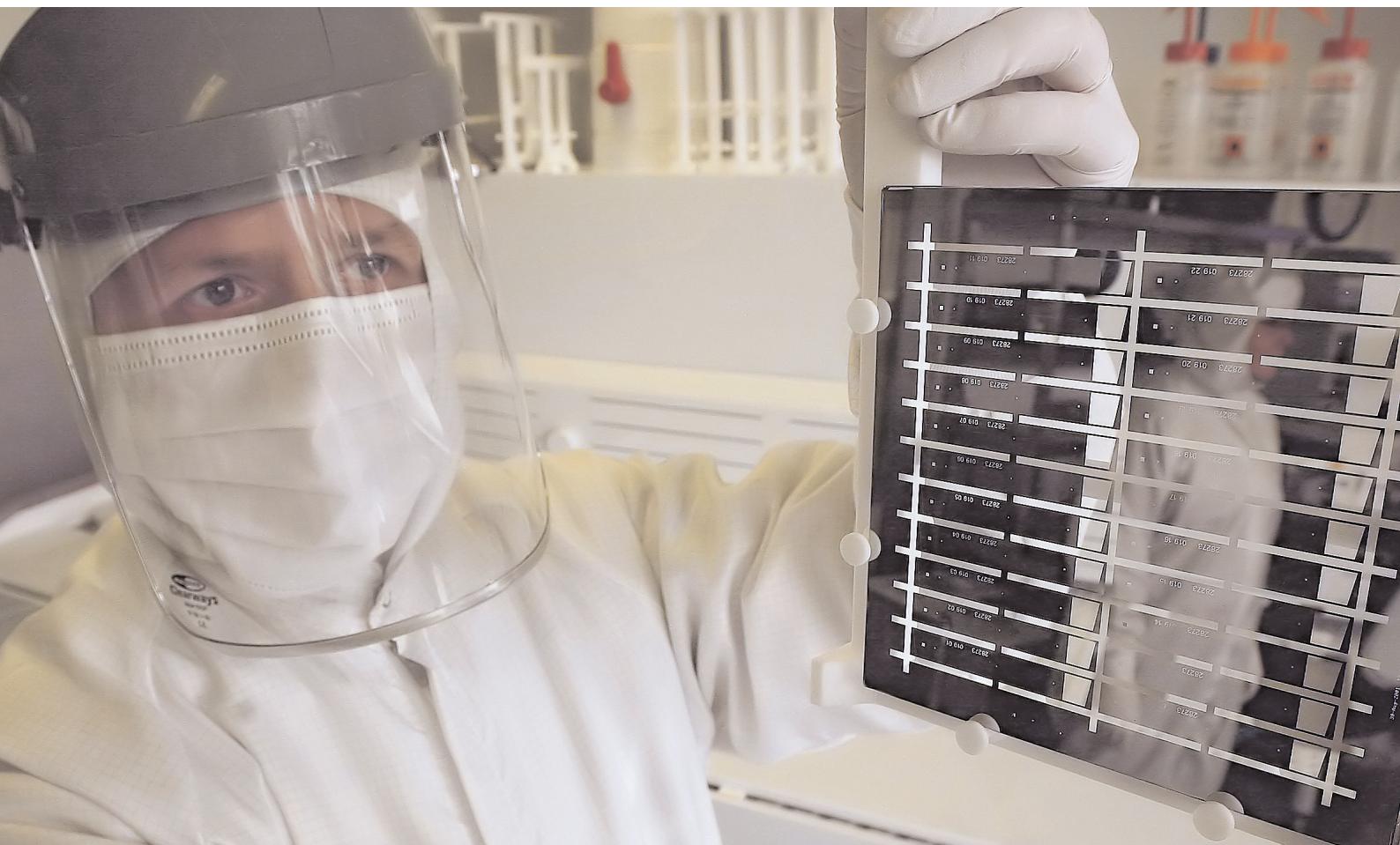




## Interim Report JENOPTIK AG

First half year 2006 – January to June 2006.



## At a glance – Continuing business divisions.

Figures in TEUR	Jan. – June 2006	Jan. – June 2005	Change	April – June 2006	April – June 2005	Change
<b>Sales</b>	<b>224,883</b>	<b>197,061</b>	<b>14.1 %</b>	<b>115,856</b>	<b>106,668</b>	<b>8.6 %</b>
Laser & Optics	95,466	72,379	31.9 %	50,408	37,387	34.8 %
Sensors	68,921	68,773	0.2 %	33,402	37,454	– 10.8 %
Mechatronics	55,779	52,429	6.4 %	28,698	30,078	– 4.6 %
Other*	4,717	3,480	35.5 %	3,348	1,749	91.4 %
<b>EBITDA</b>	<b>31,303</b>	<b>25,150</b>	<b>24.5 %</b>	<b>15,364</b>	<b>13,563</b>	<b>13.3 %</b>
Laser & Optics	15,714	11,066	42.0 %	8,574	4,950	73.2 %
Sensors	11,406	11,309	0.9 %	5,696	6,603	– 13.7 %
Mechatronics	3,297	2,750	19.9 %	1,972	2,846	– 30.7 %
Other*	886	25	++	– 878	– 836	– 5.0 %
<b>EBIT</b>	<b>16,118</b>	<b>12,508</b>	<b>28.9 %</b>	<b>7,211</b>	<b>7,158</b>	<b>0.7 %</b>
Laser & Optics	7,491	5,172	44.8 %	3,976	1,985	100.3 %
Sensors	9,214	9,436	– 2.4 %	4,535	5,603	– 19.1 %
Mechatronics	1,561	974	60.3 %	1,093	1,957	– 44.1 %
Other*	– 2,148	– 3,074	30.1 %	– 2,393	– 2,387	– 0.3 %
<b>EBIT margin (EBIT as % of sales)</b>	<b>7.2</b>	<b>6.3</b>		<b>6.2</b>	<b>6.7</b>	
Laser & Optics	7.8	7.1		7.9	5.3	
Sensors	13.4	13.7		13.6	15.0	
Mechatronics	2.8	1.9		3.8	6.5	
Other*	– 45.5	– 88.3		– 71.5	– 136.5	
<b>Earnings before tax</b>	<b>9,337</b>	<b>3,050</b>	<b>206.1 %</b>	<b>4,990</b>	<b>115</b>	<b>++</b>
<b>Earnings after tax</b>	<b>10,446</b>	<b>5,340</b>	<b>95.6 %</b>	<b>5,182</b>	<b>1,120</b>	<b>362.7 %</b>
<b>Order intake</b>	<b>243,166</b>	<b>244,299</b>	<b>– 0.5 %</b>	<b>125,794</b>	<b>103,551</b>	<b>21.5 %</b>
Laser & Optics	98,610	66,164	49.0 %	43,504	31,452	38.3 %
Sensors	67,695	79,942	– 15.3 %	31,561	42,052	– 24.9 %
Mechatronics	72,105	94,713	– 23.9 %	47,380	28,215	67.9 %
Other*	4,756	3,480	36.7 %	3,349	1,832	82.8 %
	<b>June 30, 2006</b>	Dec. 31, 2005	June 30, 2005			
<b>Order backlog</b>	<b>454,156</b>	<b>438,727</b>	<b>444,533</b>			
Laser & Optics	60,720	56,289	51,238			
Sensors	69,030	73,517	83,406			
Mechatronics	324,406	308,921	309,889			
Other*	0	0	0			
<b>Employees (incl. trainees)</b>	<b>2,895</b>	<b>2,835</b>	<b>2,641</b>			
Laser & Optics	1,211	1,147	992			
Sensors	781	784	747			
Mechatronics	841	834	839			
Other*	62	70	63			

\* Other includes holding, real estate, consolidation.

