018.

The WeldingQuipment (WQ) segment has also enjoyed an extremely strong first half of the year, with revenue growth of 17.5% and a substantial improvement in earnings. Incoming orders also developed positively with a book-to-bill ratio of > 1. The performance of WQ and the other two segments, DevelopmentQuipment (DQ) and ElectronicsQuipment (EQ), in the second half of the year will determine the extent to which we achieve our targets for the year as a whole.

In other words, we have six important months ahead of us. As so often, the fourth quarter will play a particularly important role in terms of our target attainment. We are confirming our existing forecast for the 2017 financial year. If the global economy remains stable, this means we expect to generate revenue of between EUR 92 million and EUR 100 million and an EBIT margin of between 1% and 5%.

Our revenue is set to continue to grow in the coming years. We intend to return to generating EBIT margins of at least 10% in the medium term.

Yours sincerely,

Dr. Ingo Bretthauer

Interim Management Report as of 30 June 2017

1 Basic information on the Group

The basic information on the LPKF Group in the combined management report for 2016 continues to apply unchanged.

2 Report on economic position

2.1 Course of business

2.1.1 Sector-specific environment

The business development of LPKF AG, a medium-sized company specializing in laser technology, is characterized by the overall economic situation, its high export share and other international factors, as well as the performance of various sectors. Key sectors such as the automotive, electronics – particularly consumer electronics – solar and plastics processing industries are of particular importance for the Group.

The following section discusses the performance of these sectors in the first half of 2017 and potential changes compared with the forecast issued by LPKF AG in its 2016 annual report.

At the halfway point of the year, the German Engineering Federation (VDMA) responded to the positive development of incoming orders by raising its full-year forecast for 2017 from the figure of 1% published at the end of the previous year to 3%. Incoming orders from euro zone countries in particular were better than expected in the first five months of 2017. Production in the German mechanical and plant engineering industry increased by 2.3% in the period from January to April 2017. According to the VDMA, political developments in the USA and the United Kingdom constitute risk factors. The prospects for the industry have improved compared with the forecast in LPKF's annual report.

Despite heightened political risks, the German Association of the Automotive Industry (VDA) reported largely positive development in the international markets of the industry in the first half of 2017. However, growth momentum slowed in the three major markets of the USA, China and Europe, which collectively comprise around 70% of the global market. Registrations increased by 4.6% in Europe and 2.7% in China. By contrast, sales in the USA declined by 2.2%. The VDA is continuing to anticipate growth in the global automotive market of around 2% in 2017, a similar figure to the forecast contained in LPKF's annual report.

According to the German Solar Industry Association, the business climate index in the German photovoltaic industry is at its highest level for seven years. One of the main reasons for this development is the steady fall in module and memory prices, which have halved in the past four years. GTM Research is forecasting global demand of more than 80 gigawatts for 2017. However, this would mean relatively modest year-on-year market growth of four percent. The development of the photovoltaic market is shaped to a large extent by prices and demand in the largest market, China. Alongside the most widespread silicon modules, thin layer modules have established themselves on the market in recent years.

In the consumer electronics industry, Gartner analysts expect deliveries of smartphones to increase substantially by 5% to almost 1.6 billion units in the current year . Following more muted expectations in recent years, the number of consumers expected to upgrade from older devices is now expected to rise. According to Gartner, deliveries of smartphones will continue to increase in

2018. This means the smartphone market will perform considerably better than anticipated by the market experts in spring 2017.

Having outperformed expectations with revenue growth of 4% in 2016 according to VDMA figures, the German plastics and rubber machinery manufacturing industry is expected to record further growth of 2% in Germany and 3% globally in the current year. The biggest export market for German plastics and rubber machinery is the USA, followed by China and Mexico.

2.1.2 Effects on the LPKF Group

Macroeconomic conditions have outperformed expectations in the year to date and enjoyed further consolidation towards the middle of 2017. This development is also reflected in the industries. As a result, conditions for LPKF improved in the first half of 2017. LPKF AG will continue to monitor the development of exchange rates with regard to their influence on the Company's foreign business. In recent weeks, the euro has strengthened against the US dollar in particular. This means exchange rate developments are providing less in the way of tailwind than previously.

