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Interim Financial Report of the Jenoptik Group (UNAUDITED)

JANUARY TO MARCH 2014

At a glance – Jenoptik Group

in million euros	January – March 2014	January – March 2013	Change in %
Revenue	136.9	132.0	3.7
Lasers & Optical Systems	58.6	49.7	18.0
Metrology	40.8	42.8	–4.5
Defense & Civil Systems	37.5	39.5	–5.0
Others ¹	0.0	0.0	–
EBIT	10.5	10.6	–0.5
Lasers & Optical Systems	8.5	4.1	105.3
Metrology	3.4	6.5	–48.7
Defense & Civil Systems	–0.9	0.3	–
Others ¹	–0.4	–0.3	–
EBIT margin	7.7%	8.0%	
Lasers & Optical Systems	14.5%	8.2%	
Metrology	8.2%	15.2%	
Defense & Civil Systems	–2.5%	0.8%	
Earnings before tax	9.0	9.0	–0.2
Earnings after tax	7.7	7.9	–2.4
Order intake	160.3	132.0	21.4
Lasers & Optical Systems	65.3	52.2	25.1
Metrology	44.7	42.2	5.9
Defense & Civil Systems	49.8	37.4	33.0
Others ¹	0.5	0.2	–

in million euros	March 31, 2014	December 31, 2013	March 31, 2013
Order backlog	432.8	411.4	447.5
Lasers & Optical Systems	100.4	94.3	107.1
Metrology	76.1	72.8	88.5
Defense & Civil Systems	258.3	246.9	253.5
Others ¹	–2.1	–2.6	–1.6
Employees (incl. trainees)	3,474	3,433	3,297
Lasers & Optical Systems	1,390	1,391	1,351
Metrology	949	907	856
Defense & Civil Systems	898	907	896
Others ¹	237	228	194

¹ Others includes holding, SSC, real estate and consolidation.

Please note that there may be rounding differences as compared to the mathematically exact amounts (monetary units, percentages) in this report.

Summary of the months January to March 2014

- Positive development in the semiconductor equipment and medical technology markets. Demand from the automotive and machinery engineering industries relatively subdued.

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

- Start to the year was as planned. Group revenue rises to 136.9 million euros. Growth in Germany and Asia.

[See Earnings and order situation – page 7.](#)

- At 10.5 million euros, Group EBIT remained at the same level as the prior year (prior year 10.6 million euros).

[See Development of results – page 7.](#)

- Stable asset situation. Net debt comes to 58.7 million euros. Equity ratio improved to 54.1 percent.

[See Financial and asset situation – from page 8.](#)

- Good order situation. At 160.3 million euros, order intake significantly exceeded the prior year figure (prior year 132.0 million euros). Book-to-bill ratio increased from 1.00 to 1.17.

[See Earnings and order situation – page 7.](#)

- All three segments increased their order intakes. In the first quarter 2014, the Lasers & Optical Systems segment achieved considerable revenue growth and doubled its earnings compared with the same period in the prior year. The Metrology segment saw with lower revenue and EBIT a subdued start to the year. Revenue and earnings in the Defense & Civil Systems segment remained below the level of the comparable prior year period due to project postponements.

[See Segment Reporting – from page 11.](#)

- The Executive Board reaffirms its 2014 guidance under the current framework conditions. Group revenue is expected to grow by between 5 and 10 percent. Group EBIT is due to come in within the 55 to 62 million euro range.

[See Forecast Report – page 15.](#)

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 three segments:

- Lasers & Optical Systems
- Metrology
- Defense & Civil Systems.

Jenoptik is a globally operating integrated optoelectronics group and a supplier of high-quality capital goods. The Group is thus primarily a partner for industrial companies. In the Metrology and Defense & Civil Systems segments, we are also a supplier to the public sector, in part indirectly through system integrators.

The product portfolio comprises components, modules and subsystems, and extends to cover complex systems and production facilities. The range also includes full-service solutions and operator models, comprising the integration of systems and facilities and their corresponding networks as well as project management, data processing and after-sales.

Our key markets primarily include the semiconductor equipment industry, medical technology, machine construction/ automotive, transport, aviation and security and defense technology.

1.2 Development of the capital market and the Jenoptik share

The capital markets saw a highly volatile start to the year sparked by concerns about developments in the emerging economies, weak economic figures from China, political unrest in Turkey and Ukraine and the US Federal Reserve's tapering of its economic stimulus package. At the start of the year, the Dax continued its bullish movement from 2013 and reached an all-time high of 9,743 points on January 17, 2014. Late January and early February then saw some mark-downs, but the Dax managed to return to its high level in mid-February on the back of sustained growth in Europe. The global financial markets reacted to the political upheaval in Ukraine with heavy losses. Slowed by a lack of stimulus from abroad and weak emerging markets, the Dax ended the month of March at 9,556 points, just two percent higher than at the start of the year. The TecDax fared somewhat better, moving from an initial 1,167 points to a new first-quarter high of 1,293 points on March 6, 2014. At the end of trading on March 31, the TecDax was at 1,251 points, an increase of 7.3 percent.