Figures of the discontinued business divisions see page 14.

## At a glance – Jenoptik Group.

Figures in TEUR	Jan. – June 2006	Jan. – June 2005	Change	April – June 2006	April – June 2005	Change
Sales	741,932	895,103	– 17.1 %	142,261	486,041	– 70.7 %
EBITDA	43,994	41,628	5.7 %	28,005	30,041	– 6.8 %
EBIT	28,809	21,050	36.9 %	11,133	10,292	8.2 %
Earnings before tax	15,614	5,072	207.8 %	3,126	9	++
Earnings after tax	12,579	758	++	3,266	– 1,685	– 293.8 %
Order intake	784,266	1,321,478	– 40.7 %	196,804	565,859	– 65.2 %
Order backlog as of June 30	454,156	2,311,221	– 80.3 %			
Employees as of June 30	2,895	9,126	– 68.3 %			

## The first half year in brief.

- The result from operating activities (EBIT) of the continuing business divisions increased in the 1st half-year 2006 by 29 percent to 16.1 million euros. Earnings after tax, at 10.4 million euros, almost doubled in comparison with the same period in the previous year. Sales in the first half-year rose to 224.9 million euros.
- Strategic reorganization of the group has successfully been completed after just one year. Key foundations for the group's further growth and repositioning have been laid.
- The de-consolidation of M+W Zander has led to a reduction of around 610 million euros in the balance sheet total to below 900 million euros.
- The shareholders' equity ratio rose from 20.8 percent to 34.3 percent, net debt was reduced significantly to 220.6 million euros.
- Forecast for the continuing business divisions for the full year 2006 reaffirmed. Sales are expected to come in at the top end of the forecast range of between 420 and 450 million euros. The operating result before holding costs is expected to be between 9 and 10 percent of sales.

## I. Business, Strategy and Framework Conditions.

This half-year report is the first set of figures to be published by the Jenoptik Group after completion of the sale of M+W Zander Holding AG and, with it, the entire Clean Systems business division. The 2006 half-year figures already indicate that the key figures of the Jenoptik Group have fundamentally changed.

**The Jenoptik Group is one of Europe's leading providers of optical technologies.** Jenoptik is the only manufacturer to combine the expertise in all aspects of light as a tool along the photonics chain – from generation (lasers) to shaping (optics) to measurement (sensors). The group's know-how of the upstream and downstream stage technologies is a competitive advantage. Mechatronic technologies round off the profile.

In view of the broad technology spectrum surrounding the use and exploitation of light as a tool there are no fully comparable companies for the group as a whole but for the areas of technology instead. In the laser field there are overlaps with areas of well-known laser manufacturers. In the sensors area Jenoptik operates in technology fields in which only a few companies worldwide in each case have similar market offerings.

Differentiation on the basis of technologies is also needed in order to determine the market position. The Jenoptik Group is one of the global leaders in terms of the service life and quality of high-power diode lasers, optics and optical systems made of plastic, high-performance and micro-optics, as well as various systems and facilities in the Sensors division, which include traffic safety technology and industrial measurement technology amongst others.

**Future growth expected to be achieved organically and through acquisitions.** The acquisition of the French measurement technology company ETAMIC

SA in July 2006 now makes the Jenoptik Group not only one of the leading providers in the global market for optical measurement technology but also in the field of dimensional measurement technology in general.

The Jenoptik Group intends to continue growing organically through further internationalization and research and development. Spending on R+D, including research on a customer-order basis, equates to more than 10 percent of sales. The key topics which Jenoptik will be pursuing over the long-term include the development of a beam source for the manufacture of the next generation of chips, new active principles in laser technology as well as the development and manufacture of efficient micro-optics.

### Strategic reorientation completed.

The sale of the entire Clean Systems business division has been completed. The purchase price was paid to JENOPTIK AG on May 16, 2006 in return for transfer of the M+W Zander shares to the purchaser. This represented the successful completion of a change in strategy approved by a large majority of the 2005 Annual General Meeting a year ago.

On May 8, 2006 the Bundesgerichtshof ruled in favor of JENOPTIK AG in the appeals proceedings in the court of the last instance on the matter of the claim by a DEWB shareholder for compensation. With this, there has been legal certainty for JENOPTIK AG in this long-lasting lawsuit.

At the same time, in the 1st half-year just past, the Jenoptik Group laid further key foundations for its future development:

In May this year the Jenoptik Group began a comprehensive process of repositioning. In a first step the group companies will be brought together under a new brand umbrella.

In Dr. Michael Mertin the group will have an experienced manager with years of experience in the photonics sector to succeed Norbert Thiel as planned on the Jenoptik Executive Board in October this year.

**The Jenoptik Group aims to achieve strong growth of approx. 10 percent per year.** The rate of growth may be even higher thanks to acquisitions. The group will aim for a similar quality of results to those achieved over previous years by the Photonics business division. In the medium-term it also expects to post an EBIT margin of between 9 and 10 percent after holding costs. Non-core areas, such as non-strategic investments and real estate not used for the group's own purposes, will be cut back on a gradual basis. In the 1st half-year JENOPTIK AG has already markedly reduced its shareholding in DEWB AG. The Group's growth path will be aided by the current positive trend in the economy as a whole and in those sectors relevant for Jenoptik.

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

**In 2006 the global economy will grow** at a stronger rate than a year ago. In its latest economic outlook published in May this year, the OECD forecasts higher economic growth in many regions of the world than in 2005. According to the OECD this applies to the euro region and Germany in particular. The main risk factors are increased crude oil prices and interest rate hikes.

**In Spring 2006 China's economy** recorded the highest increase for eleven years and, as such, grew at a faster rate than had been anticipated. The GDP in the 2nd quarter 2006 rose by 11.3 percent compared with

the same period in the previous year. Government and Central Bank are endeavoring to put the economic development onto a sustainable footing.

**For the euro region** the OECD expects economic growth of 2.2 percent in 2006. Economic growth also rose markedly in the 2nd quarter 2006 primarily as a result of a pick-up in private consumer spending.

**Germany is well on course.** Exports are showing strong growth. For 2006 the OECD anticipates a 9 percent rise compared with a 7 percent increase in 2005. Corporate investment and consumer spending are firming up. Weak domestic demand in particular had held back growth in 2005. The OECD expects the structural reform measures to take effect. The Football World Cup gave a positive boost to sentiment.

**The photonics technologies** are benefiting from the positive global economic climate since they are used as cross-sectional technologies in virtually all sectors.

