



# Interim Financial Report of the Jenoptik Group (unaudited)

FOR THE MONTHS JANUARY TO SEPTEMBER 2011

Q1\_Q2\_Q3



## AT A GLANCE – JENOPTIK GROUP.

Figures in million euros	Jan. – Sept. 2011 Group**	Jan. – Sept. 2010 Continuing BD	Change in %	July – Sept. 2011 Group**	July – Sept. 2010 Continuing BD	Change in %
<b>Sales</b>	<b>383.9</b>	<b>346.2</b>	<b>10.9</b>	<b>127.6</b>	<b>124.9</b>	<b>2.2</b>
Lasers & Optical Systems	159.2	137.3	16.0	50.4	44.4	13.5
Metrology	93.5	83.4	12.1	31.4	40.0	– 21.5
Defense & Civil Systems	130.5	125.4	4.1	45.8	40.5	13.1
Others*	0.7	0.1	–	0	0.1	–
<b>EBITDA</b>	<b>53.1</b>	<b>41.3</b>	<b>28.6</b>	<b>15.4</b>	<b>20.1</b>	<b>– 23.2</b>
Lasers & Optical Systems	32.9	18.5	77.8	8.5	6.1	39.3
Metrology	8.6	6.6	30.3	2.9	5.7	– 49.4
Defense & Civil Systems	6.4	9.2	2.2	3.5	2.7	31.5
Others*	2.2	7.0	– 70.0	0.6	5.6	– 89.0
<b>EBIT</b>	<b>34.9</b>	<b>20.2</b>	<b>72.8</b>	<b>10.9</b>	<b>11.3</b>	<b>– 3.5</b>
Lasers & Optical Systems	24.8	10.7	131.8	7.3	3.5	108.6
Metrology	6.2	3.9	59.0	2.1	4.9	– 57.1
Defense & Civil Systems	5.8	5.4	7.4	2.3	1.4	64.3
Others*	– 1.9	0.2	–	– 0.8	1.5	–
<b>EBIT margin (EBIT as % of sales)</b>	<b>9.1 %</b>	<b>5.8 %</b>		<b>8.5 %</b>	<b>9.0 %</b>	
Lasers & Optical Systems	15.6 %	7.8 %		14.5 %	7.9 %	
Metrology	6.6 %	4.7 %		6.7 %	12.3 %	
Defense & Civil Systems	4.4 %	4.3 %		5.0 %	3.5 %	
<b>Earnings before tax</b>	<b>26.1</b>	<b>11.3</b>	<b>131.0</b>	<b>7.7</b>	<b>8.4</b>	<b>– 9.3</b>
<b>Earnings after tax</b>	<b>21.4</b>	<b>9.6</b>	<b>122.9</b>	<b>6.9</b>	<b>7.6</b>	<b>– 9.2</b>
<b>Order intake</b>	<b>513.7</b>	<b>410.9</b>	<b>25.0</b>	<b>167.6</b>	<b>144.2</b>	<b>16.2</b>
Lasers & Optical Systems	166.9	173.9	– 4.0	48.3	67.3	– 28.2
Metrology	132.5	104.4	26.9	37.2	33.5	11.0
Defense & Civil Systems	215.0	131.1	64.0	81.8	42.8	91.1
Others*	– 0.7	1.5	–	0.3	0.6	–

Figures in million euros	Sept. 30, 2011 Group**	Dec. 31, 2010 Group***	Sept. 30, 2010 Group***
<b>Order backlog</b>	<b>477.2</b>	<b>355.4</b>	<b>364.1</b>
Lasers & Optical Systems	102.0	98.8	93.3
Metrology	81.6	45.1	42.6
Defense & Civil Systems	296.3	212.6	229.7
Others*	– 2.7	– 1.1	–
<b>Employees (incl. trainees)</b>	<b>3,039</b>	<b>2,951</b>	<b>2,943</b>
Lasers & Optical Systems	1,285	1,234	1,229
Metrology	671	632	628
Defense & Civil Systems	929	931	933
Others*	154	154	153

\* Others includes holding, SSC, real-estate, consolidation.

\*\* In 2011 the Group corresponds to the continuing business divisions (BD).

\*\*\* As at the balance sheet date the discontinued business division is not included anymore.

## SUMMARY OF THE MONTHS JANUARY TO SEPTEMBER 2011.

- Contrary to expectations, economic activity remained positive. Germany benefited from strong export demand.

[See Development of the economy as a whole and of the individual Jenoptik sectors – Page 5.](#)

- Sales with 10.9 percent growth to 383.9 million euros and group earnings from operating activities (Group EBIT) with an increase of 72.8 percent to 34.9 million euros were sharply up on the previous year's level.

[Earnings situation – Page 7.](#)

- Order intake remained at the same high level as the previous quarters, primarily also as a result of several large orders in the Defense & Civil Systems segment. At 513.7 million euros, the Group order intake on a nine month basis was 25 percent up on the level in the previous year.

[See Development of the order situation – Page 8.](#)

- In the current 4th quarter Jenoptik restructured the Group financing thanks to a successful placement of a promissory note of 90 million euros. There were no major changes in the key financial indicators as at the end of the 3rd quarter: net debt, at 88.2 million euros, was virtually unchanged against the end of the 1st half-year 2011, the shareholders' equity ratio rose to 47.8 percent.

[See Financial and asset situation – Page 10.](#)

- The operating business continued its positive performance. The Lasers & Optical Systems segment benefited from the high level of sales with the semiconductor industry and medical technology. The Metrology segment won a number of key orders, with the Industrial Metrology division continuing to report a high level of demand from the automotive industry. The development of business in the Defense & Civil Systems segment showed stable progress, characterized by a number of long-term, major orders.

[See Segment reporting – from page 13.](#)

- The Jenoptik Group raises its forecast: sales are anticipated to come in at around 525 million euros (previously more than 510 million euros), the Group EBIT at approx. 44 million euros (previously 40 million euros).

[See Forecast report – from page 20.](#)

# 1. BUSINESS AND FRAMEWORK CONDITIONS.

## 1.1 Group structure and business activity.

As an integrated optoelectronics group Jenoptik's operational business is divided into the following five divisions

- Lasers & Material Processing
- Optical Systems
- Industrial Metrology
- Traffic Solutions and
- Defense & Civil Systems.

These five divisions are combined into the Lasers & Optical Systems, Metrology and Defense & Civil Systems segments and so meet the requirements for the system of segment reporting.

Jenoptik is primarily a supplier of capital goods and a partner for industrial companies. In the Traffic Solutions and Defense & Civil Systems divisions we are also a major supplier to the public sector both directly as well as indirectly through system integrators. We do not focus on consumer markets.

The product portfolio extends from complex systems, industrial facilities and production lines, to modules and sub-systems, through to components. The Jenoptik Group also successfully markets comprehensive total solutions and/or operator models comprising the integration of systems and facilities and corresponding networks, as well as project management, data processing and after-sales.

Our key markets primarily include security and defense technology, the market for metrology and material pro-

cessing, the aviation industry and medical technology, the market for traffic solutions, as well as the semiconductor and photovoltaic industry.

Over the last nine months there have been no major changes to the group structure described in this report. Changes in the consolidated companies and minor adjustments to the business portfolio as part of the continuous management of the operational portfolio, are an integral part of the ongoing reporting in this quarterly report and are therefore described in the chapter entitled Financial and asset position from page 10, the Segment reporting from page 13 as well as in the Notes on page 30 (details on the consolidated companies).

## 1.2 Development of the capital market and the Jenoptik share.

Concerns about the high level of sovereign debt in the USA and some euro zone countries have impacted on the development of the global financial markets in 2011 to-date. In Germany, the fears of the financial and debt crisis spreading to the real economy increased during the course of the year. This led to falls in all the key indices as well as high volatility and uncertainty on the markets. The Dax, as the key German indicator, lost the gains it had made during the first half of the year, closing at the end of the third quarter at 5502.02 points and posting a marked fall of 21.3 percent. There was also a significant deterioration in the valuation of the major German technology companies listed on the stock market. The TecDax was down by 23.0 percent compared with the start of the year and ended the period covered by the report at 662.63 points.

### EARNINGS PER SHARE

	Group*	Group	
	1.1. to 30.9.2011	Continuing BD 1.1. to 30.9.2010	Discontinued BD 1.1. to 30.9.2010
Net profit in KEUR	21,380	9,558	2,389
Weighted average number of outstanding shares	57,238,115	55,922,954	55,922,954
Earnings per share in euros	0.37	0.17	0.03

Earnings per share are the net profit divided by the weighted average number of shares outstanding.  
\* In 2011 the Group corresponds to the continuing business divisions (BD).

Although the JENOPTIK AG share outperformed the Dax and TecDax over the course of the year, it was unable to avoid the bad situation and uncertainty on the market and in the first nine months fell by 14.0 percent. Starting in January at 5.43 euros, the share reached its year's high on May 31, 2011 at 6.58 euros. From August it posted a significant loss in value during the course of the turbulent events on the capital markets. On September 12, 2011 it recorded its lowest price of the year at 4.30 euros in market conditions that were primarily characterized by the debate on a potential default by Greece. By September 30, 2011 the share had managed to climb slightly, ending the quarter at 4.67 euros (closing prices on the Xetra).

On August 12, 2011 the Jenoptik Executive Board presented the interim half-year figures in Frankfurt am Main. The company also gave presentations at bank conferences and roadshow held in Frankfurt, Munich, London, Zurich and Vienna. Potential analysts and investors visited Jenoptik's production sites in Villingen-Schwenningen and Jena. In mid October 2011 Jenoptik invited domestic and foreign investors, analysts as well as journalists to its Capital Market Days at the company's headquarters in Jena. The 20 participants were provided with first-hand information on the company's further development and given a presentation of selected products and technologies.