Away from the turbulent mood on the stock markets, the Jenoptik share – driven by strong demand – continued its excellent course from the 2013 fiscal year in the first quarter 2014. After a positive start, starting in February the share was marked by a sideways trend reflecting the overall development of the market but picked up again at the end of the quarter. From the start of the year to the end of March, it rose around 8 percent to 13.17 euros. The development of the Jenoptik share thus closely echoed the performance of the TecDax. Over the period covered by the report, the share saw its lowest closing price of 11.81 euros on March 13, 2014, its highest Xetra price of 13.41 euros on January 16.

EARNINGS PER SHARE

	1/1/ to 31/3/2014	1/1/ to 31/3/2013
Net profit in thousand euros	7,691	7,877
Weighted average number of outstanding shares	57,238,115	57,238,115
Earnings per share in euros	0.13	0.14

Earnings per share are the net profit divided by the weighted average number of shares outstanding.

On April 30, the share closed at 12.01 euros on the Xetra, equating to a reduction of around 2 percent in the current year.

At the start of the second quarter, a long-standing major shareholder, ERGO Versicherungsgruppe, sold its approximately 8.5 percent stake in Jenoptik to institutional investors in Germany and abroad as part of an accelerated book building process. The company's free float share, at 74.99 percent, remained unaffected by this development. Deutsche Asset & Wealth Management Investment GmbH purchased additional shares, thereby increasing its existing investments to 3.38 percent.

The liquidity and thus the tradability of the Jenoptik share on the German stock markets showed a slight year-on-year decline over the period covered by the report. In the first three months of 2014, an average of 104,518 shares were traded every day, some 20,000 fewer than in the comparable prior year period (prior year 123,873). According to the stock turnover ranking by Deutsche Börse on March 31, 2014, Jenoptik nevertheless moved up to 21st place from 26th last year. In terms of free-float market capitalization (74.99 percent), Jenoptik remained in 19th place. Market capitalization rose strongly from 460.8 million euros on the last day of trading in the first quarter 2013 to 753.8 million euros on March 31, 2014.

Following its release of the preliminary 2013 business figures in January 2014, in March the Jenoptik Executive Board presented the results of the fiscal year just past and the outlook for 2014 to investors and analysts by conference call and at an analyst conference in Frankfurt/Main. The management also presented the company and its course of business at bank conferences in Warsaw and Baden-Baden and roadshows in San Francisco, Denver, Luxembourg, Copenhagen, Helsinki and London.

In the first three months of 2014, twelve research institutes and banks regularly reported on Jenoptik. Equity analysts predominantly recommended investors "buy" or "hold" Jenoptik shares; just one bank issued a recommendation to

"sell" based on the share's valuation level. In April, LBBW and equinet Bank started to cover the share for the first time, each with a recommendation to buy and a fair value of 15.00 euros. The average price target of all analysts stated at the time the report was drawn up was 13.20 euros.

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

In the first quarter, the global economy was marked by geopolitical tensions in the Crimea region. According to the International Monetary Fund (IMF), however, the risk of a new global crisis has receded. It has approved a bailout package for Ukraine worth up to 18 billion US dollars dependent on economic reform.

The US economy stabilized and grew at an annualized rate of 1.8 percent in the first quarter, a figure below expectations and primarily due to the very cold and snowy winter. The US Department of Commerce had previously revised its growth figures for the fourth quarter 2013 from 2.4 to 2.6 percent.

According to the ifo institute, economic output in the euro zone increased by 0.4 percent in the first quarter. This recovery continued across the board, in all branches of industry and in the majority of the member countries, chiefly driven by increased capital investment.

Economists reported a relatively solid upswing in the German economy, with economic output rising 0.6 percent in the first quarter. According to the ifo Business Climate Index, German companies currently assess their position and prospects as positive; the Ukraine crisis is not yet impacting on the German economy. Up to February, industry recorded its fourth successive increase in orders.

China's National Bureau of Statistics reported a 7.4 percent growth rate in China for the first quarter compared with the same quarter in the prior year. This continued the loss of momentum seen in the Chinese economy since fall 2013. Despite a minor upturn in industrial production and retail trading in March, the weak growth in business capital spending and a decline in the construction industry do not indicate a rapid recovery.