The German manufacturing companies in the photonics industry plan to significantly increase sales in 2006 by comparison with a year ago. According to the sector association Spectaris, domestic sales in 2006 will increase by 5 percent, exports by around 8 percent. The sales volume of the German sector will increase overall to more than 5 billion euros. The core of the sector's growth is the industry sector covering all aspects of lasers and optical components.

Unabated high demand for electronic items remains the growth driver for the semiconductor industry. The Semiconductor Industry Association (SIA) raised its forecasts for global semiconductor sales for the full year 2006 to nearly 250 billion US dollars. This would represent growth of 9.8 percent in the global chip market and not 7.9 percent as had been forecast in autumn 2005.

During the course of the 2nd quarter 2006 other key sectors for Jenoptik, such as sensors and the aerospace

industry, published sector figures for the full year 2005. According to details by the AMA sector association, sales by German sensor manufacturers rose by 9 percent in 2005.

The booming demand from emerging countries such as China and India was the main engine driving economic activity in the aviation sector. Following a record year in 2005 for the German aerospace industry – sales in 2005 increased by 16 percent to 18.6 billion euros – it also remains optimistic for 2006.

In the first half year 2006 the passenger vehicle market in Western Europe recorded a slight increase of one percent in new vehicle registrations to 7.94 million. In

this context German manufacturers achieved higher-than-average success. The stringent restructuring measures which have been taken over recent years are now having an effect. There are increasing signs here of German manufacturers also increasingly making new investments in production technology abroad.

The market for defense and security technology is growing. The Stockholm-based SIPR Institute calculated that global defense spending rose to 950 billion euros in 2005. The USA accounts for nearly 50 percent of all military spending worldwide. Germany, in fourth place, is one of the largest arms exporters. The German Army however is subject to tight financial restrictions on spending.

## II. Earnings, Financial and Asset Position.

### Group earnings position and key indicators.

During the 2nd quarter 2006 the Jenoptik Group followed up the good results achieved in the first three business months. Sales and earnings of the continuing business divisions came in within expectations so Jenoptik is reaffirming its full year forecasts. The continuing business divisions encompass the Laser & Optics, Sensors and Mechatronics operating divisions (the business of the former Photonics business division) as well as the holding company and real estate.

**The continuing business divisions posted sales** of 224.9 million euros in the 1st half-year 2006 (prev. year 197.1 million euros). This represents a 14.1 percent growth in sales compared with the same period in the

previous year. All three operating divisions reported a marked increase in sales, with the Laser & Optics division doing particularly well with figures of 23 million euros or nearly 32 percent of the increase in sales. 59.3 percent of the sales by the continuing business divisions came from abroad. The Jenoptik Group's largest export region is Europe.

**The result from operating activities** by the continuing business divisions before depreciation (EBITDA) increased by 24.5 percent to 31.3 million euros compared with 25.2 million euros in the same period in the previous year. The EBIT rose by 28.9 percent compared with the period in the previous year to 16.1 million euros (prev. year 12.5 million euros) and consequently grew at a disproportionately stronger rate than sales. The EBIT for the holding company and real estate was

Sales		in TEUR	
	1.1. – 30.6. 2006	1.1. – 30.6. 2005	
Continuing business divisions	224,883	197,061	
Laser & Optics	95,466	72,379	
Sensors	68,921	68,773	
Mechatronics	55,779	52,429	
Other	4,717	3,480	

EBIT		in TEUR	
	1.1. – 30.6. 2006	1.1. – 30.6. 2005	
Continuing business divisions	16,618	12,508	
Laser & Optics	7,491	5,172	
Sensors	9,214	9,436	
Mechatronics	1,561	974	
Other	– 2,148	– 3,074	

characterized by a one-off rental credit (Others) in the 1st quarter. As a result of this one-off effect there was also a marked improvement for the full half-year to minus 2.1 million euros (prev. year – 3.1 million euros).

#### Earnings per share\*

in TEUR

	1.1. – 30.6.2006	1.1. – 30.6.2005
Net profit	9,096	– 1,327
Weighted average number of outstanding shares	52,028,475	52,028,512
Earnings per share in euros	0.17	0.03
Dilution effect**	911	1,577
Weighted average number of outstanding shares (diluted)	56,911,894	56,911,931
Earnings per share (diluted) in euros	0.17	– 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 was minus 6.8 million euros (prev. year –9.5 million euros). There was an improvement both in the investment result as well as the interest result in the 1st half-year 2006 compared with the same period in the previous year. The investment result of minus 1.5 million euros (prev. year –2.5 million euros) includes, in addition to depreciation on financial assets, the research-intensive companies Xtreme technologies and Jenoptik Diode Lab. The interest result in the sum of minus 5.4 million euros (prev. year –6.9 million euros) was characterized amongst other things by bond interest payments. Total interest expenses came to 14.2 million euros (prev. year 10.3 million euros). This was offset by significantly higher interest income of 8.8 million euros (prev. year 3.4 million euros). The reason for this is a one-off interest payment to Jenoptik in conjunction with the sale of M+W Zander.

**Earnings after tax** in the sum of 10.4 million euros (prev. year 5.3 million euros) almost doubled in comparison with the period in the previous year. Income taxes totaled 1.3 million euros (prev. year 0.4 million euros).

**The order intake** achieved by the continuing business divisions, at 243.2 million euros, was almost the same

as that in the previous year (prev. year 244.3 million euros) – despite a major order for approx. 50 million euros in the Mechatronics division which was included in the previous year's figure. The Laser & Optics division benefited from a high order intake in the high-performance and micro-optics areas and was consequently able to compensate for the fall in the order intake of the Sensors and Mechatronics divisions.

**The order backlog**, at 454.2 million euros, was up by nearly 10 million euros compared with one year ago (prev. year 444.5 million euros). At 324.4 million euros (prev. year 308.9 million euros) the Mechatronics division accounted for the majority of the order backlog as a result of the long-term defense technology business.

**The number of employees in the continuing business divisions** increased by 60 compared with Dec. 2005 to 2,895 (as of December 31, 2005: 2,835 employees). The Laser & Optics division added 64 employees whilst the number of employees in the Sensors and Mechatronics divisions remained almost constant.

#### Employees (incl. trainees)

	30.6. 2006	31.12.2005	30.6. 2005
Continuing business divisions	2,895	2,835	2,641
Laser & Optics	1,211	1,147	992
Sensors	781	784	747
Mechatronics	841	834	839
Other	62	70	63

**Research and development expenses**, at 14.4 million euros, were markedly higher than in the same period in the previous year (prev. year 12.0 million euros). The 20 percent rise is attributable to the Sensors and Mechatronics divisions. The R+D ratio, the share of expenditure on research as a proportion of

#### R+D expenses

in TEUR

	1.1. – 30.6. 2006	1.1. – 30.6. 2005
Continuing business divisions	14,408	11,980
Laser & Optics	8,079	6,298
Sensors	6,484	5,939
Mechatronics	1,170	688
Other	– 1,325	– 945

half-year sales, was 6.4 percent. This figure does not include R+D costs for the research-intensive companies Xtreme technologies and Jenoptik Diode Lab shown in the investment result as well as the customer order-based developments shown under the costs of sales.

