Interim Report JENOPTIK AG
First quarter 2006 – January to March 2006.

At a glance – Continuing business divisions.

Figures in TEUR	Jan.–March 2006	Jan. – March 2005	Change in %
Sales	109,027	90,393	20.6
Laser & Optics	45,058	34,992	28.8
Sensors	35,519	31,319	13.4
Mechatronics	27,081	22,351	21.2
Other*	1,369	1,731	–20.9
EBITDA	15,939	11,587	37.6
Laser & Optics	7,140	6,116	16.7
Sensors	5,710	4,706	21.3
Mechatronics	1,325	– 96	++
Other*	1,764	861	104.9
EBIT	8,907	5,350	66.5
Laser & Optics	3,515	3,187	10.3
Sensors	4,679	3,833	22.1
Mechatronics	468	– 983	++
Other*	245	– 687	++
EBIT margin (EBIT as % of sales)	8.2	5.9	
Laser & Optics	7.8	9.1	
Sensors	13.2	12.2	
Mechatronics	1.7	– 4.4	
Other*	17.9	– 39.7	
Earnings before tax	4,347	2,935	48.1
Earnings after tax	5,264	4,220	24.7
Order intake	117,372	140,748	– 16.6
Laser & Optics	55,106	34,712	58.8
Sensors	36,134	37,890	– 4.6
Mechatronics	24,725	66,498	– 62.8
Other*	1,407	1,648	– 14.6

	March 31, 2006	Dec. 31, 2005	March 31, 2005
Order backlog	444,711	438,727	468,050
Laser & Optics	66,307	56,289	75,990
Sensors	72,109	73,517	78,475
Mechatronics	306,295	308,921	313,585
Other*	0	0	0
Employees (incl. trainees)	2,825	2,835	2,637
Laser & Optics	1,164	1,147	975
Sensors	781	784	747
Mechatronics	817	834	849
Other*	63	70	66

* Other includes holding, real estate, consolidation.

Figures of the discontinued business divisions see page 14.

At a glance – Jenoptik Group.

Figures in TEUR	**Jan.–March 2006**	Jan. – March 2005	Change
Sales	599,671	409,062	46.6
EBITDA	24,729*	21,104	17.2
EBIT	17,676	10,758	64.3
Earnings before tax	12,488	5,063	146.7
Earnings after tax	9,313	2,443	281.2
Order intake	587,462	755,619	– 22.5
Order backlog as of March 31	2,505,611	2,274,700	10.2
Employees as of March 31 (incl. trainees)	10,378	9,203**	12.0

* EBITDA adjusted for IFRS 5 depreciation: TEUR 34,206.
**Change in the number of employees of 9,264 as published in the 1st quarter 2005 since definition has changed.

The first quarter in brief.

- The continuing business divisions reported sales of 109.0m euros, a rise of 20.6 percent in comparison with the previous year's level.

- The result from operating activities (EBIT) of the continuing business divisions, at 8.9 million euros, is 66.5 percent up on the 1st quarter 2005. Earnings after tax reached 5.3 million euros.

- The very good order situation in the Laser & Optics division is continuing.

- After just one year the strategic reorganization of the group is almost complete. The closing of the sales contract for M+W Zander will take place with high probability in the current 2nd quarter 2006.

- Bundesgerichtshof ruled in favor of Jenoptik AG and thus decided in the last instance in the appeals proceedings regarding a case in which a DEWB shareholder had claimed compensation.

- Organic growth in 2006 is expected to be 10 percent. Jenoptik anticipates positive earnings after tax for the year in the low double figure million euro range.

I. Business, Strategy and Framework Conditions.

The sale of M+W Zander is almost complete. The closing of the sales contract is expected to take place during the course of the 2nd quarter 2006 after which Jenoptik will comprise the Photonics business division which has strong growth prospects. This operating business will now be pursued in the Laser & Optics, Sensors and Mechatronics divisions which will be consistently oriented towards the new Jenoptik Group's technological areas of expertise.

Key questions and answers on the new Jenoptik.

What position will the new Jenoptik hold in the market? The new Jenoptik Group is one of the leading European providers in the area of optical technologies. Jenoptik is the only manufacturer to combine its expertise in all aspects of light as a tool along the Photonics chain – from light generation (lasers) to shaping (optics) through to measurement (sensors). The profile is rounded off by mechatronic technologies. The technological know-how of the upstream and downstream stage represents a competitive advantage

Which companies will the new Jenoptik compare itself against? As a result of the technology spectrum involving all aspects of using and exploiting light as a tool there is no one company that offers an overall comparison with the goup as a whole but more likely with the group's areas of technology. In the laser area these are divisions of manufacturers such as Rofin Sinar or Coherent. In the sensors area Jenoptik operates in areas of technology in each of which there are just a few companies worldwide providing similar offerings on the market. In the traffic safety technology area these are several smaller companies which are active in individual local markets, in industrial measurement technology Marposs from Italy amongst others.

In which products and technologies is Jenoptik amongst the worldwide leading providers? In terms of service life and quality of high-performance diode lasers, in the area of plastic optics and optical systems as well as in high-performance and micro-optics Jenoptik is one of the market leaders, as well as in special systems and facilities in the Sensors divisions amongst others in the area of traffic safety technology and optical industrial measurement technology.

Jenoptik aims to grow by ten percent per year but the market for optical technologies is growing at an even stronger rate – why is that? Jenoptik is also targeting with solutions and systems more mature markets that are not growing at such a fast rate – for example the automotive industry, defense and safety technology as well as the aerospace industry. This is the result of the cross-sectional role played by optical technologies. In addition, the market figures for optical technologies also include the fast growing flat panel industry, an area in which Jenoptik is not active.

Growth is to be achieved organically and through acquisitions. What are Jenoptik's areas of focus in this respect? A major issue is the expansion of the technology portfolio which will be achieved primarily through intensive research and development but also through the acquisition of companies that possess complementary technologies. We will also continue our process of 'internationalizing' our business, with the US and Asian markets continuing to offer the main potential. The aim is to achieve this both through entering the market on our own as well as through cooperation arrangements and the acquisition of companies that have well established distribution channels.