### 1.3 Development of the economy as a whole and the Jenoptik sectors.

The summary of the economy as a whole and the economic development of individual countries of key importance to Jenoptik, showed an uneven picture for the first nine months of this year.

In the 3rd quarter 2011 **global economic growth** slowed more sharply than had previously been anticipated. According to the OECD growth stagnated primarily in the major industrialized nations, which in turn had a detrimental effect on corporate investment and consumer spending. Uncertainty was caused in particular by the crisis in the euro region and high levels of sovereign debt in some industrialized countries. According to the "Global Economic

Outlook" from commercial auditors Deloitte, two factors are undermining the more stable industrialized nations: falling demand in the key export markets and a general crisis of confidence which is being reflected in the domestic markets.

**US GDP** growth in the 3rd quarter 2011 was 2.5 percent after 1.3 percent in the previous quarter according to the US Department of Commerce. There was a further small increase in industrial production, and spending on consumer goods also rose by 2.4 percent. However, in September, inflation rose compared with the same month in the previous year to a three year high of 3.9 percent and the unemployment rate remained at 9.1 percent.

The economy in the **euro zone** was subject to some fluctuations in the 3rd quarter 2011. Eurostat, the statistical office of the European Union, calculated an increase in industrial production and order intakes of 1.2 or 1.9 percent respectively for August 2011 compared with July 2011. However, according to a survey by Markit, a provider of financial information, there were first signs of slowdown in new business and order intakes at the end of the quarter. Inflation in the euro zone rose to 3.0 percent in September, the highest level for three years, according to Eurostat.

For **Germany**, the German Institute for Economic Research (DIW) calculated a rise of 0.4 percent in GDP in the 3rd quarter 2011 compared with only 0.1 percent in the 2nd quarter. Export figures fluctuated in the 3rd quarter 2011; while they fell for the second time in succession in July in a monthly comparison provided by the German Department of Statistics, in August German exports rose by 3.5 percent following calendar and seasonal adjustments compared with July. The Ifo-Index painted a more skeptical picture of the German economy: in October figure fell for the 4th time in succession but still remains at a high level of 106.4 points when assessing the current business situation.

According to the Chinese Office of Statistics, after posting growth of 9.7 and 9.5 percent in the 1st and 2nd quarter 2011 respectively, **China's** gross domestic product is expected to grow by 9.1 percent in the 3rd quarter compared with the previous year, the lowest rate for two years. In



the previous year government programs and an expansive monetary policy affected the Chinese economy.

In the 3rd quarter 2011 [Japan's](#) economy continued to recover from the effects of the earthquake, even though the spending on reconstruction was lower than had been anticipated. However, the faltering economy in the USA and Europe, plus the strong Yen which is now at its highest level since the 2nd World War, is providing cause for concern.

The performance of the individual [Jenoptik sectors](#) also produced a differentiated picture during the last nine months.

Sales by the [semiconductor industry](#) remained stable in the 3rd quarter 2011, thanks to the rapid recovery by the Japanese semiconductor industry amongst other things. According to the semiconductor association SIA sales during the 3rd quarter increased on average by 3.5 percent to 75.7 billion US dollars compared with the 2nd quarter. The major semiconductor manufacturers reported stable business in the first nine months, they succeeded in achieving their sales targets.

The business development in the [German machine construction industry](#) remained at a high level with an average quarterly increase in order intakes of 8 percent according to details from the German Engineering Federation (VDMA). The boom, however, leveled out: In September, order intake was just 1 percent higher than in the previous year's quarter, compared with 14 percent in August and 9 percent in July. But so far there was no marked decline resulting from the debt and euro crisis. East Asia, in particular China, remains the driver for the business.

According to the VDMA Photovoltaic Equipment Forum, [German photovoltaic equipment manufacturers](#) increased their sales in the 2nd quarter 2011 to the highest level since 2005. Well over 70 percent were generated in Asia. However, after posting record levels over recent months, order intakes fell by more than a half compared with the same quarter in the previous year and are currently at their lowest level since mid-2009. The reasons given by the VDMA are the surplus capacities in cell and module manufacturing which were built up in 2010, as well as the slow pace of photovoltaic system installations in Europe at the beginning of 2011. According to joint quarterly statistics provided by SEMI and VDMA associations photovoltaic equipment manufacturers increased their global sales by 17 percent to just over 2 billion US dollars in the 2nd quarter global revenues were, whilst order intakes in the 2nd quarter fell by 18 percent compared with the 1st quarter.

The Verband der [Automobilindustrie](#) (VDA) sees no indications of a massive upturn. The high growth rates in manufacturing and exports over recent months are currently settling at a high level. According to the European Automobile Manufacturers' Association (ACEA), from January to September 2011 sales in Germany increased by 10.8 percent over the same period in the previous year, whilst the figure within the European Union was down by 1.1 percent over the same period. The global automotive industry is now recovering from the temporary supply shortages caused by the Japanese earthquake.

In spite of budgetary constraints in the armaments industry in particular US defense suppliers were able to increase both sales and profits in the 3rd quarter 2011. The sector is endeavoring to cushion the effects of budgetary constraints through exports, mainly to Asia. According to the Stockholm International Peace Research Institute (SIPRI) high rates of growth are also being seen in South America and Africa.

## 2. EARNINGS, FINANCIAL AND ASSET POSITION.

**Note:** All details on the figures for the previous year have been adjusted for Jena-Optronik GmbH which was sold in December 2010 and which had already been shown separately in the 2010 fiscal year as a “discontinued business division”. The figures for the first nine business months of 2011 can therefore be compared with the details for the previous year. However, for this reason the figures shown in this report relating to the previous year differ from the key indicators published a year ago for the first nine business months, rounding effects might occur.

### 2.1 Earnings and order situation.

**Development of sales.** The Jenoptik Group generated sales in the sum of 383.9 million euros in the first nine months of the current fiscal year, a rise of 10.9 percent or 37.7 million euros in net terms over the same period in the previous year (prev. year 346.2 million euros). All three segments contributed to the increase in sales. On a quarter-on-quarter basis Jenoptik posted sales of 127.6 million euros, maintaining the same level as in the previous quarters.

The Lasers & Optical Systems segment accounted for the largest share of sales, with a rise of 16 percent to 159.2 million euros. The Metrology segment continued its positive performance with sales 12.1 percent higher at 93.5 million euros. The Defense & Civil Systems segment produced a small increase of 4.1 percent to 130.5 million euros.

Jenoptik generated approx. 60 percent of its sales abroad. Europe was the strongest region, followed by the NAFTA and South East Asia/Pacific regions. Whilst sales in Germany virtually stagnated, sales abroad posted strong growth.

Sales in the NAFTA region for example were up 10 percent at 53.2 million euros (prev. year 48.3 million euros), accounting for 13.9 percent of the total. The strongest growth in sales was in the South East Asia/Pacific region with 38.3 million euros, approx. 10 percent of total sales and a 37.5 percent rise compared with the same period in the previous year (prev. year 27.9 million euros).

**Development of earnings.** The EBITDA for the first nine months 2011 was 53.1 million euros and therefore 28.6 percent up on the same period in the previous year 2010 (prev. year 41.3 million euros). The Jenoptik group operating result (Group EBIT) as at the end of the 3rd quarter came in at 34.9 million euros (prev. year 20.2 million euros) and with a 72.8 percent increase over the same period in the previous year rose at a markedly higher rate than sales (plus 10.9 percent). On a nine-months basis, Jenoptik was therefore able to more than compensate for the high EBITDA and EBIT which resulted primarily from the accounting of a major traffic safety order and the sale of shares in caverion GmbH in the 3rd quarter 2010. It enabled the Jenoptik Group to achieve an EBIT margin of 9.1 percent based on the first nine business months (prev. year 5.8 percent). In addition to the increased sales and a good economic situation in the semiconductor industry, the main factors contributing to the growth in earnings were improved cost structures in all individual areas, a change in the sales mix compared with the same period in the previous year, as well as the utilization of the economies of scale.

The positive earnings development was mainly attributable to the Lasers & Optical Systems segment which produced a 131.8 percent leap in earnings to 24.8 million euros. The

#### SALES (in million euros)

	1.1. to 30.9.2011	1.1. to 30.9.2010	Change in %
Total	383.9	346.2	10.9
Lasers & Optical Systems	159.2	137.3	16.0
Metrology	93.5	83.4	12.1
Defense & Civil Systems	130.5	125.4	4.1
Others	0.7	0.1	–

#### EBIT (in million euros)

	1.1. to 30.9.2011	1.1. to 30.9.2010	Change in %
Total	34.9	20.2	72.8
Lasers & Optical Systems	24.8	10.7	131.8
Metrology	6.2	3.9	59.0
Defense & Civil Systems	5.8	5.4	7.4
Others	– 1.9	0.2	–

Metrology segment also achieved a marked increase in the segment EBIT to 6.2 million euros compared with the previous year (prev. year 3.9 million euros). The EBIT of the Defense & Civil Systems segment came in at 5.8 million euros and was therefore up slightly on the figure for the same period in the previous year (prev. year 5.4 million euros).

The net financial result was in line with the figure for the same period in the previous year at minus 8.9 million euros (prev. year minus 8.8 million euros). The investment result for this year in the sum of minus 1.0 million euros (prev. year minus 0.5 million euros) is the last one to include the costs for JT Optical Engine GmbH + Co. KG which has achieved its corporate objective and whose operating business was ceased on July 1, 2011. The net interest result in the period covered by the report was minus 7.8 million euros (prev. year minus 8.4 million euros). Interest income in the sum of 2.0 million euros (prev. year 1.3 million euros) was offset by interest expenses in the sum of 9.8 million euros (prev. year 9.6 million euros).