## Key indicators of and important events in the Jenoptik divisions.

**The Laser & Optics division** posted a double-figure rise in sales and earnings in the 1st half-year 2006. This division, which essentially manufactures components and subsystems, actually succeeded in surpassing the highly successful 1st quarter. Sales by the division as a whole rose by 32 percent to 95.5 million euros (prev. year 72.4 million euros). The division EBIT exceeded expectations with a 45 percent rise to 7.5 million euros (prev. year 5.2 million euros). Growth came primarily from high-power diode lasers as well as high-performance and micro-optics. Since the beginning of 2006 the micro-optics area has been strengthened by the US company MEMS Optical Systems Inc., in which Jenoptik acquired a 100 percent stake. The Jena-based firm of unique-mode has also been part of the Jenoptik Group's Laser & Optics division since the beginning of 2006 and provides a boost to the diode laser systems area.

The positive development in the order intake was also maintained. The Laser & Optics division is benefiting primarily from strong demand from the semiconductor suppliers as well as for high-power diode lasers. Compared with 66.2 million euros in the previous year's period, the order intake rose by almost 50 percent to 98.6 million euros. There was an 19 percent rise in the order backlog to 60.7 million euros (as of June 30, 2005: 51.2 million euros). The strong growth achieved by the division was also clearly reflected in the number of employees which increased by 64 to 1.211 (as of December 31, 2005: 1,147).

Jenoptik invested in two new manufacturing plants for the further development of the division. These were handed over in May this year. The group therefore now

has Europe's largest and most advanced production facility for plastic optics in the Thuringian city of Triptis. The high-tech plant for the manufacture of laser bars, the basis for high-power diode lasers, in Berlin-Adlershof, was also handed over. Process machines are currently being installed and production is expected to start up in autumn this year. Jenoptik consequently now has the entire process chain for high-power diode lasers in-house. Production will be carried out in the immediate vicinity of the technology partner, Ferdinand-Braun-Institut für Höchstfrequenztechnik (ultra-high frequency technology).

**The Sensors division** followed up the strong 1st half-year 2005 with key indicators at the same level as in the previous year. Sales totaled 68.9 million euros (prev. year 68.8 million euros), the result from operating activities reached 9.2 million euros compared with 9.4 million euros in the 1st half-year 2005. The order intake, at 67.7 million euros, was at the same level as sales. As expected it was unable to repeat the high level in the previous year of 79.9 million euros, which had been characterized by a major order for Jena-Optronik in the sum of 11 million euros. The order backlog totaled 69.0 million euros (prev. year 83.4 million euros).

In the 1st half-year 2006 the Sensors division pressed ahead with the process of internationalization. With the French measurement technology company ETAMIC SA the industrial measurement technology business is expanding its position as one of the leading providers of industrial measurement technology. The acquisition, which is still subject to usual conditions, is ideal particularly with regard to the technology expertise and product range. Whilst Jenoptik's core areas of expertise previously lay more in the area of tactile and contactless optical process and final control measurement systems, Etamic mainly operates in the market for contactless, pneumatic, post-process and tactile in-process measurement technology. Since spring this year a new joint venture in China has also been strengthening the group's market presence in the area of production measurement technology. The company Hommel Telstar Co. Ltd., with registered offices in Shanghai,

was founded at the beginning of 2006 in conjunction with a Chinese partner.

In the traffic safety technology business the Jenoptik subsidiary Robot Visual Systems is concentrating on developing those markets in which it previously did not have a presence. The major order from Morocco in the sum of 7 million euros at the beginning of the year was the largest which Robot has been awarded in the Maghreb region. The early investment in digital technology for traffic monitoring is now paying off as the digital monitoring systems, including the entire post-handling process, are amongst the most advanced and reliable in the market and represent an important competitive advantage. The Jenoptik subsidiary now has a direct presence in Morocco. Key orders also came from the Netherlands and Italy during the course of the 1st half-year 2006.

**The Mechatronics division** posted sales of 55.8 million euros, exceeding the level in the previous year by 6.4 percent. The division EBIT, which normally shows a strong rise at the year end, came in at 1.6 million euros (prev. year 1.0 million euros). The Mechatronics division of the Jenoptik Group is a long-term partner for leading manufacturers in the defense and aviation industry worldwide, particularly in the area of drive and stabilization technology. As expected, the order intake in the 1st half-year 2006, at 72.1 million euros, did not match the same figure achieved in the previous year's period (prev. year 94.7 million euros) which had included a long-term major order for more than 50 million euros. By contrast, the order backlog as of June 30 this year, at 324.4 million euros, was 5.0 percent higher than a year ago (prev. year 308.9 million euros).

Through a license agreement with Boeing, in March this year the Jenoptik subsidiary ESW was awarded its official qualification to service the AWACS rotodomes (Airborne Warning and Control System) worldwide. Since ESW has already been contracted for some years now to carry out the maintenance and repair of AWACS rotodomes for reconnaissance aircraft operating under the auspices of NATO, the conditions have

now been created for extending this service offering to a large number of AWACS aircraft operated by additional key partner countries. The radar monitoring equipment is housed in the AWACS rotodomes which are made from compound structures.

## Group financial and asset position.

The financial and asset position has become more stable following the sale of the Clean Systems business division. This is expressed not only in the positive contributions to earnings from the operating divisions but also in an improvement in the Group's key financial indicators and balance sheet items, including, amongst others, the net debt, shareholders' equity ratio and pension liabilities.

**The net debt** as at June 30, 2006 was reduced to 220.6 million euros (as of December 31, 2005: 375.5 million euros). The purchase price paid for the Clean Systems business division, in the low three figure million euro range, had a positive effect. Cash and cash equivalents and securities in the combined sum of 158.1 million euros were offset by financial liabilities in the sum of 378.8 million euros.

Net debt	in TEUR	
	30.6. 2006	31.12. 2005
Securities	2,256	1,950
Cash and cash equivalents	155,873	8,846
Non-current financial liabilities	– 299,516	– 324,697
Current financial liabilities	– 79,261	– 61,606
<b>– 220,648</b>	<b>– 375,507</b>	

**Investments in intangible assets and tangible assets** totaled 16.7 million euros and were roughly equally divided between intangible assets and tangible assets. The capitalization of development costs accounted for 3.6 million euros. 2.9 million euros of the total 8.1 million euros of the investment expenses went into technical plant and machinery, with other plant, factory and office equipment accounting for 3.7 million euros of the investments. The increase in investments in tangible assets is also attributable to purchases for the

new production facility in Triptis. The investments in intangible assets and tangible assets were offset by depreciation in the sum of 15.2 million euros, of which 3.5 million euros applied to intangible assets. Comparison figures in the analysis of investments for the previous year's period are only of very limited relevance within the course of a year since the figures of the previous year still included the full amount for investments in the Clean Systems business division which has since been sold and for this reason will not be shown here again.

**Financial assets** (including shares in associated companies) reduced sharply from 89.7 million euros as of end December 2005 to just 54.0 million euros. The main reason for this is the gradual shrinkage of the shareholding in the Jena-based VC company DEWB AG as well as the sale of two securities funds. Since the shares of JENOPTIK AG in DEWB AG have in the meantime been significantly reduced below 20 percent, the company is shown in financial assets as an investment held for sale. The largest individual item included in financial assets are the shares in PVA TePla AG.