What are the key areas of research at Jenoptik? . Expenditure on R+D, including research on a customer-order basis, exceeds 10 percent of sales. The main topics which Jenoptik will pursue over the long term are the development of a beam source for the manufacture of the next generation of chips and new active principles in laser technology as well as the development and manufacture of efficient micro-optics. In the biophotonics area over the last year and a half Jenoptik has developed a bioreader, the market launch of which is imminent. It enables numerous hazardous materials to be simultaneously identified within 30 to 60 minutes. The analysis is carried out on site, e.g. at airports, is fully automated and needs no laboratory diagnostic infrastructure.

Acquisitions and research – how are these to be financed? Acquisitions in the single figure million euro range are to be financed from current cash flows. Comprehensive resolutions passed at the 2005 Annual General Meeting provide the basis for larger acquisitions.

Development of the economy as a whole and of the individual sectors.

Current statements on the economy as a whole essentially reaffirm the forecast given in the Outlook contained in the 2005 Annual Report.

The global economy is growing at a rate of more than 4 percent for the fourth year in succession according to details from the International Monetary Fund (IMF). However, the growth is more balanced than in previous years as contributions to worldwide growth are coming not only from the USA but also to an increased extent from Japan and Europe. The economies in India, Russia and China are developing at a particularly dynamic rate. Risks for the development of the global economy, in addition to rising oil prices, include the continuing high US foreign trade deficit as well as the risk of a bird flu pandemic.

The German economy continued to grow in the first quarter 2006. Morgan Stanley forecasts a 0.6 percent increase in German economic output. The positive impetuses are being increasingly aided by contributions to growth from the domestic economy, in particular through corporate investment activity and consumer spending.

The economy in the Euro zone is continuing to pick up. According to figures from the EU Commission, growth in the Euro region was 0.4 percent in the first quarter 2006. However, according to details in the current monthly report from the European Central Bank, high levels of public spending are holding back growth in the EU states.

The US economy, according to estimates by the US Department of Trade, grew at more than double the rate in the first quarter 2006 compared with the final quarter 2005. Consequently, the slowdown feared by experts failed to materialize. The healthy state of the US employment market is having a positive effect on domestic consumption.

The Asian economy continues to show strong growth rates. According to details from the IMF the economic upturn in Japan is becoming increasingly broader and deeper. The Chinese economy is growing at rates of more than 10 percent according to the Chinese government. Strong exports remain one of the key growth factors here.

The semiconductor industry is booming. Figures from the sector association SIA show that worldwide sales in the first quarter 2006 rose by 7.3 percent over the same period in the previous year, to 59.1 billion US dollars.

The aviation industry is one of the growth sectors in Germany. Details from the Bundesverband der Deutschen Luft- und Raumfahrtindustrie (BDLI) [German Aviation Industry Association] reveal that in the year 2005 the sector posted a 16.2 percent rise in sales to 18.6 billion euros according to figures for the sector now available.

The automotive industry is a carthorse of the economy. According to details from the Verband der Automobilindustrie (VDA) [Automotive Industry Association] the first quarter 2006 showed stable development in domestic sales and production. Exports actually posted strong growth rates.

The medical technology sector is maintaining its strong growth. According to information from Spectaris, the industry association for optical, medical and mechatronic technologies, sales by German medical technology manufacturers in 2005, at 14.8 billion euros, were approx. 9 percent above the figure for the previous year. Growth is being driven exclusively by exports which are showing a positive trend.

II. Earnings, Financial and Asset Position.

Group earnings position and key indicators.

The Jenoptik Group has had a very good first quarter. The operating business benefited in particular from the good development in economic activity. In percentage terms sales and earnings of the continuing business divisions in the 1st quarter 2006 showed a double figure rise compared with the levels for the previous year. The continuing business divisions encompass the Photonics business division, the holding company and real estate.

First quarter sales of the continuing business divisions increased to 109.0m euros (prev. year 90.4m euros). The 20.6 percent rise over the previous year's figure is attributable to all three new divisions (Laser & Optics, Sensors and Mechatronics). Exports accounted for 59.3 percent of total sales (prev. year 55.4 percent). The largest export region in this respect is Europe, followed by North America and Asia.

Sales in TEUR

	1.1. – 31.3.2006	1.1. – 31.3.2005
Continuing business divisions	109,027	90,393
Laser & Optics	45,058	34,992
Sensors	35,519	31,319
Mechatronics	27,081	22,351
Other	1,369	1,731

The result from operating activities by the continuing business divisions was increased by 66.5 percent to 8.9m euros (prev. year 5.4m euros). The rise in earnings also came from all of the group's three divisions. In addition, it was helped by a positive EBIT from the other areas (Jenoptik holding, real estate, consolidation) resulting from a one-off rental credit.

EBIT in TEUR

	1.1. – 31.3.2006	1.1. – 31.3.2005
Continuing business divisions	8,907	5,350
Laser & Optics	3,515	3,187
Sensors	4,679	3,833
Mechatronics	468	– 983
Other	245	– 687

Earnings per share* in TEUR

	1.1. – 31.3.2006	1.1. – 31.3.2005
Net profit	4,758	1,618
Weighted average number of outstanding shares	52,028,475	52,028,512
Earnings per share in euros	0.09	0.03
Dilution effect*	451	789
Weighted average number of outstanding shares (diluted)	56,911,894	56,911,931
Earnings per share (diluted) in euros	0.09	0.03

*Earnings per share represent the net profit divided by the weighted average number of shares outstanding. In calculating the diluted earnings per share the dilution effects are accounted for in determining the weighted average number of shares outstanding. The weighted average number of outstanding shares is adjusted for the effect of the options granted in the convertible bond assuming all options are exercised. The diluted earnings per share were reduced to the lower undiluted earnings per share.