2.2 Net assets, financial position and results of operations of the Group

2.2.1 Results of operations

LPKF generated revenue of EUR 44.8 million in the first half of 2017, up 13% on the same period of the previous year (EUR 39.8 million). The SQ segment made a significant contribution to this development, increasing its revenue by 80% compared with the weak figure recorded in the first half of 2016. The WQ segment repeated the positive revenue performance of the first quarter of 2017 and is now up 18% year-on-year after the first six months. The EQ and DQ segments each recorded year-on-year revenue growth of just 1%. With revenue of EUR 20.3 million, the second quarter was one of the weaker quarters in LPKF's history.

Incoming orders increased by 6% year-on-year to total EUR 63 million in the first half of the year. This is attributable in part to a major project in the SQ segment, which accounted for EUR 21 million of incoming orders. The EQ segment enjoyed the best year-on-year performance in terms of incoming orders, which increased by 17% thanks to a large-scale project. The other segments saw only minor changes compared with the previous year. The current book-to-bill ratio (incoming orders/revenue) is 1.4.

The level of revenue in the second quarter was not yet sufficient to result in positive earnings for the first half of the year. EBIT for the second quarter was negative at EUR 2.8 million. EBIT for the first half of the year as a whole therefore totaled EUR -2.7 million, corresponding to an EBIT margin of -6.1%. Although the net loss declined significantly year-on-year thanks to the revenue growth and savings in terms of staff and non-labor operating costs, the increase in the cost of materials had a negative effect.

Own work capitalized in the reporting period includes development costs of EUR 1.6 million (previous year: EUR 2.7 million). Other operating income declined by EUR 0.2 million due in particular to the insurance payments of EUR 0.3 million in the previous year.

The material cost ratio increased from 31% in the previous year to 33%. This was primarily due to sales price concessions in connection with a large-scale project in the EQ segment. This meant that the cost of materials increased as a proportion of revenue. The cost of materials includes write-downs of inventories in the amount of EUR 0.4 million (previous year: EUR 0.3 million).

The Group's workforce decreased by 76 as against the previous year and now amounts to 692 employees. Staff costs declined by 7% year-on-year to EUR 21.6 million in the first half of 2017, largely as a result of this workforce reduction. Staff costs in the first six months were generally also impacted by the recognition of provisions for vacation and overtime in the amount of EUR 0.7

million, which will be utilized over the course of the year. Restructuring expenses also amounted to EUR 0.2 million (previous year: EUR 0.9 million).

Depreciation and amortization was unchanged year-on-year at EUR 3.6 million in the period under review. Amortization of capitalized development costs accounted for EUR 1.3 million of this figure.

Other operating expenses increased from EUR 11.0 million in the previous year to EUR 11.7 million. This was due to the higher level of sales commission in connection with the revenue development (EUR +0.4 million) as well as higher exchange rate losses (EUR +0.3 million). Third-party work (EUR +0.3 million) and legal and consulting expenses (EUR +0.2 million) were also higher than in the previous year. By contrast, there was a downturn in repairs (EUR -0.3 million) and development costs (EUR -0.2 million) in particular.

The high level of net debt and higher interest rates meant that interest expenses were up on the previous year.

The net loss was subject to tax relief, meaning that the Group recorded a consolidated net loss of EUR 2.4 million, an improvement of EUR 0.6 million compared with the first half of 2016 (EUR 3.0 million).

2.2.2 Financial position

The Group’s cash and cash equivalents decreased from EUR 3.6 million to EUR 0.4 million in the period under review. The consolidated net loss was more than offset by depreciation and amortization as well as advances received, resulting in a positive cash flow from operating activities of EUR 5.9 million. The lower level of investing activity meant that a positive free cash flow was generated. However, scheduled repayments and the redemption of short-term loans resulted in a negative cash flow from financing activities of EUR 6.9 million. Taking currency-related changes into account, this ultimately led to a total reduction in cash and cash equivalents of EUR 3.2 million.

The Group’s financial position remains stable. Future financial requirements can be covered by sufficient available credit facilities and liquidity at subsidiaries.

2.2.3 Net assets

Analysis of net assets and capital structure

The results in the period under review and the increase in short-term cash funds are serving to change the ratio of debt to equity. Equity is outweighed by debt finance, with the equity ratio declining from 47% in 2016 to 43%.