Earnings before tax totaled 26.1 million euros as against 11.3 million euros for the same period in the previous year. Income taxes totaled 3.6 million euros, incurred both on domestic as well as foreign profits. As a result of the utilization of JENOPTIK AG losses carried forward in the domestic market, the cash-effective tax rate was just 13.8 percent (prev. year 15 percent). At the same time it was primarily this utilization which caused deferred taxes of 1.1 million euros (prev. year 0 million euros).

Earnings after tax came in at 21.4 million euros (prev. year 9.6 million euros), reflecting an increase of 122.9 percent. Earnings per share improved accordingly from 0.17 for the same period in the previous year to 0.37 euros per share for the first nine business months of 2011.

**Order situation.** Order intake in the 3rd quarter 2011 just past remained at a high level. As expected, the order intakes from the semiconductor industry reduced. These were offset by a number of major orders in the Defense & Civil Systems segment, although the majority of these had been anticipated and was therefore included in the sales planning for the following years.

The Jenoptik Group order intake surpassed the previous year's level by 25.0 percent or 102.8 million euros in net terms, totaling 513.7 million euros compared with 410.9 million euros in the first nine months of the previous year. The continuing growth was primarily attributable to the Metrology and Defense & Civil Systems segments. The figure for the Lasers & Optical Systems segment was, as expected, slightly down on the level for the previous year. The increase in the order intake was at a higher rate than sales: the actual net figure was 129.8 million euros above the level of sales. The book-to-bill ratio, the ratio between order intake and sales, was therefore 1.34. The Group order backlog increased accordingly to 477.2 million euros. Compared with the order backlog at the end of December 2010 (355.4 million euros) this represents growth of 34.3 percent or 121.8 million euros in net terms.

Detailed information on the development of the key indicators for the segments can be found in the Segment reporting from page 13 of this report.

#### ORDER INTAKE (in million euros)

	1.1. to 30.9.2011	1.1. to 30.9.2010	Change in %
Total	513.7	410.9	25.0
Lasers & Optical Systems	166.9	173.9	-4.0
Metrology	132.5	104.4	26.9
Defense & Civil Systems	215.0	131.1	64.0
Others	-0.7	1.5	-

#### ORDER BACKLOG (in million euros)

	30.9.2011	31.12.2010	Change in %
Total	477.2	355.4	34.3
Lasers & Optical Systems	102.0	98.8	3.2
Metrology	81.6	45.1	80.9
Defense & Civil Systems	296.3	212.6	39.4
Others	-2.7	-1.1	-



## 2.2 Development of the key performance factors.

The **cost of sales** rose by 6.0 percent to 251.2 million euros (prev. year 237.1 million euros) and therefore increased at a lower rate than sales (10.9 percent). With a gross profit of 132.7 million euros (prev. year 109.2 million euros) the gross margin increased sharply from 31.5 percent for the same period in 2010 to the new figure of 34.6 percent.

The cost of sales includes development costs in the sum of 8.8 million euros which are incurred directly on behalf of customers (prev. year 10.4 million euros). The costs are allocated according to the contract structure and are therefore dependent upon individual orders or projects, the cost of sales as well as R+D expenses and the corresponding quotas can therefore fluctuate without necessarily affecting the R+D overall output.

The **R+D overall output** of the Group was 30.8 million euros (prev. year 30.3 million euros), representing approx. 8 percent of sales. This figure includes the development costs on behalf of customers as well as the R+D expenses, adjusted for capitalizations and write-downs. It does not include the costs for the development of the fiber lasers which were included in the net investment result on a pro rata basis via JT Optical Engine GmbH & Co. KG.

The Jenoptik Group **R+D expenses** totaled 22.5 million euros and were therefore 2.7 million euros or 13.6 percent higher than the same period in the previous year (prev. year 19.8 million euros). The growth is attributable to new projects in all three segments, which were in part placed

on the market in 2011, such as e.g. the new generation of roughness measuring systems of the Metrology segment.

**Selling expenses** rose slightly from 40.7 million euros for the period in the previous year to 43.4 million euros and therefore accounted for 11.3 percent of sales.

At 28.3 million euros (prev. year 26.3 million euros) **general administrative expenses** accounted for 7.4 percent of sales and increased at a lower rate than sales. The increase in absolute terms is attributable, among other things, to accruals for variable salary components as a result of the forecast very good net income.

Exchange gains of 5.7 million euros were the largest item in **other operating income** in the sum of 12.5 million euros (prev. year 17.0 million euros). It also includes income from the release of allowances, the disposal of fixed assets and subsidies. In the previous year, other operating income was affected by the sale of the shares in caverion GmbH. Exchange losses of 6.1 million euros were the largest item of **other operating expenses** which amounted to 16.0 million euros (prev. year 19.3 million euros). In addition, amortization on intangible assets and increases of provisions are included.

**Employees & management.** Here was a further slight increase in the number of employees in the Jenoptik Group. As at September 30, 2011 the total number was 3,039 employees (31.12.2010: 2,951), equating to an increase of 3.0 percent or 88 new employees in net terms. The increase was again at a markedly lower rate compared with the growth in sales, resulting in an increase in sales per

### R+D OUTPUT (in million euros)

	1.1. to 30.9.2011	1.1. to 30.9.2010	Change in %
R+D expenses	22.5	19.8	13.6
Capitalized development costs	0.4	0.9	-55.6
Write down on capitalized development costs	-0.9	-0.9	0
Allocation to customer development orders	6.0	6.2	-3.2
Other expenses			
Customer development orders	2.8	4.2	-33.3
R+D output	30.8	30.3	1.7

### EMPLOYEES (incl. trainees)

	30.9.2011	31.12.2010	Change in %
Total	3,039	2,951	3.0
Lasers & Optical Systems	1,285	1,234	4.1
Metrology	671	632	6.2
Defense & Civil Systems	929	931	-0.2
Others	154	154	0

employee. The addition to the personnel numbers took place mainly during the 3rd quarter of the current fiscal year primarily as a result of hiring new employees in the Lasers & Optical Systems and Metrology segments.

The total number of employees abroad as at September 30, 2011 was 334, 18 more than at the end of 2010 (31.12. 2010: 316). These employee figures do not include 101 employees of the Jenoptik companies in India, Korea, Japan and China since these companies have not been consolidated. The number of employees abroad including these was 435.

On a segment level the Lasers & Optical Systems and Metrology segments showed an increase in the number of employees compared with the end of 2010 – of 4.1 and 6.2 percent respectively. In both segments the number of employees also increased at a markedly lower rate proportional to the increase in their sales.

As at September 30, 2011 there was no short-time working within the Jenoptik Group. The Group employed a total of 156 temporary workers (31.12.2010: 90).

As at the end of the 3rd quarter 2011 a total of 118 young people were receiving training within the Jenoptik Group. In August this year a total of 24 new trainees and students from the Career Academy began their working life with Jenoptik at locations throughout Germany. In February 2011 a total of 24 trainees had successfully passed their training.

In the 2nd quarter 2011 Executive Board and IG Metall agreed a new Jenoptik collective wage agreement for approx. 750 Jenoptik Group employees and trainees. The new agreement runs up to September 30, 2012 and provides for an increase in the pay elements in two stages. These rose by 3.0 percentage points from July 1, 2011 and will increase by a further 0.95 percentage points by March 1, 2012.

## 2.3 Financial and asset position.

As at the end of the 3rd quarter 2011 Jenoptik's financing remains on a sound footing, primarily orientated towards the medium term.

Since the start of the year non-current group liabilities reduced by 31 percent to 113.4 million euros (31.12.2010: 165.3 million euros) whilst current liabilities increased from 181.1 million euros to 216.8 million euros. The main reason for this change was first and foremost the reclassification of repayment installments becoming due within less than 12 months.

As in the first two quarters, in the third quarter 2011, the **debt equity ratio**, the ratio between borrowings (330.1 million euros) and shareholders' equity (302.7 million euros), was reduced further to just 1.09 (31.12.2010: 1.23). On the one side, the reason for this strengthening of the internal financing is the reduction in total liabilities by more than 16 million euros and on the other the earnings after tax in the sum of more than 20 million euros which the Group succeeded in generating up to September 30, 2011.

### NET DEBT (in million euros)

	30.9.2011	31.12.2010	30.9.2010*
Net debt total	88.2	79.3	126.8
Securities	1.3	0.8	0.6
Cash and cash equivalents	41.3	65.3	27.1
Non-current financial liabilities	75.9	125.9	140.1
Current financial liabilities	54.9	19.5	14.4

\* incl. discontinued business division

During the course of the year **net debt** increased from 79.3 million euros to 88.2 million euros as at September 30, 2011. The largest proportion of this rise can be explained by the previously announced payment to a silent real estate investor in the 2nd quarter, higher capital expenditure and a rise in the working capital.

**Analysis of capital expenditure.** In the first nine months of 2011 Jenoptik invested more heavily in the expansion of tangible assets (16.2 million euros) compared with the same period in the previous year (prev. year 7.8 million euros). Amongst other things, the Group invested in improving the efficiency of and expanding the production capacities for diode laser manufacturing in Berlin and in the energy systems area of the Defense & Civil Systems division at the Altenstadt site. Capital expenditure in intangible assets in the first nine months of 2011, at 1.2 million euros, was down slightly on the level for the same period in the previous year (prev. year 1.7 million euros).

In the period covered by the report scheduled depreciation reduced to 17.2 million euros (prev. year 19.2 million euros).

**Note:** Contrary to the other figures, the following details on the cash flow of the previous year have not been adjusted for Jena-Optronik GmbH which was sold in December 2010 and therefore include receipts and payments for the discontinued business.