** After taking deferred taxes into account.

The financial result of the continuing business divisions in the 1st quarter was minus 4.6m euros (prev. year minus 2.4m euros). This was primarily attributable to the interest result which came in at minus 4.1m euros (prev. year minus 3.5m euros). The result in the 1st quarter 2005 was affected by the positive result of DEWB.

The earnings after tax posted by the continuing business divisions in the 1st quarter 2006 increased by 24.7 percent to 5.3m euros (prev. year 4.2m euros).

The order intake of the continuing business divisions, at 117.4m euros, was below the high level for the previous year (prev. year 140.8m euros). The reason for this is a very long-term major order in excess of 50m euros which influenced the order intake of the Mechatronics division in the same period in the previous year.

The order backlog was 444.7m euros as of March 31, 2006 (prev. year 468.1m euros). By contrast, compared with December 31, 2005 (438.7m euros) the order intake rose as a result of the very good order situation.

With 2,825 employees as of March 31, there were ten fewer personnel employed in the continuing business divisions than as at the end of 2005 (as of December 31, 2005: 2,835 employees). 157, or 5.6 percent of the employees in the continuing business divisions, work outside Germany. The number of employees increased by 188 compared with the same quarter in the previous year (as of March 31, 2005: 2,637). Whilst the number of employees in the Laser & Optics division rose to 1,164 (as of December 31, 2005: 1,147), the number of employees in the other two divisions reduced slightly compared with December 31, 2005. This was primarily attributable to the expiry of temporary contracts of employment and transfers to part-time working for age-related reasons.

Employees (incl. trainees)

	31. 3. 2006	31.12.2005	31. 3. 2005
Continuing business divisions	2,825	2,835	2,637
Laser & Optics	1,164	1,147	975
Sensors	781	784	747
Mechatronics	817	834	849
Other	63	70	66

Research and development expenses increased by 15.4 percent to 6.0m euros (prev. year 5.2m euros). The rise was the result both of new research and development projects as well as the development expenses of those companies which had been acquired after March 31, 2005 and have now been consolidated. The R+D quota, the share of expenditure on research as a proportion of sales, was therefore 5.4 percent, although this figure does not include customer order-based developments, this figure being included in the costs of sales.

R+D expenses in TEUR

	1.1. – 31.3.2006	1.1. – 31.3.2005
Continuing business divisions	5,977	5,240
Laser & Optics	3,316	2,932
Sensors	2,945	2,602
Mechatronics	335	216
Other	– 619	– 510

Key indicators of the Jenoptik divisions.

The Laser & Optics division has got off to a better start to the new fiscal year than expected. The operational business of the Jenoptik Group involving lasers as well as glass and plastic optics achieved double figure growth rates in all key indicators. Sales by the Laser & Optics division rose from 35.0m euros in the 1st quarter 2005 to 45.1m euros in the latest quarter. This growth is also clearly reflected in the division's result from operating activities which increased by 10.3 percent to 3.5m euros.

In the 1st quarter the Laser & Optics division recorded a boom in order intake which was up by 58.8 percent. Total new orders reached 55.1m euros (prev. year 34.7m euros). This demonstrated in particular the healthy state of the semiconductor industry for which Jenoptik manufactures high-performance optics. These optics place the wafer steppers during the individual exposure steps in the chip manufacture in the image field to the precise nanometer. Sales, earnings and order intake for high-performance and micro-optics rose at a correspondingly strong rate. This division will be strengthened by the US American company MEMS Optical Systems Inc. with registered offices in Huntsville, Alabama in which Jenoptik acquired 100 percent of the shares. The order backlog at 66.3m euros was down by 12.8 percent compared with the same quarter in the previous year (prev. year 76.0m euros). Compared with December 31, 2005, the order backlog, however, increased by 10m euros and thus by 12 percent.

The Sensors division grew sales by 13.4 percent to 35.5m euros (prev. year 31.3m euros). The result, at 4.7m euros, was a 22.1 percent improvement (prev. year 3.8m euros). The increase in sales and earnings primarily came from the areas of industrial measurement technology as well as sensor systems for the aerospace industry. The division's order intake and order backlog in the 1st quarter was at virtually the same level as the previous year. The order intake reached 36.1m euros (prev. year 37.9m euros); the order backlog 72.1m euros (prev. year 78.5m euros).

The growth in sales by the Mechatronics division is primarily attributable to the components for the aviation industry. Sales by the sector, at 27.1m euros, were 21.2 percent up on the same period in 2005 (prev. year 22.4m euros). The Mechatronics operating result, which normally shows a sharp rise at the year end, was 0.5m euros (prev. year minus 1.0m euros). The order intake, at 24.7 million euros, was down on the figure for the previous year (prev. year 66.5m euros) as a result of the above-mentioned major order in excess of 50m euros in the same period of the previous year. However, this very long-term order is still almost completely included in the order backlog which, at 306.3m euros, remained at almost the same level as in the previous year (prev. year 313.6m euros).

Group financial and asset position.

The net debt as one of the key indicators for the financial position improved considerably in the 1st quarter 2006. Since the Jenoptik Group is still in a transitional situation as of March 31, 2006 (M+W Zander still being included in the reporting in accordance with IFRS 5 with the payment of the purchase price not yet having been made), key financing indicators are only of limited relevance. This applies both to the financing structure as well as to the debt indicators. Net debt was 337.6m euros (as of December 31, 2005: 375.5m euros), including the discontinued business divisions 297.7m euros (as of December 31, 2005: 338.4m euros). The net debt will show a marked reduction on payment of the purchase price by Springwater Capital.