Non-current assets decreased by a total of EUR 0.7 million in the first six months. Deferred tax assets increased by EUR 1.2 million, while property, plant and equipment declined by EUR 1.9 million.

Current assets rose by a total of EUR 1.2 million compared with the end of the previous year. Inventories increased by EUR 1.4 million, largely as a result of systems that are currently in production. Trade receivables fell by EUR 3.3 million, while other assets increased by EUR 1.6 million as a result of VAT receivables and prepaid expenses. Cash and cash equivalents rose by EUR 1.3 million.

Net working capital declined significantly from EUR 35.2 million at the end of 2016 to EUR 29.3 million as of June 30, 2017. The decrease in receivables and current assets and the increase in trade payables and payments received on account of orders significantly outweighed the slight increase in inventories. At 31%, net working capital has therefore returned to within the target corridor of up to 35%.

Equity decreased as a result of the net loss for the first half of the year and currency-related consolidation effects. Non-current liabilities declined by EUR 0.9 million, largely due to scheduled repayments of long-term loans. By contrast, current liabilities rose by EUR 4.7 million, primarily as a result of the increase in advances received and other current liabilities.

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

Capital expenditures

The Group engaged in only limited capital expenditure in the first six months of 2017. Other than additions to capitalized development costs in the amount of EUR 1.6 million, the only additions related to EUR 0.7 million in property, plant and equipment and EUR 0.1 million in other intangible assets.

2.2.4 Segment performance

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

	External revenue		Operating result (EBIT)	
EUR thsd.	**6 months 2017**	**6 months 2016**	**6 months 2017**	**6 months 2016**
EQ	15,792	15,603	-1,141	133
DQ	10,388	10,274	950	342
WQ	12,154	10,348	53	-807
SQ	6,477	3,604	-386	-1,817
Other	0	0	-2,216	-1,594
Total	44,811	39,829	-2,740	-3,743

The operating income (EBIT) of the segments contains the operating activities of the business units and the attributable intragroup allocations. EBIT in the Other segment contains non-operating components, in particular Group management functions and exchange rate changes. The change compared with the previous year is due to lower insurance payments in the current year (EUR 0.4 million) and exchange rate losses of EUR 0.3 million.

2.3 Employees

The following table shows the development in employee numbers in the first six months of 2017:

Area	**As of 30 June 2017**	**As of 31 Dec. 2016**
Production	164	164
Development	158	159
Administration	150	153
Sales	129	136
Service	91	88
Total	692	700

The total number of employees as of June 30, 2017 was 674 full-time equivalents (FTEs). The figures at the reporting date include 4 FTEs with whom severance agreements coming into force after the reporting date had been agreed as of June 30, 2017.

There were also 9 workers in marginal employment, 27 trainees and 10 students and interns as of June 30, 2017.

2.4 Overall assessment of the Group's economic situation

The Group's economic situation has improved as a result of the restructuring measures implemented in 2016 and rising revenue. Incoming orders have improved compared with the first half of 2016, while orders on hand are also significantly higher despite the year-on-year revenue growth. The earnings situation in the reporting period remained unsatisfactory. However, it must be noted that project business in the SQ segment mainly has an impact on revenue and earnings in the second half of the year.

With a positive free cash flow, the Group's cash and cash equivalents are slightly higher than forecast. However, project business in the second half of the year will require a higher level of cash, meaning that this figure will be lower at the end of the third quarter and at year-end. Based on current expectations of business development, the second half of the year is expected to see significantly improved revenue and earnings compared with the previous year.

The measures initiated to increase earnings, cut costs and optimize working capital are expected to continue having an impact in 2017, resulting in a net profit and a positive free cash flow.

3 Report on post-balance sheet date events

No significant events with a material effect on the net assets, financial position and results of operations of LPKF have occurred since the reporting date on June 30, 2017.

4 Opportunities and risks

In the combined management report and Group management report for 2016, the opportunities and risks of the LPKF Group are presented and explained in detail in separate reports. These explanations continue to apply unchanged. We are maintaining our focus on Group financing in particular.

5 Report on expected developments

5.1 Management's assessment of the Group's expected development

5.1.1 Economic environment

A number of economic forecasts were raised in the first half of 2017. In April 2017, the International Monetary Forecast (IMF) announced that its forecast for the global economy for the current year had increased slightly by 0.1% to 3.5%. This positive outlook was confirmed in July 2017, with the IMF raising its forecast for Europe in particular. The Kiel Institute for the World Economy (IfW) also sees the global economy on an upward path as of mid-2017. Like the IMF, it has raised its forecasts slightly by 0.1% to 3.6% for the current year and 3.7% for 2018.