**The statement of cash flows** includes the discontinued business divisions up to the date of its deconsolidation during the course of the 2nd quarter 2006.

**The cash flow from operating activities** increased by 50.3 million euros to plus 32.2 million euros (prev. year minus 18.1 million euros). The continuing business divisions accounted for 2.5 million euros of this figure, with 29.7 million euros resulting from the discontinued business division. The reason for the improvement in the cash flow was an increase in group earnings before tax and a positive change in the working capital of the discontinued business division. In the previous year the cash flow was also burdened by high sales tax payments.

**The cash flow from investing activities** also increased by 52.3 million euros to plus 1.1 million euros (prev. year minus 51.2 million euros). It was divided between plus 138.1 million euros for the continuing

business divisions and minus 137.0 million euros for the discontinued business division, this essentially reflects the disposal of cash and cash equivalents resulting from the deconsolidation of the business division. Payments for investments in intangible assets in the sum of 9.0 million euros (in particular the capitalization of development expenditure) and in tangible assets in the sum of 11.4 million euros (7.8 million euros of which in the continuing business divisions), were offset by payments received from disposals of financial assets in the sum of 20.6 million euros (prev. year 1.4 million euros). These related amongst other things to the sale of DEWB shares. Payments for the acquisition of consolidated companies in the sum of 10.4 million euros (prev. year 30.5 million euros) were primarily the result of the acquisition of capital MEMS Optical Inc., the remaining shares in Photonic Sense GmbH and the majority acquisition of the shareholding in a real estate fund as an interim step to the exit stage. The receipts from the sale of consolidated companies in addition to the sale of two consolidated securities funds essentially comprises the sale of M+W Zander, reduced by the cash and cash equivalent of M+W Zander on the date of the sale. In accordance with IAS 7 the sale of all other asset and liability items, in particular of financial liabilities and pensions of the M+W Zander Group, are not shown in the statement of cash flows.

**The cash flow from financing activities** was markedly lower than in the same period for the previous year (26.4 million euros) as a result of a reduction in the net take-up of loans, at 2.0 million euros. The continuing business divisions accounted for 6.3 million euros of this figure. In this context bank loans were taken up in order to repay internal group liabilities to the M+W Zander Group. The cash flow from financing activities for the discontinued business division totaled minus 4.4 million euros.

The cash and cash equivalent shown in the statement of cash flows as of December 31, 2005 in the sum of 123.5 million euros, also includes the cash and cash equivalent of the M+W Zander Group in the sum of 114.6 million euros, whereas these are no longer in-

cluded as at June 30, 2006. The cash and cash equivalent shown as of June 30, 2006 in the sum of 155.9 million euros now also include the purchase price received. 150 million euros of this figure is in a separate account and can only be used short-term for the repayment of the bond or for essential investments and/or acquisitions.

**The Jenoptik Group balance sheet total** reduced by 611.0 million euros to 897.2 million euros as a result of the sale of the Clean Systems business division. The assets and liabilities of M+W Zander had already been shown as "held for sale" as of December 31, 2005. These balance sheet items are still shown, with the figure for the current fiscal year 2006 at zero following the completion of the sale of Clean Systems.

**Non-current assets** reduced by 20.4 million euros to 434.5 million euros (as of December 31, 2005: 454.9 million euros). The main reason for this was the reduction in financial assets as part of the gradual disposal of shares in DEWB AG and the sale of securities included in financial assets.

**Current assets** rose sharply from 279.6 million euros as of end 2005, to 462.7 million euros. The 183.1 million euro increase was mainly the result of the restricted cash and which increased from zero to 150.0 million euros following the payment of the purchase price for M+W Zander. The restriction for this cash and cash equivalent item is the result of the terms for the bond issued in autumn 2003. It does not refer to a repayment of the bond, investments or acquisitions and is expected to no longer apply in 2007. During the course of the expansion of business inventories also increased by 24.0 million euros to 167.3 million euros. Accounts receivable and other assets rose by 11.8 million euros to 137.3 million euros. The reason for this is a purchase price instalment payable in 2007 by Springwater Capital in the sum of approx. 15 million euros.

**Shareholders' equity** fell from 314.3 million euros as of end December, to 307.8 million euros. The reason for this is a reduction in the minority shareholdings

during the course of the sale of M+W Zander. By contrast, the shareholders' equity increased during the course of the positive half-year results. The shareholders' equity ratio significantly improved despite the slight fall in the shareholders' equity as a result of the reduction in the balance sheet total. This figure was 34.3 percent (as of December 31, 2005: 20.8 percent).

**Non-current liabilities** reduced by 27.2 million euros to 342.0 million euros (as of December 31, 2005: 369.2 million euros). The reduction mainly applied to non-current financial liabilities which were down to 299.5 million euros (as of December 31, 2005: 324.7 million euros). This is attributable to the acquisition of a majority shareholding in a real estate fund as an interim step towards an exit. As part of the acquisition there was a reduction in liabilities from finance lease which formed an integral part of the non-current financial liabilities.

**Current liabilities** increased by 54.5 million euros to 247.5 million euros (as of December 31, 2005: 192.9 million euros). Liabilities from operating business activities accounted for 74.6 million euros (as of December 31, 2005: 58.0 million euros). Current financial liabilities totaled 79.3 million euros (as of December 31, 2005: 61.6 million euros). Other current liabilities, which increased by 28.6 million euros to 132.3 million euros (as of December 31, 2005: 103.7 million euros) include a loan from the family shareholders of M+W Zander in the sum of approx. 15 million euros resulting from the triggering of the put option in connection with the sale of the company. The loan shall be repaid in 2007 through the payment of the balance by Springwater Capital (see current assets).

### III. Report on Post-Balance Sheet Events.

There were no events of special importance occurring after the end of the period covered by the report.

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

### Opportunities and Risks.

**Risks and opportunities of future development** are described in detail on Pages 34 to 42 in the Jenoptik Annual Report 2005. The main risks arising from the project involving delays and from the legal dispute regarding compensation with a DEWB AG shareholder no longer apply. The specified M+W Zander project which the purchaser had not taken on with the acquisition has since been terminated. In the DEWB compensation lawsuit the II. Zivilsenat (II. Senate) of the Bundesgerichtshof (Federal Supreme Court) ruled fully in favor of JENOPTIK AG in the appeals proceedings, consequently creating legal certainty.

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

As a result of the successful conclusion of the sale of the Clean Systems business division and the associated improvement in the financial and risk profile, the rating agency Standard&Poor's has upgraded Jenoptik's rating from B to B+ (outlook stable).

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

**For the global economy** the OECD anticipates a slight slowdown in the pace of growth during the 2nd half year. In addition, the forecast by economists assumes a shift in the growth poles. In Asia China remains the national economy showing the strongest growth. After reporting an 11.3 percent rise during the 2nd quarter the measures aimed at cooling down the economy are expected to take effect. For the year as a whole economists anticipate a 10.9 percent increase in economic growth. Whilst the OECD forecasts a

slowdown in US economic activity, the euro zone is in future expected to make a greater contribution towards global economic growth. The forecast for the year as a whole is a 2.5 percentage point rise in GDP.