**Cash flow from operating activities** increased to 39.2 million euros and was therefore markedly higher than in the first three quarters 2010 (prev. year 22.0 million euros). This success was based on the significant improvement in the operational area and the subsequent earnings before tax generated. The increase in sales also produced a rise in the Group working capital. A further increase in the cash flow from operating activities came from releasing a liquidity reserve which had been built up in 2010 for the anticipated exit of the silent investor and was subsequently paid out in the second quarter.

As a result of the mentioned sharp increase in capital expenditure on tangible and financial assets, **cash flow from investing activities** fell from minus 5.6 million euros to minus 21.6 million euros. The figure for the same period in the previous year was influenced by the sale of the shares in caverion GmbH which led to an inflow of funds from investing activities.

In the period under report the free cash flow (before interest and taxes) rose to 24.1 million euros (prev. year 16 million euros). It comprises cash flow from operating activities before taxes less cash flow for operative investing activities.

The **cash flow from financing activities** showed a significant reduction to minus 41.6 million euros (prev. year minus 0.6 million euros). In addition to the lower receipts from the issue of bonds and loans, the main reason for this reduction was the announced payment to a silent shareholder in connection with his exit from a real estate company. In addition, Jenoptik utilized the cash flow generated in order to repay bonds and loans. The first nine months 2010 had been characterized by the proceeds raised from the 10 percent capital increase in the sum of approx. 22 million euros which had been included under Receipts from additions to shareholders' equity.

**Balance sheet analysis.** In the first nine months of 2011 the balance sheet total increased slightly by comparison with the year-end 2010 to 632.9 million euros, primarily as a result of the expansion of business (31.12.2010: 628.9 million euros).

**Non-current assets** showed a slight rise to 314.1 million euros (31.12.2010: 310.7 million euros). This was attributable in particular to an increase in financial assets to 25.5 million euros (31.12.2010: 16.8 million euros) as a result of a minority shareholding in the Metrology segment. There was also a slight increase in tangible assets to 141.8 million euros. By contrast, intangible assets reduced to 68.9 million euros due to amortization (31.12.2010: 72.4 million euros). As a result of partial sales of real estate not required for operational purposes, investment properties also showed a slight reduction to 20.0 million euros (31.12.2010: 22.1 million euros). There were virtually no changes in other items of non-current assets.

**Current assets** remained virtually unchanged at 318.8 million euros (31.12.2010: 318.2 million euros). However, the inventories included under this item increased to 175.4 million euros (31.12.2010: 148.8 million euros). The rise is attributable to the growth in sales, albeit at a lower rate. By contrast, there was a reduction in cash and cash equivalents to 41.3 million euros (31.12.2010: 65.3 million euros) in particular as a result of repayments of loans.

As at the qualifying date of September 30, 2011 the **working capital** totaled 188.6 million euros and was above the level at the end of 2010 (31.12.2010: 164.6 million euros) as a result of the continuing pick-up in business from January to September 2011. The working capital is defined as the total trade accounts receivable and inventories, less trade accounts payable, liabilities arising from PoC (Percentage of Completion) and on-account payments received. The increase in the working capital slowed down in the 3rd quarter. The working capital quota, the ratio between working capital and sales, was 35.5 percent (30.09.2010: 36.7 percent). Due to the reduction in working capital at the end of a year, a comparison with the same date as in the prior year is more useful.

As a result of the profit reported in the first nine months 2011, the **shareholders' equity** increased to 302.7 million euros (31.12.2010: 282.5 million euros). Consequently, despite the balance sheet total also having increased, there was also an improvement in the shareholders' equity quota, the ratio between shareholders' equity and balance sheet total, from 44.9 percent as at the end of 2010 to 47.8 percent as at September 30, 2011.

**Non-current liabilities** fell by 51.9 million euros as at the end of the 3rd quarter 2011, to 113.4 million euros (31.12.2010: 165.3 million euros). The fall is attributable mainly to the reduction in non-current financial liabilities. Those liabilities to banks becoming due in less than 12 months were reclassified as current financial liabilities. The other items included under non-current liabilities, such as pension commitments, other non-current provisions as well as other non-current liabilities, remained virtually unchanged.

Due mainly to the abovementioned restructuring, which exceeded repayments, **current liabilities** increased to 216.8 million euros (31.12.2010: 181.1 million euros). The increase in liabilities from operating business activities also contributed to the rise in current liabilities. These are included under other current liabilities and rose as a result of the expansion of business. By contrast, other current provisions were markedly down to 49.2 million euros primarily as a result of the release of a provision in connection with the payment made to a silent real estate investor (31.12.2010: 61.9 million euros).

**Purchases and sales of companies.** There were no purchases of companies in the first nine months 2011.

As part of the continuing strategic focusing, Innovavent GmbH, Göttingen was deconsolidated with effect from August 1, 2011 through a management buy out. The firm of Kahlert Technology GmbH acquired all the shares in the company. The company has nine employees at the Göttingen site, these will continue to be employed.

For details of the **assets and liabilities not included in the balance sheet** we refer to the information on page 77 in the 2010 Annual Report, the information on guarantees from page 89 in the Risk Report as well as the related updates on page 19 of this report.

### 3. SEGMENT REPORTING.

**Note.** As a result of the sale of shares in Jena-Optronik GmbH which had been shown under the Defense & Civil Systems segment, the previous year's figures for this segment have been adjusted. The key indicators for the first nine months of 2011 can therefore be compared with those of the previous year. However, the previous year's figures in this report for the Defense & Civil Systems segment differ from the key indicators published in the previous year.

#### 3.1 Lasers & Optical Systems segment.

The development of business by the Lasers & Optical Systems segment in the 3rd quarter was again influenced by the semiconductor industry. Sales and results were up once more compared with the figures in the previous year. As expected, starting from a very high level, the demand from the semiconductor industry has returned to normal over the last few business months has returned to normal.

The segment posted total sales of 159.2 million euros (prev. year 137.3 million euros), representing an increase of 16.0 percent or 21.9 million euros in net terms. The growth in sales came predominantly from the Optical Systems division which benefited from the good level of demand from the semiconductor sector. The Lasers & Material Processing division also reported clearly higher sales. The Lasers business unit showed a continuing very positive performance, in particular in components for high-power diode lasers and in lasers for medical technology.

The segment generated approx. 70 percent of its sales abroad (prev. year approx. 70 percent), primarily attribut-

able to the deliveries to the semiconductor industry and exports of medical lasers and laser processing systems for the automotive and photovoltaics industry.

**Result from operating activities (segment EBIT)** came in at 24.8 million euros (prev. year 10.7 million euros) and were therefore 14.1 million euros above the figure for the same period in the previous year in net terms. The leap in earnings is again attributable to the Optical Systems division. The reasons for this increase, in addition to the high level of sales from the semiconductor industry, are improved production and cost structures. The EBIT of the Lasers & Material Processing division was influenced by the withdrawal from a smaller area of business which has no longer been part of the Jenoptik Group since the beginning of August this year following a management buy out.

The **order book situation** of the Lasers & Optical Systems segment has remained essentially stable. The order intake, at 166.9 million euros, is only just below the high level in the previous year (prev. year 173.9 million euros). Nevertheless, the nine month sales figures were exceeded, giving rise to a book-to-bill ratio of 1.05. Whilst the order intake from the semiconductor industry in the Optical Systems division returned to normal levels following the high order intakes at the start of the year, in the 3rd quarter just past and the current 4th quarter the division successfully attracted new customers from other sectors. The order intake in the Lasers & Material Processing division showed a continuing positive performance, particularly in the area of laser processing systems. The segment's order backlog accordingly increased slightly to 102.0 million euros (31.12.2010: 98.8 million euros).

#### LASERS & OPTICAL SYSTEMS SEGMENT AT A GLANCE (in million euros)

	30.9.2011	30.9.2010	Change in %
Sales	159.2	137.3	16.0
EBIT	24.8	10.7	131.8
Order intake	166.9	173.9	-4.0
Order backlog	102.0	98.8*	3.2
Employees	1,285	1,234*	4.1

- Sales increased by almost 19 percent.
- Segment EBIT more than doubled.
- Presence in Asia expanded.

\* Figures as at December 31, 2010.

The **number of employees** in the Lasers & Optical Systems segment was 1,285 as at end September 2011 (31.12.2010: 1,234). The addition of 51 employees was the result of the expansion of business and employments abroad. In order to cope with peak demand the Optical Systems division in particular also employed temporary personnel. As at September 30, 2011 the segment employed a total of 86 temporary staff (31.12.2010: 55).

**Orders & customers.** In the Lasers & Material Processing division the high level of demand for medical lasers continued. In the laser systems area there was a sharp increase in international order intakes from the automotive and photovoltaic industry. In order to continue competing on prices, manufacturers are investing in new and efficient production systems. New products (see "New products") have made an increasing contribution towards growth in the order intake in the 2nd half-year. For example, first orders for 3D metal processing were received. In the Optical Systems division new customer groups separately from the semiconductor industry were opened up, primarily abroad. These are utilizing the division's expertise in systems, particularly for meeting complex requirements. The division is also working together with its partners from the semiconductor industry on equipment for new chip generations.

**International presence.** The segment expanded its presence mainly in Asia and North America. From December the segment will have a presence in China within the new Jenoptik representative office in Shanghai, with direct local contact partners. An expanded Internet presence for China, primarily for the offering in the area of laser and optical systems, is expected to go online during the course of the current year. The number of the segment's employees in Asia has been increased, expertise in purchasing is being jointly developed within the Group.

**Capital expenditure.** During the course of the 3rd quarter 2011 Jenoptik began one of its largest investment in this segment. The production facility for semiconductor elements (so-called laser bars) at the Berlin site is being expanded at a cost of around 10 million euros. The existing production plant has reached the limits of its capacity as a result of the high demand. This is due to the high level of customer satisfaction as well as continuously increasing

demand, mainly from Asia. The new production facility is expected to be commissioned into operation at the beginning of 2013. The foundation stone will be laid during the course of this year.