According to the IfW, momentum in the advanced economies has shifted from private consumption to investment, with experts forecasting GDP growth of 2.2% in 2017 and 2.1% in 2018. The IfW expects the USA to see growth of 2.2% in the current year and 2.5% next year on the back of rising investment. The IMF has recently lowered its forecast for the USA slightly in light of the "uncertain" development of government spending and tax revenue.

The IfW has raised its forecast for the euro zone slightly to 2.0% for 2017 and 1.9% for 2018. KfW Research has also slightly increased its forecast for Europe to almost the same level as the IfW. This would mean stronger growth in the European economy than in the previous years. The IfW has also raised its forecast for Germany slightly compared with the end of 2016. GDP is now expected to rise by 1.7% in the current year and 2.0% next year. The Ifo Institute for Economic Research has recently also adjusted its forecasts to this level. In other words, Germany will continue its economic upturn for the seventh year in succession, although growth rates will be lower than in Europe as a whole.

The emerging economies are expected to see stronger production growth. However, economic expansion in China is expected to slow to 6.5% in the current year and 6.0% in 2018.

Current economic forecasts expressly refer to the increase in global economic policy risks and the effect this could have on forecasts. These risks include protectionist tendencies in the USA and other countries, the United Kingdom’s withdrawal from the EU, the development of the oil price and divergent key interest rate trends in the USA and Europe.

5.1.2 Group performance

The fact that the economic research institutes have raised their forecasts suggests an increasingly stable upward trend in the world economy in 2017 and 2018, albeit one that is characterized by economic policy uncertainties. As a result, the economic conditions for the business performance of the international LPKF Group have improved on the whole. However, there is a risk of export restrictions due to protectionism.

With its eight existing product lines, LPKF AG has a high degree of diversification that limits its dependence on individual market segments.

LPKF expects the DQ and EQ segments to see only moderate growth in the current financial year.

The Group is anticipating above-average growth in the WQ segment in the medium term. Development in the solar segment will be positive in 2017, but the strong reliance on individual projects in this area means it is difficult to make forecasts for the period after 2018 in particular.

LPKF expects the new technologies of laser induced deep etching (LIDE) and laser transfer printing (LTP) to provide stimulus for growth over the coming years. LIDE is particularly suitable for precision drilling in extremely thin glass (Through Glass Vias/TGV). LTP offers a new alternative to widespread screen printing and will be used for the digital printing of pastes. LPKF has received an initial order in each of these areas.

5.1.3 Key financial indicators

At EUR 44.8 million, revenue for the first six months of the current financial year was up significantly on the prior-year figure of EUR 39.8 million. EBIT also improved to EUR -2.7 million. All in all, the LPKF Group exceeded expectations slightly in the first six months in terms of its key financial indicators (revenue, incoming orders, orders on hand, liquidity), meaning that the prospects for achieving its full-year forecasts have improved further.

If the global economy remains stable, the Management Board is continuing to forecast revenue of between EUR 92 million and EUR 100 million and an EBIT margin of between 1% and 5% for the 2017 financial year. The Group will focus on providing a foundation for positive business performance in the area of R&D, while efficiency improvements, liquidity management and cost control will continue to play a key role across the entire Group.

LPKF is aiming to generate a positive free cash flow and net working capital within the target corridor of up to 35% as of the end of 2017. The error rate is expected to increase slightly.

The Company is aiming to continue increasing its revenue in the coming years. The Management Board intends to return to generating EBIT margins of at least 10% in the medium term.