**Export demand will be the main driving force of the German economy** in 2006 and this will continue in 2007. The OECD forecasts a 1.8 percent growth in German GDP for 2006. As a result of the increases in value added tax it expects to see a slight weakening for 2007.

**In the key sectors for Jenoptik** the photonics industry is in very good shape. The latest published study entitled "Report on Laser Applications in Europe" forecasts that up to 2010 the market for optical and, in particular, laser technologies, will show annual growth rates in the double-figure range. European companies continue to play a key role in the development and marketing of laser systems. However, international competitors are gaining ground. For 2006 the sector association Spectaris forecasts that German manufacturers will post a rise in sector sales to 5.1 billion euros, compared with 4.8 billion in 2005.

Spectaris highlights the diode lasers as the main area of growth for the photonics industry. The focus of further development will be on extending the service life. As the diode laser becomes more widely used the area of micro-optics will gain increasingly in importance. The trend in this area is towards increasing standardization and mass production.

The sector association SIA is optimistic about the worldwide semiconductor market. After forecasting growth of 9.8 percent for the semiconductor sector in 2006, the same scale of growth rates are also expected for the subsequent years up to 2009. According to the market research company Gartner the focus of developments in the sector will be on greater flexibility on

the part of companies and on product miniaturization. As a result of this Gartner forecasts high level of corporate investment in research and development and production facilities over the coming years.

The German automotive industry expects 2006 as a whole to produce record exports and production levels. However, rising oil prices plus high duties and taxes are sharply increasing the price of mobility, a situation which according to the Verband Automobilindustrie (German Automotive Industry Federation) will lead to consumers taking a cautious approach to spending.

## Outlook for the current fiscal year.

Following the end of the 1st half-year 2006 the Executive Board of the Jenoptik Group reaffirms its full year forecasts published in April this year.

**Sales of the Jenoptik Group**, not taking into account the discontinued business division, are expected to come in at between 420 and 450 million euros in 2006. Following the successful start and providing the good economic conditions continue to prevail, the Jenoptik Group will be endeavoring to achieve the upper end of this sales range for organic growth.

The organic growth in sales is expected to come from all three divisions: the Laser & Optics division expects to generate sales of between 160 and 170 million euros (prev. year 149.7 million euros), the Sensors division plans to make a contribution to sales of between 140 to 150 million euros (prev. year 136.0 million euros) and the Mechatronics divisions forecasts sales of between 120 and 130 million euros (prev. year 117.4 million euros).

**Jenoptik is aiming for the same quality of results** that were achieved in previous years in the Photonics business division. The results from operating activities are therefore anticipated to be between 9 and 10 percent of sales and between 38 and 44 million euros before holding costs. Here again, as a result of the

good 1st half-year 2006, the Group will be aiming for the upper end of the forecast range. The risk of the M+W Zander sale, completed in May 2006, having any further impact on the results of the Jenoptik Group is considered by the Jenoptik Executive Board as minimal.

**The order intake** of the Mechatronics division in 2005 was characterized by a long-term major order in the sum of more than 50 million 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. In the 1st half-year the Laser& Optics division posted an increase in the order intake which almost compensated for the fall in the order intake of the Mechatronics division. Whether this will be achieved for the year as a whole, is impossible to predict at present. However, any possible reduction in the order intake for 2006 as a whole would not be any indicator for the anticipated sales in 2007 since the effect on sales by the above-mentioned major order for ESW-Extel Systems Wedel will extend up to the year 2010. In fact, the proportion of the 2006 order intake that will affect sales in 2007 is expected to increase and lead to further sales growth. In this context in particular the continued process of internationalization, new technologies and products as well as greater system integration, are expected to have a positive effect.

## Development of the Jenoptik share.

The Jenoptik share was unable to keep pace with the upward trend in the German stock market up to mid May 2006. Following the announcement of the completion of the M+W Zander sale and of the positive ruling by the BGH in favor of Jenoptik in May, the Jenoptik share posted a marked rise, reaching its 1st half-year 2006 high closing price of 8.35 euros on the Xetra on May 11. However, over recent weeks the Jenoptik share has once again markedly given ground and has essentially mirrored the trend on the equities market and of the lead indices, the Dax and TecDax, which posted sharp falls as of the end of the 1st half-year 2006.

## Consolidated statement of income.

in TEUR	Continuing business divisions	Discontinued business divisions	Group 1.1.-30.6.06	Continuing business divisions	Discontinued business divisions	Group 1.1.-30.6.05
Sales*	224,883	517,049	741,932	197,061	698,042	895,103
Cost of sales	156,644	468,098	624,742	138,415	644,117	782,532
<b>Gross profit</b>	<b>68,239</b>	<b>48,951</b>	<b>117,190</b>	<b>58,646</b>	<b>53,925</b>	<b>112,571</b>
Research and development expenses	14,408	997	15,405	11,980	3,642	15,622
Selling expenses	23,014	7,654	30,668	19,644	10,439	30,083
General administrative expenses	17,997	18,430	36,427	16,358	26,275	42,633
Other operating income	9,870	6,107	15,977	7,196	17,947	25,143
Other operating expenses	6,572	15,286	21,858	5,352	22,974	28,326
<b>Result from operating activities</b>	<b>16,118</b>	<b>12,691</b>	<b>28,809</b>	<b>12,508</b>	<b>8,542</b>	<b>21,050</b>
Result from investments in associated companies	86	923	1,009	-1,013	-285	-1,298
Result from other investments	-1,463	-3,011	-4,474	-1,552	-21	-1,573
Interest income	8,818	1,862	10,680	3,398	3,287	6,685
Interest expenses	14,222	6,188	20,410	10,291	9,501	19,792
<b>Financial result</b>	<b>-6,781</b>	<b>-6,414</b>	<b>-13,195</b>	<b>-9,458</b>	<b>-6,520</b>	<b>-15,978</b>
<b>Earnings before tax</b>	<b>9,337</b>	<b>6,277</b>	<b>15,614</b>	<b>3,050</b>	<b>2,022</b>	<b>5,072</b>
Income taxes	1,306	3,551	4,857	431	3,741	4,172
Deferred taxes	-2,415	593	-1,822	-2,721	2,863	142
<b>Earnings after tax</b>	<b>10,446</b>	<b>2,133</b>	<b>12,579</b>	<b>5,340</b>	<b>-4,582</b>	<b>758</b>
Minority interests' share of profit/loss	1,350	2,133	3,483	849	1,236	2,085
Net profit	9,096	0	9,096	4,491	-5,818	-1,327
<b>Earnings per share</b> in euros	0.17	0.00	0.17	0.09	-0.11	-0.03
<b>Earnings per share (diluted)</b> in euros	0.17	0.00	0.17	0.09	-0.11	-0.03

\* after consolidation.