In all three segments, Jenoptik uses optical technologies. In the Optical Technologies Global Market Index, the German industry association Spectaris analyzes the development of sales of 15 international photonics companies, including Jenoptik. In the fourth quarter 2013, this index rose 0.5 percent on the prior quarter but was 2.2 percent lower than the comparable period in the prior year. More recent figures were not yet available at the time the report was drawn up.

JENOPTIK SHARE KEY FIGURES

Closing share price (Xetra) at quarter end in euros	13.17
Highest share price (Xetra) at quarter end in euros	13.41
Lowest share price (Xetra) at quarter end in euros	11.81
Market capitalization (Xetra) at quarter end in million euros	753.8
Average daily trading volume ¹	104,519

¹ Source: Deutsche Börse

According to the Semiconductor Industry Association (SIA), the global semiconductor industry reported the highest first-quarter revenue ever at 78.5 billion US dollars. According to the final calculations by IT analyst Gartner, global revenue in the sector for 2013 fell by 5 percent to 315 billion US dollars.

In mid-March 2014, the Semiconductor Equipment and Material International (SEMI) trade association published its final 2013 figures for the semiconductor equipment industry. Compared to the prior year, the equipment manufacturers' global revenue fell 14 percent to 31.6 billion US dollars. Gartner calculated a reduction of 11.5 percent in 2013, to 33.8 billion US dollars.

According to the German Engineering Federation (VDMA), order intakes fell by two percent in the first quarter compared to the same period in the prior year. Domestic orders increased by about 3 percent, orders from abroad fell by 4 percent. The VDMA regarded the increasing deliveries to major EU partner countries fact as encouraging.

In April, the German Electrical and Electronic Manufacturers' Association (ZVEI) published its figures for the German automation industry in 2013. Compared to the prior year, revenue fell 0.3 percent to 47.5 billion euros, order intakes dropped 1.2 percent.

According to the German Association of the Automotive Industry (VDA), the automotive markets in China and Western Europe showed a surge in growth in the first quarter 2014 compared with the same period in the prior year. The downturn in Europe has been halted, but the crisis is not yet over because growth was still partly supported by scrappage bonuses and discounts. In the US, new registrations increased only marginally, by 1 percent, due to the long winter. The industry's stabilization forecast by the VDA continued in Germany. The markets in Brazil, India and Russia remained below their levels in the prior year. According to a study by strategy advisors Berylls, automotive suppliers recorded their highest profits for ten years in 2013.

The Federal Statistical Office of Germany published its 2013 traffic safety figures in late February. The number of road deaths in Germany fell to 3,340. Although this was the lowest overall figure since records began in 1953, the number of traffic fatalities on highways increased significantly. Across Europe, the figure fell 8 percent on 2012 to 26,200 fatalities.

Global spending on security and defense technology fell for the second time in succession in 2013, according to the Swedish International Peace Research Institute SIPRI. It reduced by 1.9 percent compared to the prior year, to approximately 1.26 billion US dollars. While the US spent around 8 percent less on defense, increased spending

continued in the emerging and developing economies, particularly in the Middle East and Africa, as well as in East Asia, where China is leading the arms race. According to SIPRI, Germany increased its defense spending by around 6 percent to 35 billion euros in 2013. In the first quarter, the German Ministry of Defense decided to commission external reviews of all major armaments projects and implement a wide-ranging procurement overhaul in the German armed forces. The German government further blocked several export requests for arms to Russia at the end of April.

No important new reports were published for the other sectors in the first quarter 2014. We therefore refer to the details from page 76 of the 2013 Annual Report.

2 Earnings, finance and asset position

The tables in the Management Report, which show a break-down of the key indicators by segment, include the Corporate Center, Shared Service Center and the real estate under "Others". The consolidation effects are shown separately.

2.1 Earnings and order situation

Development of revenue. In the first three months of 2014, the Jenoptik Group generated revenue totaling 136.9 million euros, an increase on the comparable period of the prior year (prior year 132.0 million euros). The rise in revenue came from the Lasers & Optical Systems segment, and was sufficient to balance out the slight drop in the Metrology and Defense & Civil Systems segments.

The share of revenue generated abroad by the end of March 2014, at 64.5 percent (prior year 65.6 percent), was only slightly below the same period in the prior year. Compared to the first quarter 2013, revenue in the Asia/Pacific region grew by almost 48 percent to 17.3 million euros in the first three months of 2014 (prior year 11.7 million euros). The Lasers & Optical Systems segment reported particularly strong growth over the period. Increased domestic demand resulted in greater revenues in Germany, while revenues in the other regions remained slightly below the level in the prior year, in part due to project factors.