Net debt

in TEUR

	31.3.2006	31.3.2005
Securities	2,278	1,950
Cash and cash equivalents	9,928	8,846
Non-current financial liabilities	– 299,605	– 324,697
Current financial liabilities	– 50,217	– 61,606
	–337,616	–375,507

Investments in intangible assets and tangible assets by the continuing business divisions totaled 8.9m euros. In this context, the investments are almost equally divided between intangible assets at 4.5m euros and tangible assets at 4.4m euros. In addition to the capitalization of R+D expenditure which clearly exceeded the depreciation on capitalized R+D expenditure, intangible assets were increased by the goodwill for a company that was included in the consolidation for the first time. Technical plant and machinery as well as construction in progress accounted for the largest share of investments in tangible assets. Total investments were offset by depreciation in the sum of 7.0m euros in the continuing business divisions. Key projects currently include two new production facilities for plastic optics and optoelectronic systems in Triptis (Thuringia) and for base material for high-performance diode lasers in Berlin-Adlershof. Both production plants are currently being fitted out and will be opened in May this year.

Financial assets (including shareholdings in associated companies) reduced by around 10m euros to 79.4m euros (December 31, 2005: 89.7m euros). The main reason for this was the gradual shrinkage of the shareholding in DEWB AG during the course of the 1st quarter 2006 as well as the sale of a securities fund. This was offset by the acquisition of MEMS Optical Systems Inc. as well as unique-m.o.d.e. AG during the course of the 1st quarter.

The statement of cash flows includes the discontinued business divisions in full. Since under IFRS 5 no further depreciation may be taken into account for this business division and the buyer will be entitled to the result of the discontinued business division from the financial aspect as of January 1, 2006, a value reduction in the sum of 9.5m euros was taken into account for that.

The cash flow from operating activities rose by 31.8m euros to 25.4m euros (prev. year minus 6.4m euros). The continuing business divisions accounted for 10.9m euros of this, with 14.5m euros resulting from the discontinued business division. The reasons for the improvement in the cash flow were a marked increase in earnings before tax which improved by 7.4m euros to 12.5m euros despite the above-mentioned value reduction, plus lower outflows resulting from the change in other assets and liabilities. In the previous year the cash flow was burdened by high sales tax payments, amongst other things.

The cash flow from investing activities also increased by 8.0 million euros to 4.0m euros (prev. year minus 4.0m euros). This is divided up into plus 6.2m euros for the continuing business divisions and minus 2.2m euros for the discontinued business divisions. The first was influenced by receipts from the sale of financial assets in the sum of 11.3m euros (prev. year 0.4m euros) and from sales of consolidated companies in the sum of 10.8m euros (prev. year 0m euro). These include in particular the liquidation of a securities special fund at around 10m euros, part sales of DEWB shares and receipts from long-term loans. New development projects, which led to the acquisition of patents and protected rights and an increase in the capitalization of development expenses, are reflected in the payments for investments in intangible assets which rose to 4.8m euros.

As a result of a reduction in the take-up of loans and an increase in repayments, the cash flow from financing activities, at minus 9.3m euros, was 20.1m euros lower than in the previous year (prev. year plus 10.8m euros). The continuing business divisions accounted for minus 16.0m euros of this figure. Here, the above-mentioned receipts from the sale of assets and the positive cash flow from operating activities of the continuing business divisions were used in order to repay bank liabilities. The cash flow from the financing activities of the discontinued business divisions totaled plus 6.7m euros and was characterized by the take-up of new bank loans. However, these were also offset against a marked increase in bank balances which essentially led to the increase of 20.1m euros in cash and cash equivalents, to a total of 142.1m euros. Cash and cash equivalents of 9.9m euros and therefore 1.1m euros more, are available to the continuing business divisions.

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In the Jenoptik balance sheet, as done previously as of December 31, 2005, the assets and liabilities of M+W Zander were again re-categorized as "held for sale" as of March 31, 2006 in accordance with IFRS 5. The reason for this is the M+W Zander sales process which has not yet been completed. Total assets as at June 30 this year will only show a marked reduction when deconsolidation is carried out after the closing of the sales contract. As of March 31, 2006 total assets increased to 1,602.5m euros (as of December 31, 2005: 1,508.3m euros) attributable exclusively to the discontinued business divisions.

Non-current assets reduced slightly by 3.9m euros to 451.0m euros (as of December 31, 2005: 454.9m euros). The main reason for this is the fall in shareholdings in associated companies as a result of the reduction in the DEWB shareholding as well as lower financial assets resulting from the sale of a securities fund.

Current assets increased slightly to 281.1m euros (as of December 31, 2005: 279.6m euros) primarily as a result of the rise in inventories, a consequence of the sharp increase in the sales volume. This compensated for the fall in receivables and other assets to 114.0m euros (as of December 31, 2005: 125.5m euros).

At 332.8 million euros the shareholders' equity of the Jenoptik Group rose sharply in comparison with the end of 2005 (as of December 31, 2005: 314.3m euros). In addition to the 1st quarter profit this is mainly attributable to the increased minority interests.

As announced, Jenoptik intends to dispose of real estate assets which are not used for its own purposes. In an interim step towards this end JENOPTIK AG acquired the majority stake in a real estate fund during the course of the 1st quarter 2006 with the aim of terminating the underlying finance lease. Since it did not acquire 100 percent of the fund there was an increase in the minority interests included in the shareholders' equity.

The closing of the sales contract for M+W Zander will result in a reduction in the minority interests. The shareholders' equity quota remained at 20.8 percent as a result of the increase in total assets.

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Non-current liabilities reduced by 27.0m euros to 342.2m euros (as of December 31, 2005: 369.2m euros). The reason for this is, among other things, the above-mentioned acquisition of the real estate fund. As a result of taking this initial step towards the disposal, there was a reduction in the liabilities from finance lease and consequently a reduction in the non-current financial liabilities.

Current liabilities fell by 4.8m euros. They totaled 188.1m euros (as of December 31, 2005: 192.9m euros) and essentially comprise the liabilities from the operational business activity in the sum of 62.3m euros (as of December 31, 2005: 58.0m euros) plus current financial liabilities. The latter reduced to 50.2m euros (as of December 31, 2005: 61.6m euros) as the proceeds from the securities fund were used to repay current liabilities.

III. Report on Post-Balance Sheet Events.

The Bundesgerichtshof (BGH) ruled in favor of JENOPTIK AG and thus decided in the last instance in the appeals proceedings regarding a case in which a DEWB shareholder had claimed payment of a compensation (see page 11).