**New products.** The more powerful version of the compact JenLas® *D2.mini* green disk laser with 8 watts output power was showcased by Jenoptik in May 2011 at the Lasermesse (trade fair) in Munich. The laser opens up the potential for an expanded range of applications in the area of medicine and entertainment and is in keen demand from customers. In the spring Jenoptik presented the new infrared JenLas® *Disk IR70* disk laser for the photovoltaic market, with optimized and independently adjustable laser parameters. The new femto second laser, which is also aimed at the photovoltaic industry, also guarantees high parameter stability. The JENOPTIK-VOTAN® Solas Multi laser processing system has gone into series production. It is used as a laboratory or pilot production system for processing large sized thin-film solar modules and can then be integrated in full into production lines. The targets of JT Optical Engine GmbH & Co. KG have been achieved in full: both time-to-market and development costs were reduced. First orders for high-power diode were received, demand is strong. Here Jenoptik pursues a clear key-account strategy.

The Optical Systems division continues to successfully improve its position as a solutions provider of complex optical systems for the semiconductor industry, medical technology and laser material processing, as well as in the area of defense. Strict confidentiality agreements are in place with the clients for most of the projects so it is not possible to provide more detailed descriptions of these.

**Structures and processes.** In the Lasers & Material Processing division, InnovaVent GmbH was deconsolidated through a management buy out. The company specializes in the development and manufacture of laser and optical systems for the processing of thin semiconductor layers, in particular for the manufacture of flat panel displays and high-performance electronics. In future InnovaVent and Jenoptik will continue to collaborate on the development of laser and optical systems, with InnovaVent continuing to purchase lasers and lenses from Jenoptik.



### 3.2 Metrology segment.

The Metrology segment continued to benefit from the very good demand from the automotive industry and its Industrial Metrology division surpassed the 2009/10 pre-crisis level. Despite the very good period in the previous year, which was also characterized by the accounting of a major order in the Traffic Solutions division the segment achieved a double figure increase in percentage terms in the key indicators for the first nine business months.

**Sales** of the Metrology segment rose by 12.1 percent to 93.5 million euros (prev. year 83.4 million euros). The increase came solely from the Industrial Metrology division which benefited from a continuing high level of demand from the automotive industry. As a result of a major order that was accounted for in full in the 3rd quarter 2010, the Traffic Solutions division was unable to repeat the high volume of sales of the same period in the previous year. Major orders and the delivery of these orders are increasingly becoming a general characteristic of the Traffic Solutions division's key indicators. The current major order from the Kingdom of Saudi-Arabia will be included in sales of the division from the 4th quarter 2011.

The **result of operating activities (segment EBIT)** of the Metrology segment increased by 59.0 percent to 6.2 million euros (prev. year 3.9 million euros). There was a sharp improvement in the EBIT particularly in the Industrial Metrology division. This is attributable not only to the increase in sales but also to improved cost and production structures in the two divisions. As with sales, the previous year's segment EBIT was characterized by the major order awarded to the Traffic Solutions division.

The Metrology segment posted an **order intake** of 132.5 million euros compared with 104.4 million euros in the previous year. This represents a rise of 26.9 percent, with contributions coming from both of the segment's divisions. The order intake exceeded sales for the period covered by the report by 28.1 million euros in net terms. The segment therefore recorded a book-to-bill rate of 1.42. The order backlog rose from 45.1 million euros at the end of 2010 to 81.6 million euros at the end of September, an increase of more than 80 percent.

The **number of employees** in the Metrology segment increased by 6.2 percent to 671 as at September 30, 2011 (31.12.2010: 632 employees). The increase came from both divisions, primarily however as a result of the expansion of sales in the Industrial Metrology division. As at the end of September 2011 the segment employed a total of 29 temporary staff.

**Orders & customers.** The segment reported several new major international orders in 2011. In May this year the Traffic Solutions division was awarded an important major order worth more than 20 million euros for traffic safety technology for Saudi Arabia. This order will be the determining factor for production in the 2nd half-year 2011 and the beginning of 2012. In the Industrial Metrology division demand from the automotive industry remained at a continuing high level. Thanks to its international presence the division won a number of orders, mainly in foreign markets. This is due amongst other things to long-term supply relationships, such as those with a leading US American manufacturer whose comprehensive modernization program of engine manufacture is being equipped using Jenoptik metrology.

#### METROLOGY SEGMENT AT A GLANCE (in million euros)

	30.9.2011	30.9.2010	Change in %
Sales	93.5	83.4	12.1
EBIT	6.2	3.9	59.0
Order intake	132.5	104.4	26.9
Order backlog	81.6	45.1*	80.9
Employees	671	632*	6.2

\* Figures as at December 31, 2010.

- Substantial improvement in key figures.
- Both divisions with major international orders and new customers.

**International presence.** The Metrology segment has a broad international presence. In China the Industrial Metrology division began a comprehensive PR offensive. A seminar on the Jenoptik metrology portfolio was held for approx. 70 representatives of the Chinese automotive and machine tool industry. The division presented its product range at the Control China trade fair in Shanghai. In the USA the division took part in the Quality Expo trade fair in Chicago.

**New products.** The segment launched several new products in 2011. In the Traffic Solutions division the 3D Tracking Radar was one of the key factors in winning the major order from Saudi Arabia. The Industrial Metrology division successfully launched the new mobile roughness tester HOMMEL-ETAMIC W5 which is more lightweight and easier to operate than the predecessor model. The other key innovations in the two divisions in 2011 include new software applications.

**Structures and processes.** The focus of the internal further development in the current fiscal year was once again on the optimization of processes and structures. One example of this was the amalgamation of the Equipment and Traffic Service Providing business units by the Traffic Solutions division. Both areas of business now operate as one unit for the international customers and have an impressive, flexible offering, ranging from system up to complex operator businesses.

The flexibility of the production facility at the Monheim site is also being enhanced so it can take account of the significant fluctuations associated with major orders.

### 3.3 Defense & Civil Systems segment.

The Defense & Civil Systems segment continued its stable development and over the last three months in particular has been awarded several international major orders which will provide medium and long-term support for the business. The segment's figures for the previous year have been adjusted for Jena Optronik GmbH which was sold in December 2010.

As at the end of the 3rd quarter 2011 the segment posted sales of 130.5 million euros, an increase of 4.1 percent compared with the same period in the previous year (prev. year 125.4 million euros). The long-term oriented business reported stable progress overall, smaller fluctuations in sales and segment EBIT are normally attributable to a change in the sales mix. At 5.8 million euros the segment's result from operating activities (segment EBIT) reached the same level as in the previous year (prev. year 5.4 million euros).

The order intake, which totaled 215.0 million euros, was 64.0 percent up on the level in the previous year (prev. year 131.1 million euros). The order intake includes several major orders, amongst others for the US American Patriot air defense missile system and for components and subsystems for the PUMA, the new armored fighting vehicle for the German Army. The order intake was therefore markedly higher than the level of sales; consequently the segment reported a book-to-bill ratio of 1.65. The order backlog as at September 30, 2011 rose by 39.4 percent to 296.3 million euros (31.12.2010: 212.6 million euros).

The number of employees in the Defense & Civil Systems segment remained almost constant at 929 (31.12.2010: 931). As at September 30, 2011 the segment employed a total of 41 temporary workers.

**Orders & customers.** The segment has started the 4th quarter 2011 with a very healthy number of major orders which will also extend into the new 2012 fiscal year. In addition to the major order for additional power generators for the Patriot air defense missile system from the US Government, in the 3rd quarter just past the segment was also awarded the major order for the PUMA armored fighting vehicle from Krauss-Maffei Wegmann. Jenoptik is supplying the GTdrive, the turret weapon stabilization system. At the beginning of the year Jenoptik had already been awarded the order to supply starters and generators as well as other key subsystems for another partner in the PUMA project. Important orders were also received for Eurofighter generators and train power systems.

**International presence.** In order to be capable of improving its development of the international markets, Jenoptik starts to continually expand its local presence also in this segment. JENOPTIK Defense Inc. was formed in the 2nd half-year 2011 to improve Jenoptik's presence in the US defense market. The aim in future will be to strengthen the module and system offering through this company, this will include cooperation with US American firms.

**New products.** In the 3rd quarter 2011 the Sensor Systems business unit presented the world's smallest laser range finder that can accurately measure distances up to 1,500

#### DEFENSE & CIVIL SYSTEMS SEGMENT AT A GLANCE (in million euros)

	30.9.2011	30.9.2010	Change in %
Sales	130.5	125.4	4.1
EBIT	5.8	5.4	7.4
Order intake	215.0	131.1	64.0
Order backlog	296.3	212.6*	39.4
Employees	929	931*	-0.2

- Stable development of sales and segment EBIT.
- Several major orders resulted in record order intake.

\* Figures as at December 31, 2010.

## 4. POST BALANCE SHEET REPORT.

meters down to the actual meter. The miniature version weighs just 40 grams and delivers consistent, high measurement precision even during extreme fluctuations in temperatures. The first talks with potential customers are already being held.

**Capital expenditure.** As a result of the high level of demand for the extremely reliable and highly efficient, energy systems for various power ranges the segment's production at the Altenstadt site was significantly expanded. Equipment and production cycle now reflect state-of-the-art production and environmental processes. A total of approx. 8 million euros was invested in the current and previous fiscal year.

In October 2011 JENOPTIK AG successfully placed a promissory note in the sum of 90 million euros on the market which has a term of 5 and 7 years respectively. Tremendous interest was shown in the transaction by domestic and foreign investors with the result that the issue was more than three times oversubscribed. The originally planned volume was therefore increased from 50 million euros to 90 million euros. The increased volume will now enable Jenoptik to completely restructure its entire financing. Commerzbank Aktiengesellschaft and Landesbank Hessen-Thüringen Girozentrale acted as advisers for this transaction.