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, 14 August 2017

LPKF Laser & Electronics Aktiengesellschaft

The Management Board

Bretthauer	Lange	Bentz	Bieniek

Consolidated financial statements

Consolidated statement of financial position as of 30 June 2017

Assets

EUR thsd.	30 June 2017	31 Dec. 2016
Non-current assets		
Intangible assets		
Goodwill	74	74
Development costs	13,522	13,266
Other intangible assets	1,701	1,928
	15,297	**15,268**
Property, plant and equipment		
Land, similar rights and buildings	37,862	38,611
Plant and machinery	4,094	4,801
Other equipment, operating and office equipment	4,430	4,929
Advances paid and construction in progress	95	0
	46,481	**48,341**
Receivables and other assets		
Trade receivables	77	214
Other assets	83	69
	160	**283**
Deferred taxes	**3,727**	**2,514**
	65,665	**66,406**
Current assets		
Inventories		
(System) parts	12,098	12,512
Work in progress	4,705	3,179
Finished products and goods	9,255	9,162
Advances paid	268	108
	26,326	**24,961**
Receivables and other assets		
Trade receivables	16,499	19,781
Income tax receivables	701	434
Other assets	3,348	1,770
	20,548	**21,985**
Cash and cash equivalents	**4,867**	**3,584**
	51,741	**50,530**
	117,406	**116,936**

Consolidated statement of financial position as of 30 June 2017

EUR thsd.	30 June 2017	31 Dec. 2016
Equity		
Subscribed capital	22,270	22,270
Capital reserves	1,489	1,489
Other retained earnings	10,933	10,933
Share-based payment reserve	490	490
Currency translation reserve	633	1,595
Net retained profits	15,171	17,553
	50,986	**54,330**
Non-current liabilities		
Provisions for pensions and similar obligations	284	290
Other provisions	0	24
Non-current liabilities to banks	21,339	22,630
Deferred income from grants	651	679
Deferred taxes	975	512
	23,249	**24,135**
Current liabilities		
Tax provisions	30	178
Other provisions	3,250	3,164
Current liabilities to banks	20,221	20,852
Trade payables	3,765	3,071
Other liabilities	15,905	11,206
	43,171	**38,471**
	117,406	**116,936**

Consolidated income statement from 1 January to 30 June 2017

EUR thsd.	04-06 / 2017	04-06 / 2016	01-06 / 2017	01-06 / 2016
Revenue	20,271	24,991	44,811	39,829
Changes in inventories of finished goods and work in progress	190	275	1,543	3,399
Other own work capitalized	636	1,082	1,568	2,745
Other operating income	772	713	1,411	1,579
Cost of materials	6,257	7,219	15,168	13,483
Staff costs	11,085	11,687	21,632	23,145
Depreciation and amortization	1,749	1,916	3,610	3,668
Other operating expenses	5,661	5,510	11,663	10,999
Operating result	**-2,883**	**729**	**-2,740**	**-3,743**
Finance income	1	1	1	2
Finance costs	241	179	429	320
Earnings before tax	**-3,123**	**551**	**-3,168**	**-4,061**
Income taxes	-775	188	-786	-1,062
Consolidated net profit/loss	**-2,348**	**363**	**-2,382**	**-2,999**
Earnings per share (basic, EUR)	-0.11	0.02	-0.11	-0.13
Earnings per share (diluted, EUR)	-0.11	0.02	-0.11	-0.13
Weighted average number of shares outstanding (basic, EUR)	22,269,588	22,269,588	22,269,588	22,269,588
Weighted average number of shares outstanding (diluted, EUR)	22,269,588	22,269,588	22,269,588	22,269,588

Consolidated statement of comprehensive income from 1 January to 30 June 2017

	04-06 / 2017	04-06 / 2016	01-06 / 2017	01-06 / 2016
Consolidated net profit/loss	**-2,348**	**363**	**-2,382**	**-2,999**
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**
Fair value changes from cash flow hedges	0	0	0	0
Currency translation differences	-1,249	199	-962	-742
Deferred taxes	0	0	0	0
Sum total of changes which will be reclassified to the income statement in the future if certain conditions are met	**-1,249**	**199**	**-962**	**-742**
Other comprehensive income after taxes	**-1,249**	**199**	**-962**	**-742**
Total comprehensive income	**-3,597**	**562**	**-3,344**	**-3,741**