There were no other events of special importance occurring after the end of the period covered by the report. However, we expect the closing of the sales contract for M+W Zander, together with the transfer of the shares and payment of the purchase price, to take place a few days after publication of the quarterly report on the first three business months of 2006.

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IV. Risk and Opportunities Report plus Future Development of the Group.

Opportunities and risks.

Opportunities and risks of future development are described in detail on pages 34 to 42 in the 2005 Annual Report of JENOPTIK AG which was published on April 11, 2006. The M+W Zander project with delays mentioned on a number of occasions which the purchaser of M+W Zander had not taken over, has since been terminated. Following a concluding agreement with the customer the Jenoptik Group will not incur any further risks from this project in the future.

The risk potential resulting from possible copying in the DEWB legal proceedings has been eliminated with the verdict of the Bundesgerichtshof on May 8, 2006. No further risks are expected to arise from the proceedings now terminated. The II. Zivilsenat (II. Senate) of the Bundesgerichtshof (Federal Supreme Court) ruled in favor of JENOPTIK AG in the appeals proceedings regarding a case in which a DEWB shareholder had claimed that Jenoptik had to take over more than 11,000 shares against the payment of a compensation of 26.51 euros per share and had obtained a favorable verdict from the Oberlandesgericht Jena. This means, that as a result of the verdict of the BGH DEWB shareholders who had offered their shares to JENOPTIK AG have to prove that they acquired the shares before the termination of the control agreement between JENOPTIK AG and DEWB AG. As at the date of the termination of the control agreement, approximately 70,000 shares were owned by outside shareholders. To date, compensation has been paid in respect of 13,921 share for which DEWB shareholders who provided the required proof.

Over and above the risks mentioned no significant changes have occurred in those risks described in detail in the Annual Report.

Outlook for the economy as a whole and the individual Jenoptik sectors.

The upturn in the global economy will also continue over the coming years. The IMF anticipates global economic growth of 4.9 percent for the year 2006; 4.7 percent for the year 2007. This is based on increased investment and a favorable trend in interest rates on the international financial markets.

The German economy is posting high growth rates. In their Spring reports six leading economic institutes forecast growth of 1.8 percent for 2006. This would represent a level of growth not seen since the boom year of 2000. However, German economic development in 2007 will be muted in comparison with the robust growth in the global economy. The IMF forecasts just 1.0 percent economic growth for 2007 and has consequently adjusted its forecast downwards by half a percentage point. The reason for this is apparently the increase in value added tax planned for 2007.

The economy in the Euro zone will continue to gain momentum. The IMF expects growth of 2.0 percent in the current year and 1.9 percent in 2007. However, because domestic demand remains weak growth it is sensitive to external shocks for example as a result of higher oil prices.

The US economy will probably show further robust growth over the coming months, albeit not at the same fast rate as at the start of the year. According to forecasts by the IMF although the high price of fuel might put a slight brake on US consumer spending, overall economic growth for 2006 however is expected to be 3.4 percent.

Growth in the Asian national economies is expected to accelerate faster in 2006 than had previously been anticipated. The IMF has adjusted its growth forecasts for Japan up from 2 to 2.8 percent. For Asia excluding Japan the IMF forecasts growth of 8 percent. The key growth drivers of the Asiatic economy in 2006 remain China at 9.5 percent and India at 7.6 percent.

Sales in the semiconductor sector continue to rise. Despite a number of indications of higher warehouse inventories, according to forecasts from the SIA worldwide sales by the semiconductor industry in 2006 will increase further by almost 8 percent. Personal computers and mobile phones remain the largest growth drivers in this sector.

In the aviation industry, following the record year in 2005, the BDLI anticipates a further increase in sales and employee numbers. Over the coming years the association forecasts an annual average growth rate of 5 percent. The growth will be driven by the increasing worldwide demand for new, larger aircraft.

Outlook for the current fiscal year.

Sales of the Jenoptik Group in 2006 – not taking into account the discontinued business divisions which are still being included until the sale has been completed - are expected to come in at between 420 and 450 million euros. The rise in sales in 2006 should therefore be between 6 and 11 percent. Following the successful start in the fiscal year it is possible that organic growth in 2006 will reach approx. 10 percent, putting it at the upper end of the above-mentioned range. This rise in sales could even be higher as a result of acquisitions. The group will endeavor to grow sales by 10 percent per year up to 2007. All three of the group's divisions are expected to contribute towards the growth in sales.

The Laser & Optics division expects to generate sales of between 160 and 170 million euros (2005: 147.6m euros) in 2006. The main growth drivers include high-performance diode lasers, laser display technology as well as the high-performance and binary optics business of JENOPTIK Laser, Optik, Systeme GmbH.

The Sensors division plans to generate sales of between 140 and 150 million euros in 2006 (2005: 136.1 million euros). The main areas seeking to achieve strong sales growth here are the areas of traffic safety technology and sensor system for the aerospace and safety industry.

Forecast sales of the Mechatronics division in 2006 are between 120 and 130 million euros (2005: 117.2 million euros), with the increase coming primarily from the series components business for the Airbus A380.

Jenoptik is aiming to achieve the same earnings quality as it has done in the previous years in the Photonics business division. The result from operating activities is therefore anticipated to be between 9 and

10 percent of sales. Consequently, the Photonics operating result for 2006 should total between 38 and 44 million euros before holding costs and here again lie at the upper end of the forecast range following the very good start.

Up to the closing of the contract for the sale of the Clean Systems business division which is expected to take place in the 2nd quarter of 2006, M+W Zander will be included in the group figures for the current fiscal year 2006. The buyer will be entitled to the M+W Zander result with retrospective effect from January 1, 2006. The Jenoptik Executive Board currently anticipates that the risk of further effects on the results for the Jenoptik Group arising from the sale would be minimal.