Development of results. At 10.5 million euros, the Group's income from operations (EBIT) in the first three months of 2014 was at the same level as in the prior year (prior year 10.6 million euros). The EBIT margin was 7.7 percent (prior year 8.0 percent). While the margin in the Lasers & Optical Systems segment significantly improved, the other two segments achieved lower margins. In the first three months of 2014, the Group generated an EBITDA of 14.8 million euros, compared with 15.9 million euros in the same period of the previous year. Group development projects such as JOE (Jenoptik One ERP) continued on schedule in the first quarter

2014. This, a changed revenue mix and start-up costs within the framework of the significantly increased order intake, influenced the results in the period covered by the report.

At minus 1.5 million euros, the financial result was at the same level as in the prior year (prior year minus 1.6 million euros). There were no major changes in either the investment or interest result.

Earnings before tax consequently also remained constant compared to the first three months of 2013, at 9.0 million euros (prior year 9.0 million euros). Income tax expenses totaled 1.1 million euros. The cash effective tax quota was thus 11.9 percent (prior year 13.7 percent). Due to somewhat higher deferred taxes, earnings after tax were slightly down on the figure for the prior year, at 7.7 million euros (prior year 7.9 million euros).

Order situation. At 160.3 million euros, the order intake of the Jenoptik Group in the first quarter 2014 was significantly higher than in the comparable period in the prior year (prior year 132.0 million euros). All three segments reported growth in their order intakes. The new orders include the major order for stabilization systems reported by the Defense & Civil Systems segment in April, which will first contribute to revenue and earnings in 2015.

Due to the considerably higher order intake in the first quarter 2014, the book-to-bill ratio, i.e. the ratio between order intake and revenue, improved to 1.17 (prior year 1.00). The higher order intake also resulted in an increase in the Group order backlog, which at 432.8 million euros exceeded the 2013 year-end value (31/12/2013: 411.4 million euros) by 5.2 percent.

Detailed information on the development of the segments can be found in the Segment Reporting from page 11 on.

REVENUE

in million euros	1/1/ to 31/3/2014	1/1/ to 31/3/2013	Change in %
Total	136.9	132.0	3.7
Lasers & Optical Systems	58.6	49.7	18.0
Metrology	40.8	42.8	-4.5
Defense & Civil Systems	37.5	39.5	-5.0
Others	0.0	0.0	–

EBIT

in million euros	1/1/ to 31/3/2014	1/1/ to 31/3/2013	Change in %
Total	10.5	10.6	-0.5
Lasers & Optical Systems	8.5	4.1	105.3
Metrology	3.4	6.5	-48.7
Defense & Civil Systems	-0.9	0.3	–
Others	-0.4	-0.3	–

2.2 Development of the key performance indicators

The cost of sales rose by 5.7 percent to 89.0 million euros (prior year 84.2 million euros) and thus at a slightly higher rate than revenue. This was due to the changed revenue mix and start-up costs for new customer projects. At 35.0 percent, the gross margin was correspondingly slightly below the level of the prior year (prior year 36.2 percent).

Research and development expenses, which are central to the Group's future performance and competitiveness, remained at a high level. The R&D total output came to 13.1 million euros following 13.4 million euros in the comparable period of the prior year, equating to 9.5 percent of revenue. It includes the R&D costs, development costs on behalf of customers and the changes in the capitalized development costs which are included in assets. The development costs on behalf of customers in the period covered by the report totaled 3.5 million euros (prior year 3.9 million euros) and are included in the cost of sales. Group R&D expenses totaled 9.7 million euros in the first three months and were thus at the same level as in the prior year (prior year 9.8 million euros). The costs are apportioned according to the contract structure and are thus dependent upon individual orders or projects. This means that both the cost of sales as well as the R&D expenses and corresponding quotas can fluctuate without producing a change in the R&D output.

Jenoptik continued its expansion of international activities as planned. The slight reduction in selling expenses to 15.7 million euros (prior year 16.9 million euros) is due to lower selling expenses in operating activities such as commissions. Administrative expenses have increased as scheduled with the expansion of key Group functions.

Other operating income and expenses more or less balanced each other out. Other operating income rose to 5.7 million euros (prior year 2.8 million euros) which is due in part to the review of the fair value of a property used by a third party in the process of a potential sale. At the same time, other

operating expenses increased from 3.0 million euros in the prior year to 5.6 million euros, partly due to the expected higher expenses for Group development projects and a poorer currency result in the first quarter.

Employees & management. As of March 31, 2014 the Jenoptik Group had 3,474 employees (31/12/2013: 3,433 employees). The number of employees thus increased, particularly abroad, by a total of 1.2 percent. At the end of March 2014, 518 people were employed at the foreign locations (31/12/2013: 475 employees).

