

LINOS: order intake back to normal in the second quarter

Göttingen, July 26, 2005. Order intake at LINOS AG (ISIN DE0005256507) returned to normal in the second quarter of 2005 at EUR 23.8 million, following EUR 15.8 million in the first quarter. Due to the announcement by Agfa Photo that it has initiated insolvency proceedings, the photonics company has, however, had to cancel orders with a volume of EUR 2.5 million that Agfa placed in 2004. LINOS is therefore reporting order intake of EUR 21.3 million in the second quarter. This means that order intake amounted to EUR 36.9 million in the first half of the year. It needs to be taken into consideration when comparing this figure with the previous year (1st half of 2004: EUR 49.8 million) that order intake in the first half of 2004 was exceptionally high. Although the total orders on hand on June 30, 2005 (EUR 59.3 million) were lower than in the previous year (EUR 69.9 million), they were higher than in the previous quarter (EUR 57.1 million).

In the first half of the year, LINOS generated revenue of EUR 40.3 million (1st half of 2004: EUR 44.0 million). Revenue in the second quarter amounted to EUR 19.1 million (same quarter the previous year: EUR 23.2 million). The reduction in revenue is attributable mainly to the weakness of the semiconductor market. The operating result (EBIT) at the end of the first half of the year was EUR 3.8 million (first half of 2004: EUR 4.3 million). Write-offs of stocks and accounts receivable of EUR 1.5 million relating to the Agfa business have been taken into account here. If this amount had not been written off, the EBIT would have been EUR 5.3 million on June 30, 2005.

It is still impossible to foresee definitely what impact the Agfa Photo insolvency will have on the LINOS Group. The Executive Board has therefore applied the worst-case scenario in the current quarterly financial statements. The part and finished goods stocks, the stocks in production for the customer and the accounts receivable have been written off completely. LINOS does not have any new orders from Agfa Photo at the present time.

In view of this situation, the Executive Board is working on the assumption that revenue in the 2005 fiscal year will be at the bottom end of the forecast made to date of EUR 81 to 85 million. It expects to be able to compensate for some of the shortfall in earnings of EUR 2.6 million due to the Agfa insolvency and

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Ad-hoc release acc. to § 15 WpHG

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forecasts EBIT of between EUR 7.5 and 9 million for the year as a whole (up to now: between EUR 8.5 and 10 million).

Professor Dr Gerd Litfin, CEO, and Volker Brockmeyer, CFO, of LINOS AG are available for telephone interviews. Tel.: +49 551/69 35-126.

The complete report about the first half of 2005 is being published on August 11, 2005.

A profile of LINOS AG

LINOS AG is a manufacturer of sophisticated optical systems that operates all over the world. In line with the corporate principle "Photonics for Innovation", LINOS is a development partner and supplier for customers in such growth markets as lasers, optical metrology, medicine, biotechnology and semiconductors. The company was established in a management buy-out in 1996, has acquired and integrated various photonics companies – most recently Rodenstock Präzisionsoptik in Munich – since then and is listed in the Prime Standard index at Frankfurt Stock Exchange. LINOS AG focusses on the three strategic business divisions Information Technology & Communications, Health Care & Life Sciences and Industrial Manufacturing. Almost 800 highly qualified staff are employed in the Group, which has three production locations in Germany as well as a plant in Poland. LINOS has sales companies of its own in the USA, Great Britain and France, which are important export countries. <http://www.linos.de>

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