The order intake of the Mechatronics division in 2005 was characterized by a long-term major order for the 2nd tranche of the radome for the Eurofighter in the sum of more than 50m euros. Since Jenoptik does not expect any comparable major order for the year 2006 the order intake for the Mechatronics division will be markedly below the level for 2005. The Laser & Optics division anticipates an increase in its order intake. However, the increase will be unable to compensate for the shortfall in the Mechatronics division. Therefore, we expect a slight fall in the order intake for the year 2006 as a whole. Since the effect on sales of the above-mentioned major order of ESW-Extel Systems Wedel will however extend through to the year 2010, the anticipated reduction in the order intake in 2006 is no indicator of the anticipated sales in 2007. In fact, the proportion of the 2006 order intake that will affect sales in 2007 should increase and lead to further sales growth. In this context we expect, in particular, the continued process of internationalization, new technologies and products, as well as greater system integration, to have a positive impact.

Development of the Jenoptik share.

The Jenoptik share was unable to keep pace with the upward trend in the German stock market over the 1st quarter 2006. As such, the Dax ended the first three months of 2006 showing a rise of 9.5 percent, with the TecDax up by 21.0 percent. The Jenoptik security virtually stagnated. It began the year on January 2 at 7.60 euros. The Xetra closing price of 7.53 euros on March 31, 2006 represented a slight fall of 0.92 percent seen over the quarter as a whole. The Jenoptik share posted its high of 7.69 euros on January 3, 2006. The low for the 1st quarter 2006 was in mid March at 6.90 euros (Xetra closing price). Following the verdict of the BGH in favor of Jenoptik, the price of the Jenoptik share rose closing at 7.72 euros on May 8, 2006.

Consolidated statement of income.

in TEUR	Continuing business divisions	Discontinued business divisions	Group 1.1.-31.3.06	Continuing business divisions	Discontinued business divisions	Group 1.1.-31.3.05
Sales*	109,027	490,644	599,671	90,393	318,669	409,062
Cost of sales	75,736	454,497	530,233	63,329	296,543	359,872
Gross profit	33,291	36,147	69,438	27,064	22,126	49,190
Research and development expenses	5,977	555	6,532	5,240	1,544	6,784
Selling expenses	11,078	5,745	16,823	8,915	5,240	14,155
General administrative expenses	9,068	12,211	21,279	7,950	13,746	21,696
Other operating income	5,419	4,096	9,515	3,436	11,313	14,749
Other operating expenses	3,680	3,486	7,166	3,045	7,501	10,546
Depreciation in accord. with IFRS 5		9,477	9,477	0	0	0
Result from operating activities	8,907	8,769	17,676	5,350	5,408	10,758
Result from investments in associated companies	904	692	1,596	1,915	– 555	1,360
Result from other investments	– 1,405	42	– 1,363	– 841	27	– 814
Interest income	2,740	1,845	4,585	1,753	1,844	3,597
Interest expenses	6,799	3,207	10,006	5,242	4,596	9,838
Financial result	– 4,560	– 628	– 5,188	– 2,415	– 3,280	– 5,695
Earnings before tax	4,347	8,141	12,488	2,935	2,128	5,063
Income taxes	448	2,877	3,325	266	2,658	2,924
Deferred taxes	– 1,365	1,215	– 150	– 1,551	1,247	– 304
Earnings after tax	5,264	4,049	9,313	4,220	– 1,777	2,443
Minority interests' share of profit/loss	506	4,049	4.555	397	428	825
Net profit	4,758	0	4.758	3.823	– 2,982	1,618
Earning per share in euros	0.09	0.00	0.09	0.07	– 0.06	0.03
Earnings per share (diluted)* in euros	0.09	0.00	0.09	0.07	– 0.06	0.03

* after consolidation.
** Including depreciation on consolidated companies.

Consolidated balance sheet.

ASSETS

in TEUR	March 31, 2006	Dec. 31, 2005	Change
A. Non-current assets	450,995	454,881	– 3,886
Intangible assets	80,786	76,675	4,111
Tangible assets	163,801	164,713	– 912
Investments properties	57,578	58,004	– 426
Shares in associated companies	12,923	16,680	– 3,757
Financial assets	66,466	72,988	– 6,522
Other non-current assets	13,437	8,786	4,651
Deferred tax assets	56,004	57,035	– 1,031
B. Current assets	281,129	279,557	1,572
Inventories	154,913	143,244	11,669
Current accounts receivable and other assets	114,010	125,517	– 11,507
Securities	2,278	1,950	328
Cash and cash equivalents	9,928	8,846	1,082
C. Non-current assets held for sale	870,391	773,817	96,574
Total assets	1,602,515	1,508,255	94,260

SHAREHOLDERS' EQUITY AND LIABILITIES

in TEUR	March 31, 2006	Dec. 31, 2005	Change
A. Shareholders' equity	332,829	314,327	18,502
Subscribed capital	135,290	135,290	0
Capital reserves	186,726	186,727	– 1
Other reserves	– 46,256	– 50,572	4,316
Own shares	– 47	– 48	1
Minority interests	57,116	42,930	14,186
B. Non-current liabilities	342,245	369,198	– 26,953
Pension provisions	6,948	6,921	27
Other non-current provisions	15,715	15,284	431
Non-current financial liabilities	299,605	324,697	– 25,092
Other non-current liabilities	19,057	19.151	– 94
Deferred tax liabilities	920	3,145	– 2,225
C. Current liabilities	188,141	192,913	– 4,772
Tax provisions	764	1,652	– 888
Other current provisions	27,734	25,982	1,752
Current financial liabilities	50,217	61,606	– 11,389
Other current liabilities	109,426	103,673	5,753
D. Non-current liabilities held for sale	739,300	631,817	107,483
Total shareholders' equity and liabilities	1,602,515	1,508,255	94,260

Consolidated statement of movements in

in TEUR	Subscribed capital	Capital reserve
Balance as at 1. 1. 2006	135,290	186,727
Valuation of financial instruments		
Currency differences		
Changes in value recorded in shareholders' equity		
Earnings after tax		
Sum of earnings after tax and changes in value not effecting income		
Change in consolidated companies		
Other changes		– 1
Balance as at 31. 3. 2006	135,290	186,726
Balance as at 1. 1. 2005	135,290	186,727
Valuation of financial instruments		
Currency differences		
Changes in value recorded in shareholders' equity		
Earnings after tax		
Sum of earnings after tax and changes in value not effecting income		
Other changes		4
Balance as at 31. 3. 2005	135,290	186,731

shareholders' equity.