Consolidated statement of changes in equity as of 30 June 2017

EUR thsd.	Subscribed capital	Capital reserve	Other retained earnings	Share-based payment reserve	Currency translation reserve	Net retained profits	Total Equity
Balance on 01 Jan. 2017	**22,270**	**1,489**	**10,933**	**490**	**1,595**	**17,553**	**54,330**
Consolidated total comprehensive income							
Consolidated net profit/loss	0	0	0	0	0	-2,382	-2,382
Currency translation differences	0	0	0	0	-962	0	-962
Consolidated total comprehensive income	**0**	**0**	**0**	**0**	**-962**	**-2,382**	**-3,344**
Balance on 30 June 2017	**22,270**	**1,489**	**10,933**	**490**	**633**	**15,171**	**50,986**
Balance on 01 Jan. 2016	**22,270**	**1,489**	**10,933**	**490**	**1,945**	**26,375**	**63,502**
Consolidated total comprehensive income							
Consolidated net profit/loss	0	0	0	0	0	-2,999	-2,999
Currency translation differences	0	0	0	0	-742	0	-742
Consolidated total comprehensive income	0	0	0	0	-742	-2,999	-3,741
Balance on 30 June 2016	**22,270**	**1,489**	**10,933**	**490**	**1,203**	**23,376**	**59,761**

Consolidated statement of cash flows as of 1 January to 30 June 2017

EUR thsd.	01-06 / 2017	01-06 / 2016
Operating activities		
Consolidated net profit/loss	-2,382	-2,999
Income taxes	-786	-1,062
Interest expense	429	320
Interest income	-1	-2
Depreciation and amortization	3,610	3,668
Gains/losses from the disposal of non-current assets including reclassification to current assets	130	57
Changes in inventories, receivables and other assets	-831	-10,137
Changes in provisions	55	425
Changes in liabilities and other equity and liabilities	4,868	6,293
Other non-cash expenses and income	240	377
Interest received	1	2
Income taxes paid	595	-739
Cash flows from operating activities	**5,928**	**-3,797**
Investing activities		
Investments in intangible assets	-1,647	-3,055
Investments in property, plant and equipment	-749	-1,213
Proceeds from disposal of non-current assets	278	1
Cash flows from investing activities	**-2,118**	**-4,267**
Cash flows from financing activities		
Interest paid	-429	-320
Proceeds from borrowings	0	4,000
Cash repayments of borrowings	-6,432	-1,489
Cash flows from financing activities	**-6,861**	**2,191**
Change in cash and cash equivalents		
Change in cash and cash equivalents due to changes in foreign exchange rates	-175	36
Change in cash and cash equivalents	-3,051	-5,873
Cash and cash equivalents on 01 Jan.	3,581	-917
Cash and cash equivalents on 30 June	**355**	**-6,754**
Composition of cash and cash equivalents		
Cash and cash equivalents	4,867	2,999
Overdrafts	-4,512	-9,753
Cash and cash equivalents on 30 June	**355**	**-6,754**

Notes on the preparation of the quarterly financial report

This financial report as of 30 June 2017, complies in full with the rules set out in IAS 34. The interpretations of the International Financial Interpretations Committee (IFRIC) are observed. All figures from the previous periods were calculated in accordance with the same principles. The same accounting and valuation methods, and calculation methods, have been used in the interim financial statements as in the last annual financial statements. Estimates of amounts reported in prior interim periods of the current financial year, the last annual financial statements or in previous financial years have not been changed in this financial report. There have been no changes to the contingent liabilities and contingent assets since the last balance sheet date. This financial report has not been audited. Likewise, it has not been subject to a review. Information relating to events of particular importance after the balance sheet date are included in the supplementary report of the interim management report.

Basis of consolidation

The scope of consolidation shown on page 96 of the Annual Report for 2016 remains unchanged.

Transactions with related parties

There are no reportable business relations with persons affiliated to the LPKF Group.

Shares held by members of the Company's corporate bodies

Management	**31 March 2017**	**31 Dec 2016**
Dr. Ingo Bretthauer	60,000	60,000
Bernd Lange	35,000	35,000
Kai Bentz	17,600	17,600
Dr.-Ing. Christian Bieniek	1,500	1,500
Supervisory Board		
Dr. Heino Büsching	10,000	10,000
Bernd Hackmann	125,600	125,600
Prof. Dr.-Ing. Erich Barke	2,000	2,000
Dr. Dirk Rothweiler	0	0

Financial calendar

14 November 2017	Publication of the nine-month report
26 March 2018	Publication of the Annual Report 2017
15 May 2018	Publication of the three-months report
31 May 2018	Annual General Meeting 2018
15 August 2018	Publication of the six-months report
15 November 2018	Publication of the nine-months 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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