As at the end of the first quarter 2014, the Jenoptik Group had a total of 118 trainees (31/12/2013: 137 trainees). The Group had 145 agency employees (prior year 140 agency employees).

At the end of April 2014 Jenoptik informed that CFO Rüdiger Andreas Günther would not extend his contract beyond March 2015.

2.3 Financial and asset position

An equity ratio of 54.1 percent on March 31, 2014, the debenture loan and the syndicated loan taken out in April 2013 give Jenoptik a sound financing structure and sufficient scope to finance its future growth.

As a result of the increase in equity and a simultaneous reduction in borrowings, the debt ratio, the ratio between borrowings and equity, improved from 0.89 as at the end of 2013 to 0.85 as of March 31, 2014.

Due to the good free cash flow, particularly in the fourth quarter 2013, Jenoptik reduced its net debt to 44.1 million euros as of December 31, 2013. The working capital was built up in the first three months of 2014, partly within the framework of the significantly increased order intake and as a result of the revenue-related growth in receivables and a reduction of liabilities. As expected, this resulted in an

ORDER INTAKE

in million euros	1/1/ to 31/3/2014	1/1/ to 31/3/2013	Change in %
Total	160.3	132.0	21.4
Lasers & Optical Systems	65.3	52.2	25.1
Metrology	44.7	42.2	5.9
Defense & Civil Systems	49.8	37.4	33.0
Others	0.5	0.2	—

ORDER BACKLOG

in million euros	31/3/2014	31/12/2013	Change in %
Total	432.8	411.4	5.2
Lasers & Optical Systems	100.4	94.3	6.5
Metrology	76.1	72.8	4.6
Defense & Civil Systems	258.3	246.9	4.6
Others	-2.1	-2.6	18.4

increased net debt of 58.7 million euros as of March 31, 2014.

Capital expenditure. As at the end of March 2014, Jenoptik had invested 5.4 million euros for property, plant and equipment and intangible assets (prior year 6.0 million euros). At 4.1 million euros, the largest share of the resources went into property, plant and equipment (prior year 3.6 million euros), in particular in technical systems relating to capacity expansion for customer projects. In the first three months investments in intangible assets, at 1.2 million euros, fell below the figure for the same period in the prior year (prior year 2.4 million euros). Scheduled depreciation in the Jenoptik Group totaled 5.5 million euros (prior year 5.3 million euros).

At 693.3 million euros, the balance sheet total was close to the figure at the end of 2013 (31/12/2013: 692.4 million euros).

There was practically no change in the non-current assets, at 331.3 million euros, compared to the end of 2013 (31/12/2013: 329.8 million euros). In the individual items, e.g. the intangible assets or property, plant and equipment, again only slight changes were seen.

At 362.0 million euros, current assets remained almost constant (31/12/2013: 362.6 million euros). Here, however, there were changes in the individual items. Inventories increased to 175.7 million euros (31/12/2013: 165.1 million euros). This increase was in part a result of low inventory levels as at December 31, 2013 due to the high level of revenue at year-end. As in prior years, advance payments and services for 2014 revenues and new customer projects were made in the first quarter. Receivables and other assets showed a small rise to 128.6 million euros (31/12/2013: 125.3 million euros). By contrast, cash and cash equivalents fell to 57.1 million euros (31/12/2013: 71.6 million euros).

As of March 31, 2014, the working capital rose sharply to 216.1 million euros, primarily due to an increase in inventories (31/12/2013: 196.0 million euros). In addition, trade payables were reduced in the first quarter 2014. The working capital ratio, that of working capital to revenue, was 34.7 percent and thus just above the level at the end of March 2013 (31/03/2013: 34.4 percent).

The earnings after tax posted for the first three months of 2014 resulted in equity increasing to 374.9 million euros (31/12/2013: 367.1 million euros). At 54.1 percent, the equity ratio showed an improvement compared to the end of 2013 (31/12/2013: 53.0 percent).

Non-current liabilities, at 172.9 million euros, were almost at the same level as at the end of 2013 (31/12/2013: 173.1 million euros). There were virtually no changes in the items included, such as non-current financial liabilities and pension provisions. Non-current liabilities also include the debenture loans placed in the fiscal year 2011, totaling 90 million euros and with terms of 5 and 7 years.

A reduction of 6.9 million euros to 145.4 million euros as compared with the end of 2013 was reported in the current liabilities (31/12/2013: 152.3 million euros). This was primarily due to lower trade payables. There were virtually no changes in the individual items included in current liabilities.