	Reserves					
Cumulated profit	Fair value measurement	Hedging	Cumulative currency differences	Own shares	Minority Interests	Total
– 45,587	– 3,623	3,195	– 4,557	– 48	42,930	314,327
	2,504	501				3,005
– 1,800			– 1,647		– 530	– 3,977
– 1,800	2,504	501	– 1,647	0	– 530	– 972
4,758					4,555	9,313
2,958	2,504	501	– 1,647	0	4,025	8,341
					10,180	10,180
				1	– 19	– 19
– 42,629	– 1,119	3.696	– 6,204	– 47	57,116	332,829
31,440	– 12,141	6,505	– 11,775	– 48	33,009	369,007
	8,299	– 1,291				7,008
– 1,276		3,376			481	2,581
– 1,276	8,299	2,085	0	0	481	9,589
1,618					825	2,443
342	8,299	2,085	0	0	1,306	12,032
– 776				– 4	3	– 773
31,006	– 3,842	8,590	– 11,775	– 52	34,318	380,266

Consolidated statement of cash flows.

in TEUR	1.1. to 31.3. 2006	1.1. to 31.3. 2005
Earnings before tax	12,488	5,063
Interest	5,421	6,241
Depreciation / write-up	7,827	10,962
Impairment	9,477	45
Loss (2005 profit) on disposal of fixed assets	122	– 1,181
Other non-cash expenses / income	– 1,518	– 1,369
Operating profit / loss before working capital changes	33,817	19,761
Increase /Decrease in provisions	– 3,723	– 4,433
Increase /Decrease in working capital	7,003	14,722
Increase /Decrease in other assets and liabilities	– 4,958	– 34,890
Net cash from / used in operating activities before income tax	32,139	– 4,840
Income taxes paid	– 6,737	– 1,589
Net cash from / used in operating income	25,402	– 6,429
Receipts from disposal of intangible assets	2	963
Payments for investments in intangible assets	– 4,829	– 1,927
Receipts from disposal of tangible assets	506	548
Payments for investments in tangible assets	– 6,776	– 5,148
Receipts from disposal of financial assets	11,313	360
Payments for investments in financial assets	– 4,693	–2,584
Receipts for the sale of consolidated companies	10,793	0
Payments for acquisition of consolidated companies	– 7,144	0
Interest received	4,780	3,737
Net cash from / used in investing activities	3,952	– 4,051
Dividend payments to shareholders	0	0
Receipts from issue of bonds and loans	21,069	36,336
Repayments of bonds and loans	– 17,735	– 2,842
Repayments for finance leases	– 1,566	– 423
Change in group financing	– 6,409	– 17,391
Interest paid	– 4,623	– 4,869
Net cash from / used in financing activities	– 9,264	10,811
Change in cash and cash equivalents	20,090	331
Foreign currency translation changes in cash and cash equivalents	– 1,421	2,118
Cash and cash equivalents at the beginning of the period	123,465	145,046
Cash and cash equivalents at the end of the period	142,134	147,495

Key figures by business division and other areas.

(previous year's figures in brackets)

in TEUR	Laser & Optics	Sensors	Mechatronics	Other	Total continuing business div.
Sales	45,058 (34,992)	35,519 (31,319)	27,081 (22,351)	1,369 (1,731)	109,027 (90,393)
of which Germany	14,553 (10,868)	10,747 (12,319)	17,730 (15,587)	1,369 (1,533)	44,399 (40,307)
European Union	14,798 (13,908)	10,223 (8,640)	8,236 (6,112)	0 (198)	33,257 (28,858)
Other European	4,628 (4,154)	787 (2,160)	52 (134)	0 (0)	5,467 (6,448)
NAFTA	6,680 (3,820)	6,416 (4,436)	378 (440)	0 (0)	13,474 (8,696)
South East Asia/Pacific	1,698 (920)	6,658 (2,412)	643 (54)	0 (0)	8,999 (3,386)
Other	2,701 (1,322)	688 (1,352)	42 (24)	0 (0)	3,431 (2,698)
Operating result (EBIT)	3,515 (3,187)	4,679 (3,833)	468 (– 983)	245 (– 687)	8,907 (5,350)
Earnings before taxes, depreciation, interest, amortisation (EBITDA)	7,140 (6,116)	5,710 (4,706)	1,325 (– 96)	1,764 (861)	15,939 (11,587)
Result from investments in associated companies	– 363 (– 448)	0 (0)	0 (0)	1,267 (2,363)	904 (1,915)
Research and development expenses	3,316 (2,932)	2,945 (2,602)	335 (216)	– 619 (– 510)	5,977 (5,240)
Tangible and intangible assets*	91,375 (86,854)	17,274 (17,109)	27,578 (27,853)	165,938 (167,576)	302,165 (299,392)
Investments excluding company acquisitions	6,860 (2,925)	1,425 (684)	591 (471)	17 (456)	8,893 (4,536)
Depreciation and amortisation	3,625 (2,929)	1,031 (873)	857 (887)	1,519 (1,548)	7,032 (6,237)

* Previous year figures are as of December 31, 2005.

Notes to the consolidated financial statements for the first three months 2006.

Accounting in accordance with the International Financial Reporting Standards (IFRS).

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the interpretation of these standards by the International Financial Reporting Interpretations Committee (IFRIC).

The consolidated financial statements of JENOPTIK AG have been prepared in accordance with § 315a HGB (German Commercial Code) in line with the rules of the IASB with an exemption from preparation of consolidated financial statements under HGB. At the same time the consolidated financial statements and group management report are in line with the European Union Directive on Consolidated Accounting.

Accounting and valuation methods.