The issue of the promissory note means that Jenoptik has now secured a continuation of the medium to long-term maturity of its financing structure. The proceeds generated by the transaction are to be used for the premature replacement of the existing guaranteed credits as well as other loans due within the next twelve months. Furthermore, as a result of the lower rate of interest on the promissory note the Jenoptik Group's interest costs will reduce in the next fiscal year.

The promissory note is made up of four tranches, two with a term of 5 years and two with a term of 7 years, each with a fixed resp. variable rate of interest.

## 5. RISK REPORT.

Within the framework of the risk report we refer to the details on pages 89 to 102 in the 2010 Annual Report published at the end of March 2011. With the exception of the following statements there have been no major changes to the risks described in the Annual Report during the course of the first nine business months of 2011, up to the editorial closing date for this report.

As at September 30, 2011 resp. up to the editorial closing date for this report, there were no known risks that might jeopardize the continued survival of the company.

In terms of the **general economic risks**, increasing concerns about the economy, the continuing sovereign debt crisis, the current developments in the finance policy situation of the euro region as well as the earthquake disaster in Japan, have created a new situation that could have consequences for the development of the economy as a whole. However, at this point in time it is impossible to predict with sufficient certainty the form and extent to which these events will impact on the development of the global economy. On the basis of these events we do however anticipate an increased risk for the development of the economy as a whole.

Jenoptik sees no significant change in the **risks specific to the sectors**. As expected, the demand from the semiconductor sector has started to return to normal levels during the second half of 2011. Jenoptik continues to have no significant dependence upon one sector or individual customers. In the first nine business months of 2011 the top three of the Group's customers accounted for approx. 17 percent of group sales or approx. 22 percent of the order intake, in addition these came from sectors which are independent of each other.

Having lost significant value in the 1st half-year 2011, by the end of September the US dollar had risen against the euro. The Jenoptik Group tends to benefit from a stronger US dollar. The Group uses forward exchange contracts for the timely hedging against contractually fixed transactions;

however, new orders and blanket orders arising from framework agreements with no fixed date or volume are subject to potential currency pressures. This can lead to deterioration in the margin contribution and margin situation.

**Procurement risks.** The risk management system for Japanese suppliers which had been established after the disaster in Japan could be transferred to routine operation thanks to stable supply over the last months. Furthermore, the supply situation is tense due to long delivery times.

As described in the 2010 Annual Report and in the interim reports on the 1st and 2nd quarters 2011, with regard to the **risks from put options** in Jenoptik's real estate area, the respective silent shareholders for the three real estate funds established in 1998 and 2001 have an exit option (put option) whereby the earliest date for exercising this option is 2011 and, in part, it cannot be exercised until later.

In the 3rd quarter 2010 the silent shareholder in the first fund announced his intention to exit from the real estate funds as at March 31, 2011. Jenoptik has an indirect obligation to refinance the credit balance of the silent shareholder resulting from his exit and made a provisional payment in the 2nd quarter 2011. The final amount of the credit balance is now the subject of legal proceedings and at this point in time has not been fixed. However, the risk of deteriorating balance sheet ratios can be further limited and the possible amount still to be refinanced reduced through planned sales of real estate not required for operational purposes. The sale of a smaller property has already taken place.

In view of the fact that the silent shareholder in the second fund has not exercised his put option by June 30, 2011, the earliest exit date has now been put back by one year to December 31, 2012. The exit of the silent shareholder in the 3rd fund provides for an earliest exit date of the end of 2014. The effect of the exit options described above on cash flow has not yet been clearly established for Jenoptik

## 6. FORECAST REPORT.

and, as described in the 2010 Annual Report and the interim report for the 1st half-year 2011, will be in the maximum sum of a low, double figure million euro amount.

**Liquidity risks.** As at September 30, 2011 loans in the sum of approx. 65.2 million euros were linked to financial key indicators, so-called financial covenants, which give the corresponding bank the option to call in the loan if the key indicators are not met. The proceeds from the promissory note issued in October 2011 (see Report on post-balance sheet events page 18) are to be used to repay these loans. As at the date on which this report was produced 41.2 million euros had already been repaid, the remaining loans tied to such covenants are to be repaid by the end of 2011. The promissory note is also tied to financial covenants but these purely allow for an increase in the interest rate.

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

Global growth has slowed down [worldwide](#), the OECD and International Monetary Fund (IMF) have therefore reduced their yearly forecasts for virtually all industrialized and emerging countries. According to the IMF the global economy in 2011 and 2012 is only expected to grow by 4 percent compared with the previous year. The greatest problem for the IMF is the excessive level of sovereign debt in some EU states. The Fund also sees four main risks for the development of the market over the months ahead: poor growth prospects for the industrialized countries; limited room for maneuver on the part of governments for stimulating growth: low capital market interest rates as well as the threat of overheating economies caused by high capital inflows to the emerging countries.

According to the latest IMF assumptions, the [USA](#) will now only grow by 1.5 instead of 2.5 percent, next year by 1.8 percent. After the issue of the debt level was solved on a preliminary basis in August it is now primarily the high level of unemployment at over 9 percent and the falling demand from the key export partners which is causing increasing concerns. However, a relapse into recession has become less likely due to the stronger economic growth in the 3rd quarter 2011.

The IMF reduced its forecasts for the Gross Domestic Product (GDP) in the [euro zone](#) to a rise of 1.6 percent for 2011 (previously 2.0 percent) and to 1.1 percent for 2012 (previously 1.7 percent). The OECD expects a minimal growth of just 0.3 percent in 2012 instead of 2 percent as had been forecast before. The insecurity within the euro-zone remains. Economists expect a delining economic output and do not see a turning point in the sovereign debt crisis. There was the danger that the support funds EFSF would have to be increased for a second time. Cost cutting plans, in particular in Italy, were not satisfying.

In the autumn report for [Germany](#), analysts anticipate a downturn in the 4th quarter 2011 but not a renewed recession. The OECD also forecasts a reduction in GDP in the 4th quarter 2011 of 0.3 percent compared with the



previous quarter. The Ifo business climate index for the next months fell in October 2011 for the 8th time in succession to 97 points. Some of the forecasts for the year as a whole were markedly adjusted: instead of 3.2 percent the IMF now only anticipates growth of 2.7 percent in GDP, with just 1.3 percent next year. The German Research Institute halved its forecasts for 2012 from 2.0 percent to just 0.8 percent compared with 2.9 percent in the current year. The Federal German Government also revised its GDP expectations for 2012 from 1.8 to approx. 1 percent but for the current year does anticipate growth of 2.9 percent instead of the 2.6 percent forecast in the summer.

According to the OECD, the pace of growth in the emerging countries will slow at the high level. After increasing by 10.7 percent in 2010 the IMF forecasts that in 2011 the **Chinese economy** will grow by 9.5 percent and in 2012 by 9.0 percent. Despite being less dependent upon exports than China, **India** has also been affected by the fluctuations in the global economy. The IMF therefore reduced its growth forecast for 2011 from 8.2 to 7.8 percent and for 2012 to 7.5 percent. The inflation rate is giving cause for concern: rising prices threaten to trigger a wages-price spiral.

Following a strong 3rd quarter the IMF slightly improved its GDP expectations for **Japan** to minus 0.5 percent in 2011. According to accountants Deloitte, in 2012 Japan will show stronger growth than the USA and Europe primarily because of the increasing expenditure on reconstruction.

Virtually all the sector associations covering the main **Jenoptik sectors** have published new forecasts since the publication of the Annual Report in March 2011.

Several analysts have lowered their yearly forecasts for the **semiconductor industry**. In June 2011 Gartner had predicted an increase in sales of 5.1 percent to 315 billion US dollars but now only expects a slight fall of 0.1 percent in 2011, to 299 billion US dollars compared with 2010. Sales in 2012 are now expected to rise not by 8.6 but by 4.6 percent. IHS iSuppli also reduced its sales forecast from 4.6 to 2.9 percent and consequently to 313.3 billion US dollars in 2011. The reasons for this were said to be over-capacities in warehousing and production, the significant

fall in demand for PCs as well as the general economic slump. Following the earthquake in Japan another natural disaster now could at least have a short-term detrimental effect on worldwide PC production: because of the floods in Thailand supplies of hard disks are at risk since the country meets one third of the global demand.

The prospects for **semiconductor manufacturers** are also gloomy. In view of the reduced willingness of chip manufacturers to invest, equipment sales in the 4th quarter could fall by 15 to 30 percent compared with the previous quarter. Gartner does not expect a balance between supply and demand until after mid 2012.

According to economic analysts from NanoMarkets, the **photovoltaic market** is showing renewed interest in thin film technologies; this favors CIGS photovoltaics in particular: sales with CIGS are therefore expected to grow nine fold to 4 billion euros from 2011 to 2018. The market share of crystalline, high-efficiency silicon cells will increase from 14 percent in 2011 to 31 percent by 2015 according to IHS iSuppli. The enormous price falls currently taking place in the global solar market could have legal consequences: a number of module manufacturers are seeking lawsuits against cheap imports from China financed by government subsidies, in order to push through higher import customs duties for Chinese solar technology. In the long term experts now predict that there will only be three to four Chinese, one to two Japanese as well as two Korean, two American and two European providers of solar modules.

According to the October edition of the "PV Equipment Quarterly" report from Solarbuzz, spending on **photovoltaic equipment** in 2011 will reach a high of 13.1 billion US dollars – despite the feared collapse in orders as at the year-end. In 2012 by contrast, global sales of these are expected to fall by more than 45 percent compared with the previous year. Solarbuzz predicts double figure falls in sales per quarter by the middle of 2012 as a result of significantly lower order intakes.