## Consolidated balance sheet.

<b>ASSETS</b>		June 30, 2006	Dec. 31, 2005	Change
in TEUR				
<b>A. Non-current assets</b>		<b>434,522</b>	<b>454,881</b>	<b>- 20,359</b>
Intangible assets		87,489	76,675	10,814
Tangible assets		164,820	164,713	107
Investment properties		57,151	58,004	- 853
Shares in associated companies		2,276	16,680	- 14,404
Financial assets		51,694	72,988	- 21,294
Other non-current assets		15,093	8,786	6,307
Deferred tax assets		55,999	57,035	- 1,036
<b>B. Current assets</b>		<b>462,701</b>	<b>279,557</b>	<b>183,144</b>
Inventories		167,263	143,244	24,019
Current accounts receivable and other assets		137,309	125,517	11,792
Securities		2,256	1,950	306
Cash and cash equivalents		5,873	8,846	- 2,973
Restricted cash		150,000	0	150,000
<b>C. Non-current assets held for sale</b>		<b>0</b>	<b>773,817</b>	<b>- 773,817</b>
<b>Total assets</b>		<b>897,223</b>	<b>1,508,255</b>	<b>- 611,032</b>

<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		June 30, 2006	Dec. 31 2005	Change
in TEUR				
<b>A. Shareholders' equity</b>		<b>307,769</b>	<b>314,327</b>	<b>- 6,558</b>
Subscribed capital		135,290	135,290	0
Capital reserves		186,723	186,727	- 4
Other reserves		- 48,944	- 50,572	1,628
Own shares		- 44	- 48	4
Minority interests		34,744	42,930	- 8,186
<b>B. Non-current liabilities</b>		<b>341,996</b>	<b>369,198</b>	<b>- 27,202</b>
Pension provisions		6,975	6,921	54
Other non-current provisions		15,493	15,284	209
Non-current financial liabilities		299,516	324,697	- 25,181
Other non-current liabilities		19,032	19,151	- 119
Deferred tax liabilities		980	3,145	- 2,165
<b>C. Current liabilities</b>		<b>247,458</b>	<b>192,913</b>	<b>54,545</b>
Tax provisions		1,109	1,652	- 543
Other current provisions		34,807	25,982	8,825
Current financial liabilities		79,261	61,606	17,655
Other current liabilities		132,281	103,673	28,608
<b>D. Non-current liabilities held for sale</b>		<b>0</b>	<b>631,817</b>	<b>- 631,817</b>
<b>Total shareholders'equity and liabilities</b>		<b>897,223</b>	<b>1,508,255</b>	<b>- 611,032</b>

## Consolidated statement of movements in

in TEUR	Subscribed capital	Capital reserve
<b>Balance as at 01.01.2005</b>	<b>135,290</b>	<b>186,727</b>
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		
Dividend payments		
Other changes		3
<b>Balance as at 30.06.2005</b>	<b>135,290</b>	<b>186,730</b>
<b>Balance as at 01.01.2006</b>	<b>135,290</b>	<b>186,727</b>
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		
Dividend payments		
First consolidation		
Deconsolidation		
Other changes		- 4
<b>Balance as at 30.06.2006</b>	<b>135,290</b>	<b>186,723</b>

shareholders' equity.

Reserves						
Cumulated profit	Fair value measurement	Hedging	Cumulative currency differences	Own shares	Minority interests	Total
<b>31,440</b>	<b>- 12,141</b>	<b>6,505</b>	<b>- 11,775</b>	<b>- 48</b>	<b>33,009</b>	<b>369,007</b>
	18,189	- 2,650				15,539
- 2,306			4,569		606	2,869
- 2,306	18,189	- 2,650	4,569		606	18,408
- 1,327					2,085	758
- 3,633	18,189	- 2,650	4,569		2,691	19,166
					- 3,964	- 3,964
				- 3	- 5,192	- 5,192
<b>27,807</b>	<b>6,048</b>	<b>3,855</b>	<b>- 7,206</b>	<b>- 51</b>	<b>26,544</b>	<b>379,017</b>
<b>- 45,587</b>	<b>- 3,623</b>	<b>3,195</b>	<b>- 4,557</b>	<b>- 48</b>	<b>42,930</b>	<b>314,327</b>
	10,836	1,454			- 53	12,237
638			3,136		- 1,089	2,685
638	10,836	1,454	3,136		- 1,142	14,922
9,096					3,483	12,579
9,734	10,836	1,454	3,136		2,341	27,501
					- 124	- 124
					10,180	10,180
- 23,268					- 20,564	- 43,832
- 264				4	- 19	- 283
<b>- 59,385</b>	<b>7,213</b>	<b>4,649</b>	<b>- 1,421</b>	<b>- 44</b>	<b>34,744</b>	<b>307,769</b>

## Consolidated statement of cash flows.

in TEUR	1.1. to 30.6.2006	1.1. to 30.6.2005
Earnings before tax	15,614	5,072
Interest	9,730	13,107
Depreciation / write up	15,819	21,909
Profit on disposal of fixed assets	-82	-3,883
Other non-cash expenses / income	165	1,766
Operating profit / loss before working capital changes	41,246	37,971
Increase / decrease in provisions	-12,087	-9,720
Increase / decrease in working capital	12,339	-24,182
Increase / decrease in other assets and liabilities	-826	-12,526
<b>Net cash from / used in operating activities before income tax</b>	<b>40,672</b>	<b>-8,457</b>
Income taxes paid	-8,467	-9,594
<b>Net cash from / used in operating activities</b>	<b>32,205</b>	<b>-18,051</b>
Receipts from disposal of intangible assets	1,059	1,035
Payments for investments in intangible assets	-8,993	-6,215
Receipts from disposal of tangible assets	385	2,107
Payments for investments in tangible assets	-11,449	-11,994
Receipts from disposal of financial assets	20,641	1,405
Payments for investments in financial assets	-3,933	-11,266
Receipts from the sale of consolidated companies	3,904	-2,509
Payments for acquisition of consolidated companies	-10,390	-30,460
Interest received	9,855	6,726
<b>Net cash from / used in investing activities</b>	<b>1,079</b>	<b>-51,171</b>
Dividend payments to shareholders	0	-3,964
Receipts from issue of bonds and loans	44,923	80,594
Repayments of bonds and loans	-12,946	-33,323
Repayments for finance leases	-2,975	-735
Change in group financing	-11,890	-516
Interest paid	-15,150	-15,664
<b>Net cash from / used in financing activities</b>	<b>1,962</b>	<b>26,392</b>
<b>Change in cash and cash equivalents</b>	<b>35,246</b>	<b>-42,830</b>
Foreign currency translation changes in cash and cash equivalents	-2,838	2,790
Cash and cash equivalents at the beginning of the period	123,465	145,046
<b>Cash and cash equivalents at the end of the period</b>	<b>155,873</b>	<b>105,006</b>