R+D OUTPUT

in million euros	1/1/ to 31/3/2014	1/1/ to 31/3/2013	Change in %
R+D expenses	9.7	9.8	-0.5
Capitalized development costs	0.1	0.0	420.0
Depreciation and impairment on capitalized development costs	-0.2	-0.3	19.9
Allocation to customer development orders	3.3	2.7	20.7
Other expenses customer development orders	0.3	1.2	-77.7
R+D output	13.1	13.4	-2.4

EMPLOYEES (INCL. TRAINEES)

	31/3/2014	31/12/2013	Change in %
Total	3,474	3,433	1.2
Lasers & Optical Systems	1,390	1,391	-0.1
Metrology	949	907	4.6
Defense & Civil Systems	898	907	-1.0
Others	237	228	3.9

Cash flows from operating activities were mainly influenced by higher payments for the working capital than in the comparable prior year period and, at minus 7.1 million euros in the first quarter 2014, were significantly below the prior year's positive figure of 12.1 million euros.

Capital expenditure in property, plant and equipment and intangible assets was reflected in the cash flows from investing activities, which came to minus 5.0 million euros in the first three months of 2014 (prior year minus 8.4 million euros). In the prior year, payments for the acquisition of JENOPTIK Australia Pty Ltd were made in the first quarter.

The free cash flow (cash flows from operating activities before interest and tax minus payments for operating investing activities) fell in the period covered by the report, primarily due to the increase in working capital explained above, to minus 10.7 million euros (prior year plus 7.2 million euros).

The cash flows from financing activities came to minus 2.4 million euros, and was chiefly influenced by changes in the Group financing.

The Executive Board and Supervisory Board propose to the Annual General Meeting on June 12, 2014 to pay out a dividend of 0.20 euros per qualifying no-par value share and to carry forward the remaining amount.

Purchases and sales of companies. There were no purchases or sales of companies in the first quarter 2014.

For details on assets and liabilities not included in the balance sheet, we refer to the information on page 90 of the 2013 Annual Report and the details on contingent liabilities on page 165.

3 Segment reporting

3.1 Lasers & Optical Systems segment

The Lasers & Optical Systems segment reported a successful course of business in the first three months of 2014. The excellent start to the year was also reflected in the development of the segment result.

At 58.6 million euros, revenue in the segment showed a sharp increase of 18.0 percent on the same quarter of the prior year (prior year 49.7 million euros). Greater demand for laser systems for plastics processing and higher revenues with the semiconductor equipment industry and in the healthcare and life sciences markets bolstered the excellent development seen in the first quarter 2014. At 42.8 percent, the segment enjoyed the greatest share of Group revenue (prior year 37.6 percent). Primarily in Asia/Pacific, revenue almost doubled to 10.9 million euros (prior year 5.6 million euros). Revenue in Europe grew by 30.8 percent from 13.3 million euros to 17.3 million euros.

A higher-margin product mix combined with the good development of revenue in the segment contributed to a significant increase in income from operations (EBIT). The segment's EBIT more than doubled from 4.1 million euros in the prior year to 8.5 million euros. The EBIT margin greatly improved to 14.5 percent following 8.2 percent in the prior year.

At 65.3 million euros, the order intake in the Lasers & Optical Systems segment exceeded the figure of 52.2 million euros in the prior year by more than a quarter. It was also above the level of revenue in the period covered by the report, which resulted in a further improvement in the book-to-bill ratio to 1.11 (prior year 1.05).

The order backlog in the Lasers & Optical Systems segment consequently also grew. It came to 100.4 million euros at the end of March 2014, 6.5 percent higher than at the end of 2013 (31/12/2013: 94.3 million euros).

In the first three months of 2014, the number of employees remained at the same level as at year-end 2013, with 1,390 employees (31/12/2013: 1,391 employees).

Key events in the first three months of 2014. In February, the Lasers & Optical Systems segment presented itself at the sector's leading trade fair, SPIE Photonics West in San Francisco. Products unveiled included a demo system of a multi-kilowatt fiber laser with an output power of up to 3,000 watts for cutting and welding metals. Alongside this macro-material processing system, a femtosecond laser with 10 watt output power was also on display as an addition to the beam source product range for micro-material processing. Also presented were powerful F-theta lenses with broadband antireflection coatings, a glueless lens mount technology for DUV optics and new LED point emitters for infrared and ultraviolet applications. Ahead of Photonics West, the segment had already presented its products and expertise at BiOS, the world's leading trade fair for biomedical optics and biophotonics.

In the first quarter 2014, the Lasers & Optical Systems segment sold patents and the associated thermal laser separation technology for semiconductors (TLS-Dicing®) which is no longer part of Jenoptik's core business.