According to the Verband Deutscher Maschinen- und Anlagenbau (VDMA) sales in the **German machine construction industry** will grow by 14 percent to 188 billion euros in

2011 compared with 2010. The VDMA fundamentally anticipates a lower sales growth of 4 percent in 2012, but at 197 billion euros sales will exceed the record level of 2008. The reasons for this were said to be the turbulences in the currency and capital markets, sovereign debt crises and gloomy global economic prospects.

The Verband der Automobilindustrie (VDA) predicts that [German automobile production](#) 2011 will achieve record volumes, surpassing the best ever levels recorded in 2007. Although growth is said to have peaked and the rates of increase in the major emerging countries are also leveling out, global production is nevertheless expected to reach 65 million vehicles in 2011, ten million more than in 2010. To-date the VDA has not given any forecast for 2012 but does not anticipate a sharp fall. In the long term, market forecasts of 90 million new passenger vehicle registrations by 2020 are also realistic. Based on analysis of the "Global Automotive Supplier Study 2011" the profitability of automotive suppliers will fall in 2012. The reasons for this were said to be the slowdown of growth in China, rising raw material prices, increased pressure on prices from automobile manufacturers as well as falling sales in the major established markets.

The ZVEI-Fachverband [Automation](#) sees no signs of weakness and anticipates growth of 15 percent in global order intakes compared with 2010. This would mean the pre-crisis level of 2008 being clearly surpassed. Orders in 2012 will increase at a middle, single digit rate. Growth is currently widely distributed throughout the world, with peaks mainly in Russia and India. Raw material supplies, particularly of rare earth materials, copper and steel are causing the Fachverband concern.

The profit forecast for the [aviation industry](#) was adjusted again in September by the international air transport association IATA: in 2011 profits are expected to come in at 6.9 billion US dollars instead of the previously forecast figures of 4 billion US dollars (June 2011) and 8.6 billion US dollars (March 2011). Next year, according to IATA, profits are likely to fall further to 4.9 billion US dollars, primarily hit by rising fuel costs.

Prospects for the [armament industry](#) have been clouded over as a result of the debt crises and budget cuts in Europe and the USA. The production of the Eurofighter has been reduced, order adjustments are also being discussed for other projects. The interference with ongoing contracts could have substantial financial consequences through to the supply chain of medium-sized companies, according to the Federal Association of the German Security and Defence Industry. Global expenditure on armaments in 2010 increased at the lowest rate for ten years, by just 1.3 percent to 1,630 billion US dollars, according to calculations by the Stockholm International Peace Research Institute (SIPRI). Beyond 2011 SIPRI anticipates budget cut-backs in most European countries, even if these turn out to be comparatively moderate in the major companies.

## 6.2 Long-term forecasts and targets.

For details of the long-term forecasts and targets we refer to the 2010 Annual Report published in March 2011, with comprehensive details from p. 106 of the report. Jenoptik sees good sales conditions for its products and services over the long-term - independently of the short and medium-term economic development. With a comprehensive portfolio of technologies, products and services, Jenoptik actively operates in attractive sectors and areas offering long-term growth. Our core expertise of optoelectronics is a cross-sectional technology that provides for new applications in numerous sectors.

The priority objective of the Jenoptik Group is to increase its earnings power. With the further development of the Group along the five value levers

- organic growth
- customer-oriented approach
- internationalization
- employees & management
- operational excellence

the aim is to increase the EBIT margin in the medium term to 9 to 10 percent. With a group EBIT margin of more than 9 percent now in three quarters in succession, Jenoptik has demonstrated its performance capability in 2011.

### 6.3 Future development of the business situation.

The details are provided subject to the economic situation developing in line with the economic and sector forecasts given under Point 6.1 and from page 103 in the 2010 Annual Report and not showing any significant deterioration. All statements made here on the future development of the business situation were made on the basis of current information.

Jenoptik expects a continuation of the positive development of business in the 4th quarter 2011, particularly in the automotive industry. With its supplies to the semiconductor industry Jenoptik is well placed in the semiconductor cycle. On the basis of the very good results from the first ten months of the current fiscal year the Group raises its forecast for the whole year 2011. In the current fiscal year **sales** are expected be around 525 million euros (prev. year 479 million euros excluding the discontinued business division), a rise in sales of approx. 10 percent. This will enable the Group to more than compensate for the lost sales from Jena-Optronik GmbH which was sold in December 2010.

Jenoptik now anticipates a **Group EBIT** of approx. 44 million euros (bevor 40 million euros). Compared with the previous year this is an increase of more than 50 percent. The comparison basis in the 2010 fiscal year is the Group EBIT excluding the discontinued business division, in the sum of 29.0 million euros. As a result of a good 1st quarter 2011, in May 2011 Jenoptik had already raised the original forecast results published in March 2011. All three segments are expected to contribute to the improvement in the results. Jenoptik expects to see a continued normalization of business development in the current 4th quarter 2011, particularly in the Lasers & Optical Systems segment.

With the reorganization of the **financing** (see Report on post-balance sheet events on page 18) Jenoptik has secured the basic financing for the operational business and organic growth for the next five years. The Group also has a free liquidity framework in the sum of 83.1 million euros at its disposal in the form of lines of credit and loans not yet taken up.

For information on the outlook for further business development parameters in 2011 we refer to the information from page 109 in the Annual Report for fiscal year 2010 published in March 2011.

# Consolidated statement of comprehensive income

## Consolidated statement of income

	Group*	Group	
in KEUR	1.1. – 30.9.2011	Continuing BD 1.1. – 30.9.2010	Discontinued BD 1.1. – 30.9.2010
Sales	383,931	346,240	27,326
Cost of sales	251,235	237,053	21,328
<b>Gross profit</b>	<b>132,696</b>	<b>109,187</b>	<b>5,998</b>
Research and development expenses	22,520	19,787	1,811
Selling expenses	43,435	40,708	582
General administrative expenses	28,336	26,278	1,218
Other operating income	12,523	17,039	662
Other operating expenses	16,015	19,281	690
<b>EBIT</b>	<b>34,913</b>	<b>20,172</b>	<b>2,359</b>
Result from investments in associated and jointly controlled companies	– 804	– 867	0
Result from other investments	– 201	382	0
Interest income	1,966	1,295	34
Interest expenses	9,815	9,646	34
<b>Financial result</b>	<b>– 8,854</b>	<b>– 8,836</b>	<b>0</b>
<b>Earnings before tax</b>	<b>26,059</b>	<b>11,336</b>	<b>2,359</b>
Income taxes	3,569	1,689	0
Deferred taxes	1,116	89	– 30
<b>Earnings after tax</b>	<b>21,374</b>	<b>9,558</b>	<b>2,389</b>
Minority interests' share of profit/loss	– 6	– 46	0
<b>Net profit</b>	<b>21,380</b>	<b>9,604</b>	<b>2,389</b>
Earnings per share in euros	0.37	0.17	0.03
Earnings per share (diluted) in euros	0.37	0.17	0.03

## Consolidated statement of recognized income and expense

	Group*	Group	
in KEUR	1.1. – 30.9.2011	Continuing BD 1.1. – 30.9.2010	Discontinued BD 1.1. – 30.9.2010
<b>Earnings after tax</b>	<b>21,374</b>	<b>9,558</b>	<b>2,389</b>
Difference arising on foreign currency translation	386	961	–
Financial assets available for sale	– 257	587	–
Cash flow hedge	– 1,758	– 1,944	611
Deferred taxes	482	556	– 175
<b>Total income and expense recognized in shareholders' equity</b>	<b>– 1,147</b>	<b>160</b>	<b>436</b>
of which attributable to:			
Minority interest	0	0	0
Shareholders	– 1,147	160	436

\* In 2011 the Group corresponds to the continuing business divisions (BD).

## Consolidated balance sheet.

Assets in KEUR	Sept. 30, 2011	Dec. 31, 2010	Change
<b>Non-current assets</b>	<b>314,098</b>	<b>310,665</b>	<b>3,433</b>
Intangible assets	68,855	72,380	-3,525
Tangible assets	141,754	139,405	2,349
Investment properties	19,997	22,080	-2,083
Shares in associated companies	0	246	-246
Financial assets	25,463	16,579	8,884
Other non-current assets	8,852	9,080	-228
Deferred tax assets	49,177	50,895	-1,718
<b>Current assets</b>	<b>318,752</b>	<b>318,190</b>	<b>562</b>
Inventories	175,432	148,797	26,635
Current accounts receivable and other assets	100,765	103,308	-2,543
Securities held as current investments	1,289	750	539
Cash and cash equivalents	41,266	65,335	-24,069
<b>Total assets</b>	<b>632,850</b>	<b>628,855</b>	<b>3,995</b>

Shareholders' equity and liabilities in KEUR	Sept. 30, 2011	Dec. 31, 2010	Change
<b>Shareholders' equity</b>	<b>302,714</b>	<b>282,487</b>	<b>20,227</b>
Subscribed capital	148,819	148,819	0
Capital reserve	194,286	194,286	0
Other reserves	-40,702	-60,936	20,234
Minority interests	311	318	-7
<b>Non-current liabilities</b>	<b>113,381</b>	<b>165,315</b>	<b>-51,934</b>
Pension provisions	6,399	6,443	-44
Other non-current provisions	16,897	17,631	-734
Non-current financial liabilities	75,890	125,856	-49,966
Other non-current liabilities	11,615	11,681	-66
Deferred tax liabilities	2,580	3,704	-1,124
<b>Current liabilities</b>	<b>216,755</b>	<b>181,053</b>	<b>35,702</b>
Tax provisions	5,008	2,361	2,647
Other current provisions	49,245	61,895	-12,650
Current financial liabilities	54,857	19,486	35,371
Other current liabilities	107,645	97,311	10,334
<b>Total shareholders' equity and liabilities</b>	<b>632,850</b>	<b>628,855</b>	<b>3,995</b>