## 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	95,466	68,921	55,779	4,717	224,883
	(72,379)	(68,773)	(52,429)	(3,480)	(197,061)
of which Germany	30,103	21,255	35,491	4,717	91,566
	(22,720)	(26,368)	(34,635)	(3,310)	(87,033)
European Union	31,177	17,762	18,437	0	67,376
	(25,726)	(15,645)	(14,971)	(169)	(56,511)
Other European	9,974	1,327	161	0	11,462
	(10,208)	(8,174)	(183)	(0)	(18,565)
NAFTA	16,210	12,670	674	0	29,554
	(8,756)	(7,809)	(1,284)	(0)	(17,849)
South East Asia/Pacific	2,965	11,337	931	0	15,233
	(1,528)	(7,338)	(1,259)	(0)	(10,125)
Other	5,037	4,570	85	0	9,692
	(3,441)	(3,439)	(97)	(1)	(6,978)
Operating result (EBIT)	7,491	9,214	1,561	-2,148	16,118
	(5,172)	(9,436)	(974)	(-3,074)	(12,508)
Earnings before taxes, depreciation, interest, amortisation (EBITDA)	15,714	11,406	3,297	886	31,303
	(11,066)	(11,309)	(2,750)	(25)	(25,150)
Result from investments in associated companies	-887	0	0	973	86
	(-1,086)	(0)	(0)	(73)	(-1,013)
Research and development expenses	8,079	6,484	1,170	-1,325	14,408
	(6,298)	(5,939)	(688)	(-945)	(11,980)
Tangible and intangible assets*	100,736	17,337	27,073	164,314	309,460
	(86,854)	(17,109)	(27,853)	(167,576)	(299,392)
Investments excluding company acquisitions	13,001	2,682	954	27	16,664
	(9,287)	(1,682)	(1,535)	(898)	(13,402)
Depreciation and amortisation	8,223	2,192	1,736	3,034	15,185
	(5,894)	(1,873)	(1,776)	(3,099)	(12,642)

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

## Notes to the consolidated financial statements for the first six 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 June 30, 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 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](http://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.

Comprehensive changes in the companies included in consolidation took place during the quarter covered by the report.

The closing of the sale of the Clean Systems business division was successfully completed in the 2nd quarter 2006. Under IFRS 5 the business division is no longer required to be shown in the financial statements on completion of the sale closing. Since the Clean Systems business division had been included in the statement of income up to the closing date, the discontinued business division is shown separately in the statement of income. Under IFRS 5 the business division held for sale was shown in the balance sheet, up to the closing date, as assets/liabilities held for sale as well as in the statement of income on a proportional basis as a discontinued business division.

The sale of two securities funds which had previously been included in the consolidated financial statements within the framework of the full consolidation was realized in the 1st half-year 2006.

Since shares in DEWB AG were sold in the 1st half-year and the shareholding is now markedly below 20 percent, the group no longer has any key influence so the shares, previously consolidated at equity, are now shown as an investment ("Available for sale").

Following the deconsolidation of M+W Zander, in addition to JENOPTIK AG, 19 (prev. year 38) domestic and 7 (prev. year 62) foreign companies were fully included in consolidation. In accordance with IAS 31 "Interests in Joint Ventures" 1 (prev. year 2) joint venture company was included in the half-year report on a 50% proportional basis and, under IAS 2 "Interests in Associates" 1 domestic associated company was shown at equity (prev. year 4 domestic and 1 foreign).

## Itemization of the key items in the report.

The increase in intangible assets is primarily attributable to the capitalization of development costs and goodwill, as well as the acquisition of rights and patents.

The change in the financial assets is attributable to the sale of two securities funds (special funds) and the shares in associated companies. The reduction in the shares in associated companies is influenced mainly by the sale of the shares in DEWB. Since the shareholding in DEWB has fallen below 20 percent it is no longer shown under shares in associated companies but under investments.

The rise in other non-current assets is attributable to the re-categorization of a receivable previously shown as current without affecting the cash flow or results.

The change in inventories is due to an increase in inventories of work in progress as well as to an increase in raw materials, consumables and supplies.

As in the first quarter 2006 there was a slight rise in the working capital due mainly to the organic growth.

In order to gradually liquidate a real estate fund categorized as finance lease, a majority holding was acquired and consolidated in the 1st quarter 2006. As a result of this there was marked reduction in liabilities

### Tangible assets

	in TEUR	
	30.6.2006	31.12.2005
Land, buildings	99,416	98,402
Technical equipment and machinery	39,776	41,095
Other equipment, plant and office equipment	22,080	20,780
On-account payments and construction in progress	3,548	4,436
<b>164,820</b>	<b>164,713</b>	

### Non-current financial liabilities

	in TEUR	
	30.6.2006	31.12.2005
Long-term bonds	203,540	202,348
Non-current bank liabilities	71,493	52,416
Non-current liabilities from finance leases	24,483	69,933
<b>299,516</b>	<b>324,697</b>	

### Current financial liabilities

	in TEUR	
	30.6.2006	31.12.2005
Bonds	14,800	7,500
Bank liabilities	62,867	50,503
Liabilities from finance leases	1,594	3,603
<b>79,261</b>	<b>61,606</b>	

### Other current liabilities

	in TEUR	
	30.6.2006	31.12.2005
Liabilities from on-account payments received	28,252	30,109
Trade accounts payable	45,013	27,780
Liabilities from construction contracts	1,325	77
Liabilities to affiliated companies	1,474	2,888
Liabilities to participating interests	4,822	11,745
Other liabilities	51,395	31,074
<b>132,281</b>	<b>103,673</b>	

### Accounts receivable and other assets

	in TEUR	
	30.6.2006	31.12.2005
Trade accounts receivable	79,334	77,429
Receivables due from construction contracts	4,446	3,568
Receivables from non-consolidated, affiliated companies	5,765	7,233
Receivables due from participating interests	14,032	8,557
Other assets	33,732	28,730
<b>137,309</b>	<b>125,517</b>	

from finance lease and an increase in current and non-current bank liabilities, other liabilities as well as minorities shown under shareholders' equity.

## German Corporate Governance Code.

The current declarations under § 161 AktG (German Stock Corporation Act) by the 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 and the one or the other of its group companies are involved in legal or arbitration proceedings which may have an effect on the group's economic situation. These are described in the consolidated financial statements of Jenoptik for the year 2005. The claim against JENOPTIK AG filed at the Bundesgerichtshof for compensation payments to DEWB shareholders, was rejected in the court of the last instance in favor of Jenoptik.

## Post balance sheet events.

There were no events of special importance occurring after the period covered by the interim report.

The Executive Board  
August 2006

Dates	Contacts
<b>August 9, 2006</b> Interim Report on the first half 2006 of the Jenoptik Group	<b>Investor Relations</b> Sabine Barnekow Phone +49 3641 65-2156 Fax +49 3641 65-2484 E-mail <a href="mailto:ir@jenoptik.com">ir@jenoptik.com</a>
<b>November 13, 2006</b> Interim Report on the third quarter 2006 of the Jenoptik Group	<b>Public Relations</b> Katrin Lauterbach Phone +49 3641 65-2255 Fax +49 3641 65-2484
<b>March 2007</b> Annual Report 2006 of the Jenoptik Group	E-mail <a href="mailto:pr@jenoptik.com">pr@jenoptik.com</a>
<b>May 2007</b> Interim Report on the first quarter 2007 of the Jenoptik Group	
<b>June 2007</b> General Meeting 2007 JENOPTIK AG	