THE SEGMENT AT A GLANCE

in million euros	31/3/2014	31/3/2013	Change in %
Revenue	58.6	49.7	18.0
EBIT	8.5	4.1	105.3
Order intake	65.3	52.2	25.1
Order backlog ¹	100.4	94.3	6.5
Employees ¹	1,390	1,391	-0.1

¹ Prior year's figures refer to December 31, 2013

3.2 Metrology segment

The prevailing general reluctance to invest seen in the industrial metrology sector since last year was still felt in the first quarter and resulted in a further global weakening of demand.

Revenue in the segment consequently fell by 4.5 percent to 40.8 million euros (prior year 42.8 million euros). Revenues in the Middle East/Africa regions and in Asia/Pacific increased by 18.4 percent and 5.1 percent respectively. The segment's share of total revenue dropped from 32.4 percent in the prior year to 29.8 percent.

Income from operations (EBIT) in the segment fell by 48.7 percent to 3.4 million euros (prior year 6.5 million euros). This was chiefly due to a weak development of revenue in the area of industrial metrology. The EBIT margin in the segment fell from 15.2 percent in the prior year to 8.2 percent.

A positive indicator for the further course of the year is the fact that the segment's order intake increased, and at 44.7 million euros, was 5.9 percent above the comparable period in the prior year (prior year 42.2 million euros). In January, Jenoptik reported an order for stationary and mobile traffic monitoring in Kuwait. The Traffic Solutions divisions will supply modern digital speed and red-light monitoring technology to modernize traffic control in the Emirate.

Order intake in the first three months of 2014 exceeded revenues in the period, raising the book-to-bill ratio to 1.10 (prior year 0.99). At 76.1 million euros, the order backlog in the segment was above the level at the end of 2013 (31/12/2013: 72.8 million euros).

As of March 31, 2014, the segment had 949 employees, 4.6 percent or 42 persons more than at the end of 2013 (31/12/2013: 907 employees). New employees were predominantly taken on in connection with major international projects and the expansion of Traffic Service Provision (TSP).

Key events in the first three months of 2014. Since the start of 2014, the Industrial Metrology division has been successfully working with the new ERP system at three German locations.

In March, Jenoptik presented its complete product range for global traffic safety projects at the world's leading sector trade fair, Intertraffic in Amsterdam. The Traffic Solutions division is positioning itself as the world's only supplier of all sensor technologies used in modern traffic monitoring, including laser scanners, radars, piezo technology and induction loops.

THE SEGMENT AT A GLANCE

in million euros	31/3/2014	31/3/2013	Change in %
Revenue	40.8	42.8	-4.5
EBIT	3.4	6.5	-48.7
Order intake	44.7	42.2	5.9
Order backlog ¹	76.1	72.8	4.6
Employees ¹	949	907	4.6

¹ Prior year's figures refer to December 31, 2013

3.3 Defense & Civil Systems segment.

The Defense & Civil Systems segment's business is geared toward the long term and is characterized by major projects. It is therefore subject to certain fluctuations on a quarterly basis which impact mainly on a period's order-related indicators.

In the first three months, mainly due to postponements and extension of time frames in the area of military sensor systems and in the procurement for military projects, the segment's revenue came to 37.5 million euros, just below the figure for the comparable period in the prior year (prior year 39.5 million euros). This is primarily attributable to a temporary downturn abroad. Revenue in Germany rose by 7.5 percent. The segment's share of Group revenue was thus only down slightly compared with the prior year and is currently 27.4 percent (prior year 29.9 percent).

The segment income from operations (EBIT) was minus 0.9 million euros due to only a moderate development of revenue, and consequently far below the figure for the prior year (prior year 0.3 million euros). Reasons included a lesser ability to cover fixed costs due to the reduced revenue and a both seasonally and project-related lower-margin product mix.

At 49.8 million euros, the order intake greatly exceeded the quarterly revenue and order intake of the prior year (prior year 37.4 million euros). The segment's book-to-bill ratio consequently improved from 0.95 in the same period of the prior year to 1.33. As one example, the segment reported a new order to supply turret and weapon stabilization systems for military ground vehicles.

The segment's order backlog increased slightly to 258.3 million euros (31/12/2013: 246.9 million euros).

As of March 31, 2014, there were 898 employees in the Defense & Civil Systems segment, a small decrease on the figure at the end of the past fiscal year (31/12/2013: 907 employees).

Key events in the first three months of 2014. The Defense & Civil Systems segment implemented a new organizational structure at the beginning of the year. The former areas of business were restructured in four new business units: Energy & Drive, Aviation, Sensors and Power Systems.

The segment demonstrated its commitment to the promising railway technology market with the launch of a last mile diesel-driven genset. In an initial phase, the aim is to expand sales in the growth regions of Central and Eastern Europe. With its electrical system solutions, the Defense & Civil Systems division is meeting growing demand from rail operators for more efficient and greener drive technology in rail vehicles.