In the consolidated interim report ("interim report") as at March 31, 2006, prepared on the basis of the International Accounting Standard (IAS) 34 "Interim Reporting", the same accounting methods were used as in the consolidated financial statements for the fiscal year 2005. These were prepared in accordance with the International Financial Reporting Standards (IFRS) which have to be applied for reasons of comparison within the European Union. These methods are published individually and described in detail in the Notes to the Annual Report 2005. The Annual Report can be called up on the Internet at www.jenoptik.com, on the Investors page under the heading Accounts & Reports.

The interim report was prepared in the group currency of the Euro and the figures are stated in TEUR unless specified otherwise.

Companies included in consolidation.

In addition to JENOPTIK AG, 38 (prev. year 38) domestic and 62 (prev. year 62) foreign companies, including 1 (prev. year 2) securities fund (special fund) were included in consolidation. Under IAS 31 "Interests in joint ventures" 2 (prev. year 2) joint ventures are included in the quarterly report on a proportional basis, each with a shareholding of 50%, and, in accordance with IAS 2 "Interests in associates", 4 domestic and one foreign associated company are accounted for "at equity".

Accounting information on IFRS 5.

The Clean Systems business division which is to be sold is shown separately as a "discontinued business divisions". Under IFRS 5 no further depreciation from the group aspect is permitted in this segment. For this reason the depreciation is eliminated from cost of sales, selling expenses, administrative and research expenses. Since the contract for the sale of this segment will have a financial impact as of January 1, 2006, the purchaser of the segment will be entitled to the result of the segment with the closing. In view of the segment profit and the depreciation which can not be applied, the consolidated book value of the segment increased in the first quarter 2006 and exceeded the sales proceeds by this amount. As a consequence of this a corresponding value reduction was applied in accordance with IFRS 5 and is shown in a separate line in the statement of income as part of the normal business activity.

Itemization of the main items in the report.

The increase in intangible assets is primarily attributable to the acquisition of rights and patents, the capitalization of development expenses and goodwill. There was virtually no change in tangible assets, these fell slightly as a result of depreciation.

Tangible assets

in TEUR

	31.3.2006	31.12.2005
Land, buildings	97,854	98,402
Technical equipment and machinery	39,767	41,095
Other equipment, plant and office equipment	21,223	20,780
On-account payments and construction in progress	4,957	4,436
	163,801	164,713

Inventories

in TEUR

	31.3.2006	31.12.2005
Raw materials, consumables and supplies	37,705	35,260
Work in progress	94,993	87,044
Finished goods and purchased merchandise	14,425	13,208
Property held for disposal	790	91
On-account payments	7,000	7,641
	154,913	143,244

Accounts receivable and other assets

in TEUR

	31.3.2006	31.12.2005
Trade accounts receivable	71,685	77,429
Receivables due from construction contracts	3,494	3,568
Receivables from non-consolidated, affiliated companies	4,296	7,233
Receivables due from participating interests	13,210	8,557
Other assets	21,325	28,730
	114,010	125,517

The reduction in shares in associated companies is mainly the result of sales of shares in DEWB. The fall in the financial assets is mainly attributable to the sale of one of two securities funds. The companies unique-m.o.d.e. AG and MEMS Optical Inc. were additions to the financial assets. The increase in other non-current assets is due mainly to the re-categorization of a receivable previously shown as current, with no effect on cash flow or earnings.

There was a slight rise in the working capital essentially as a result of the organic growth. Increased inventories were offset by reduced trade accounts receivable.

Non-current financial liabilities

in TEUR

	31.3.2006	31.12.2005
Long-term bonds	202,939	202,348
Non-current bank liabilities	72,797	52,416
Non-current liabilities from finance leases	23,869	69,933
	299,605	324,697

Current financial liabilities

in TEUR

	31.3.2006	31.12.2005
Bonds	8,000	7,500
Bank liabilities	38,621	50,503
Liabilities on bills of exchange	0	0
Liabilities from finance leases	3,596	3,603
	50,217	61,606

Other current liabilities

in TEUR

	31.3.2006	31.12.2005
Liabilities from on-account payments received	30,121	30,109
Trade accounts payable	30,800	27,780
Liabilities from construction contracts	1,398	77
Liabilities to affiliated companies	1,781	2,888
Liabilities to participating interests	7,859	11,745
Other liabilities	37,467	31,074
	109,426	103,673

In order to gradually liquidate a real estate fund categorized as finance lease, a majority holding was acquired in that leasing fund in the first quarter 2006 and consolidated.

This led to a marked fall in the liabilities from finance lease; instead this measure gave rise to an increase in current and non-current bank liabilities, other liabilities as well as the statement of minority interests in the shareholders' equity. However, the rise in current bank loans was more than offset by the sale of financial assets and the positive cash flow arising from the operational business activity of the continuing business divisions.

German Corporate Governance Code.

The current declarations under § 161 AktG (German Stock Corporation Act) by Executive Board and Supervisory Board relating to the German Corporate Governance Code have been made available to the shareholders at all times via the JENOPTIK AG Internet site. The declaration can also be viewed at JENOPTIK AG.

Legal disputes.

JENOPTIK AG or one of its group companies are involved in a number of court or arbitration proceedings which will have a considerable influence on the financial situation of the group. These are described in the consolidated financial statements of JENOPTIK AG for the year 2005.

Post balance sheets events.

The Bundesgerichtshof (BGH) ruled in favor of JENOPTIK AG and thus decided in the last instance in the appeals proceedings regarding a case in which a DEWB shareholder had claimed payment of a compensation (see page 11).

There were no events of special importance occuring after the qualifying date for the interim report.

The Executive Board
May 2006

Dates

May 11, 2006
Interim Report
on the first quarter 2006
of the Jenoptik Group.

June 7, 2006
General Meeting 2006
of the Jenoptik Group.

August 9, 2006
Interim Report
on the first half 2006
of the Jenoptik Group.

November 13, 2006
Interim Report
on the third quarter 2006
of the Jenoptik Group.

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