## Consolidated statement of movements in shareholders' equity.

in KEUR	Subscribed Capital	Capital reserve	
<b>Balance as at 1.1.2010</b>	<b>135,290</b>	<b>186,137</b>	
Valuation of financial instruments			
Currency differences			
Earnings after tax			
Capital increase	13,529		
Other changes		8,149	
<b>Balance as at 30.9.2010</b>	<b>148,819</b>	<b>194,286</b>	
<b>Balance as at 1.1.2011</b>	<b>148,819</b>	<b>194,286</b>	
Valuation of financial instruments			
Currency differences			
Capital increase			
Earnings after tax			
Other changes			
<b>Balance as at 30.9.2011</b>	<b>148,819</b>	<b>194,286</b>	



	Cumulated profit	Financial assets available for sale	Cash flow hedge	Cumulative currency differences	Minority interests	Total
	-82,527	-1,790	4,409	-1,987	457	239,989
		587	-952			-365
	-480			1,441		961
	11,993				-46	11,947
						21,678
	-2,713					-2,713
	-73,727	-1,203	3,457	-546	411	271,497
	-61,845	416	271	222	318	282,487
		-257	-1,276			-1,533
				386		386
						0
	21,380				-6	21,374
						0
	-40,465	159	-1,005	608	312	302,714

## Consolidated statement of cash flows.

in KEUR	1.1. to 30.9.2011	1.1. to 30.9.2010*
Earnings before tax	26,059	13,695
Interest	7,849	8,351
Depreciation / write up	17,162	19,230
Impairment	1,694	4,704
Profit/loss on disposal of fixed assets	- 328	- 32
Other non-cash expenses / income	669	- 3,883
Operating profit / loss before working capital changes	53,105	42,065
Increase / decrease in provisions	- 338	- 4,694
Increase / decrease in working capital	- 24,822	- 13,293
Increase / decrease in other assets and liabilities	12,229	- 442
<b>Cash flow from / used in operating activities before income taxes</b>	<b>40,174</b>	<b>23,636</b>
Income taxes paid	- 1,008	- 1,622
<b>Cash flow from / used in operating activities</b>	<b>39,166</b>	<b>22,014</b>
Receipts from disposal of intangible assets	47	72
Payments for investments in intangible assets	- 1,192	- 1,720
Receipts from disposal of tangible assets	2,623	1,611
Payments for investments in tangible assets	- 16,248	- 7,828
Receipts from disposal of financial assets	934	7,303
Payments for investments in financial assets	- 9,686	- 2,381
Payments for acquisition of consolidated companies	0	- 4,000
Interest received	1,942	1,329
<b>Cash flow from / used in investing activities</b>	<b>- 21,580</b>	<b>- 5,614</b>
Receipts from allocations to equity	0	21,678
Receipts from issue of bonds and loans	4,168	20,788
Repayments of bonds and loans	- 17,990	- 37,077
Repayments for finance leases	- 810	- 967
Change in group financing	- 21,163	397
Interest paid	- 5,853	- 5,444
<b>Cash flow from / used in financing activities</b>	<b>- 41,648</b>	<b>- 625</b>
<b>Change in cash and cash equivalents</b>	<b>- 24,062</b>	<b>15,775</b>
Foreign currency translation changes in cash and cash equivalents	- 7	117
Cash and cash equivalents at the beginning of the period	65,335	11,201
<b>Cash and cash equivalents at the end of the period</b>	<b>41,266</b>	<b>27,093</b>

\* incl. discontinued business division

## Key figures by business divisions and other areas.

January 1 – September 30, 2011  
(previous year's figures in brackets)

in KEUR	Lasers & Optical Systems	Metrology	Defense & Civil Systems**	Other, Consolidation	Group**
Sales	159,163 (137,287)	93,510 (83,397)	130,504 (125,337)	754 (219)	383,931 (346,240)
of which Germany	46,327 (41,876)	30,039 (25,428)	74,980 (81,351)	1,203 (681)	152,549 (149,336)
European Union	50,750 (39,436)	16,992 (11,920)	23,445 (27,456)	0 (0)	91,187 (78,812)
Other Europe	3,379 (2,448)	6,162 (3,148)	21,349 (6,095)	3 (0)	30,893 (11,691)
NAFTA	31,132 (30,519)	16,476 (11,962)	6,032 (6,293)	-454 (-462)	53,186 (48,312)
South East/Pacific	17,597 (13,529)	16,790 (12,231)	3,952 (2,125)	0 (0)	38,339 (27,885)
Others	9,977 (9,479)	7,051 (18,708)	748 (2,017)	0 (0)	17,776 (30,204)
EBIT	24,837 (10,695)	6,175 (3,937)	5,771 (5,320)	-1,870 (220)	34,913 (20,172)
EBITDA	32,946 (18,545)	8,588 (6,597)	9,399 (9,134)	2,120 (6,971)	53,053 (41,247)
Earnings from investments in associated and jointly controlled companies	-804 (-867)	0 (0)	0 (0)	0 (0)	-804 (-867)
Result from other investments	-585 (-1,188)	249 (-216)	178 (179)	-43 (1,607)	-201 (382)
Research and development expenses	9,757 (8,710)	6,756 (6,335)	5,991 (4,784)	16 (-42)	22,520 (19,787)
Free cash flow (before income taxes)	16,456 (17,186)	1,004 (-12,218)	184 (8,297)	6,489 (-3,081)	24,133 (10,184)
Working capital*	54,734 (43,287)	43,616 (35,812)	94,797 (91,030)	-4,516 (-5,497)	188,631 (164,632)
Order intake	166,915 (173,928)	132,527 (104,422)	215,021 (131,097)	-808 (1,493)	513,655 (410,940)
Tangible assets, investments properties and intangible assets*	88,687 (88,540)	14,228 (15,490)	34,549 (32,226)	93,142 (97,609)	230,606 (233,865)
Investments excluding company acquisitions	9,272 (3,741)	1,410 (1,125)	6,066 (2,973)	691 (1,105)	17,439 (8,944)
Depreciation, amortization and impairment	8,109 (7,850)	2,413 (2,660)	3,628 (3,814)	3,990 (6,751)	18,140 (21,075)
Employees on annual average (without trainees)	1,207 (1,180)	630 (623)	876 (882)	153 (150)	2,866 (2,835)

\* Previous year's figures as at December 31, 2010.

\*\* Previous year's figures adjusted for the discontinued business division

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST NINE MONTHS 2011.

## 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 financial report") as at September 30, 2011, 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 2010. 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 2010. 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 & Presentations.

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

In the opinion of the management, this consolidated interim financial report includes all standard adjustments to be applied on an ongoing basis that are required to give a true and fair view of the development of the company's business in the periods under report.

## Companies included in consolidation.

The consolidated financial statements include 14 (prev. year 15) domestic and 8 (prev. year 8) foreign companies fully consolidated. 2 (prev. year 2) joint venture companies are included in the consolidation proportionally and 1 (prev. year 1) associated company at equity.

## Itemization of key items in the financial statements.

TANGIBLE ASSETS in KEUR	30.9.2011	31.12.2010
Land and buildings	82,183	84,695
Technical equipment and machines	33,111	34,536
Other equipment, factory and office equipment	16,239	17,014
On-account payments and assets under construction	10,221	3,160
	<b>141,754</b>	<b>139,405</b>

INVENTORIES in KEUR	30.9.2011	31.12.2010
Raw materials and supplies	62,820	52,267
Work in progress	97,889	83,858
Finished goods and merchandise	14,723	12,672
	<b>175,432</b>	<b>148,797</b>

ACCOUNTS RECEIVABLE AND OTHER ASSETS in KEUR	30.9.2011	31.12.2010
Trade accounts receivable	80,507	75,119
Receivables from non-consolidated affiliated companies	6,762	4,893
Receivables from participating interests	2,963	998
Other assets	10,533	22,298
	<b>100,765</b>	<b>103,308</b>

**NON-CURRENT FINANCIAL LIABILITIES** in KEUR

	30.9.2011	31.12.2010
Non-current bank liabilities	73,712	123,169
Non-current liabilities from finance leases	2,178	2,687
	<b>75,890</b>	<b>125,856</b>

**CURRENT FINANCIAL LIABILITIES** in KEUR

	30.9.2011	31.12.2010
Bank liabilities	54,187	18,515
Liabilities from finance leases	670	971
	<b>54,857</b>	<b>19,486</b>

**OTHER CURRENT LIABILITIES** in KEUR

	30.9.2011	31.12.2010
Liabilities from on-account payments received	32,540	27,652
Trade accounts payable	34,769	31,632
Liabilities to affiliated companies	1,051	1,722
Liabilities to participating interests	841	596
Other current liabilities	38,444	35,709
	<b>107,645</b>	<b>97,311</b>

**Related party disclosures.**

All business transactions with non-consolidated subsidiaries, joint ventures and associated companies are conducted on an arm's length basis. In the period under report no major transactions were made with related parties.

**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 several legal or arbitration proceedings. If these could have a substantial effect on the Group's economic situation, these are described in the consolidated financial statements of Jenoptik for the year 2010.

**Post balance sheet events.**

There were no events of special importance occurring after the period covered by the interim report, except for those mentioned in the Post balance sheet report on page 18.

**Responsibility statement by management.**

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the fiscal year.

Jena, November 8, 2011



Dr. Michael Mertin  
Chairman of the  
Executive Board

Frank Einhellinger  
Executive Board Member

## **DATES 2011**

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### **NOVEMBER 9, 2011**

Publication of the Interim Report  
3th quarter 2011

### **MARCH 23, 2012**

Publication of the Annual Report 2011

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## **INVESTOR RELATIONS**

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In case of differences of opinion the German text shall prevail.