

LINOS anticipates EBIT for the year of between EUR 8.5 and 10.0 million

Operating result and earnings before tax considerably higher in the first quarter of 2005. Annual Shareholders' Meeting re-elects Supervisory Board members and passes all resolutions almost unanimously.

Göttingen, May 11, 2005. Following the most successful fiscal year in the company's history, LINOS AG (ISIN DE0005256507) improved earnings again substantially over the same quarter the previous year in the first quarter of 2005. The operating result (EBIT) was more than EUR 1.4 million higher at EUR 2.6 million. Earnings before tax (EBT) increased by EUR 1.6 million to EUR 2.0 million. The shareholders' equity ratio went up from 21.8 per cent in the same quarter the previous year to 31.5 per cent. "Following the record year in 2004, LINOS is continuing to generate profits at a consistently high level", said Chief Executive Officer Professor Dr Gerd Litfin at the sixth Annual Shareholders' Meeting in Göttingen.

Shareholders pass resolutions proposed by the Executive and Supervisory Boards

About 125 shareholders and guests attended the meeting (62.6 per cent of the voting capital). They approved the conduct of the business by the Executive Board and the Supervisory Board almost unanimously and re-elected the members of the Supervisory Board for a further four years. The Annual Shareholders' Meeting chose Deloitte & Touche to be auditor of the individual and consolidated financial statements again for the 2005 fiscal year. The shareholders also approved changes that are necessary in order to adapt the articles of association to the planned German legislation about corporate integrity and modernisation of the current appeal law in the interests of greater legal security.

Earnings in the first quarter considerably better than in the previous year

The business continued to develop positively at the beginning of the current fiscal year. In the first three months, LINOS increased both revenue and total performance by EUR 0.3 million over the same quarter the previous year to

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EUR 21.2 million and EUR 21.8 million respectively. Cash flow from operating activities improved by EUR 3.6 million over the same period in 2004 to EUR 4.3 million in the first three months. The consolidated net income rose from EUR 0.1 million in the first quarter of 2004 to EUR 1.3 million. Earnings per share therefore increased from 1 cent to 26 cents.

Although order intake was lower than expected in the first quarter at EUR 15.6 million (same quarter the previous year: EUR 31.7 million), it needs to be taken into consideration in the comparison with the previous year that LINOS had an unusually high order intake in the first quarter of 2004. The reduction in the total orders on hand of EUR 57.1 million (same quarter the previous year: EUR 74.6 million) reflects not only the lower order intake but also the fact that about EUR 12 million of the deliveries in connection with the large order from the Turkish partner have already been invoiced (percentage of completion method, IAS 11.3). The Executive Board expects that order intake will be returning to normal in the next quarter, because negotiations are currently being held about appropriate orders.

Prospects for the current fiscal year

LINOS AG forecasts a revenue volume of EUR 81 to 85 million in the 2005 fiscal year. The drop in demand on the semiconductor market has been taken into account in this forecast. Earnings in the first quarter show that solidly positive results will be achieved with the present corporate structure on the basis of revenues of this size. LINOS anticipates EBIT of between EUR 8.5 and 10.0 million for the year as a whole.

The report about the first quarter of 2005 that is being published today and the speech by the Executive Board at the Annual Shareholders' Meeting can be downloaded from the Internet: www.linos.de.

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

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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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