THE SEGMENT AT A GLANCE

in million euros	31/3/2014	31/3/2013	Change in %
Revenue	37.5	39.5	-5.0
EBIT	-0.9	0.3	-
Order intake	49.8	37.4	33.0
Order backlog ¹	258.3	246.9	4.6
Employees ¹	898	907	-1.0

¹ Prior year's figures refer to December 31, 2013

4 Report on post-balance sheet events

There were no events of special importance occurring after the reporting date of March 31, 2014.

5 Risk report

Within the framework of the reporting on the Risk Report, we refer to the details on pages 96 to 107 of the 2013 Annual Report published at the end of March 2014.

There have been no major changes in the risks described in the report during the course of the first three months of 2014 up to the editorial closing date for this report.

6 Forecast report

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

The International Monetary Fund (IMF) marginally reduced its forecasts for the global economy in early April, with the exception of the euro zone, where economic growth is expected to be stronger than originally forecast in January. Overall, the IMF expects a clear increase in economic output of 3.6 percent in the current year, and 3.9 percent in 2015. The emerging economies will see stable growth; their exports will enjoy rising demand due to momentum in the industrial nations. In view of present geopolitical tensions, the IMF has downgraded its forecasts for Russia, Ukraine and other neighboring countries. In China, growth may slow considerably following the investment and credit boom of recent years.

GROWTH FORECAST OF GROSS DOMESTIC PRODUCT

in %	2014	Change to forecast of January 2014	2015
World	3.6	-0.1	3.9
USA	2.8	0.0	3.0
Euro zone	1.2	0.1	1.5
Germany	1.7	0.2	1.6
China	7.5	0.0	7.3
Emerging economies	4.9	-0.2	5.3

Source: International Monetary Fund, April 2014

According to the IMF, the USA will spur the greatest growth within the industrial nations. It sees positive factors in the clear rise in exports, recovery in the real estate market, easing restrictions on the granting of loans by banks, the two-year budget agreement and the suspension of the national debt ceiling to March 2015.

Economies in the euro zone, according to the IMF, will in 2014 be bolstered by positive development in Germany and other core countries. Risks remains in the continuing high levels of debt in the peripheral countries and the fragmented financial markets.

In Germany, the federal government is forecasting a growth in GDP for 2014 of 1.8 percent on the prior year and an increase of 2.0 percent next year. In the following years up to 2018, GDP is due to rise annually by around 1.5 percent. German GDP growth could, however, be reduced by half if an escalation of the Ukraine crisis caused exports to decline moderately and oil prices simultaneously increased, according to a warning from the Kiel Institute for the World Economy.

Semiconductor equipment manufacturers are expecting weaker demand in the second quarter of 2014.

Political uncertainties notwithstanding, the VDMA has reaffirmed its ambitious growth forecast for the German machine construction industry of plus 3 percent in production to 202 billion euros in 2014. An escalation of the crisis between Ukraine and Russia, the world's fourth-largest market for machinery engineering, could halt the industry's positive economic development.

For the strongly export-oriented automation industry, the ZVEI association is again expecting slight growth in 2014. The entire electrical industry is due to grow by 2 percent in production compared with the prior year; the automation engineering sector may see even stronger growth. The ZVEI expects stimuli from the increasing internetworking and digitization in industrial value creation and from the trend toward greater energy efficiency.

The German Association of the Automotive Industry (VDA) has slightly upped its 2014 forecast after assuming continued stagnation in December. For the current year, the VDA expects an increase in both domestic production and exports by German manufacturers of 2 percent each compared with the prior year. China remains the key driver of growth which by 2015 is likely to be the biggest sales market for German manufacturers, according to consultants Ernst & Young.

Many companies are trying to make up for budget cuts in security and defense technology with restructuring processes and exports abroad. As a result, the international markets are becoming increasingly contested. Spending continues to rise in Asia: the analysts from IHS Jane's expect military budgets there to exceed US defense spending by 2020. The USA, meanwhile, is planning to shrink its armed forces back to 1940 levels and limit its defense spending in 2015 to around 500 billion US dollars.

In the aviation field, aircraft manufacturers Airbus and Boeing have published their plans for 2014. Airbus intends to deliver up to 630 aircrafts, while Boeing is on course to exceed its own 2013 record with up to 725 planes.

No new forecasts have been issued for the other sectors. We therefore refer to the details from page 108 on of the 2013 Annual Report.

6.2 Long-term forecasts and targets

For information on the long-term forecasts and targets, we refer to the 2013 Annual Report published in March 2014, together with the comprehensive details in the "Targets and Strategies" section from page 57 on and in the "Forecast Report" from page 108 on.

The current political developments in Russia and Ukraine as well as discussions on exports in the area of defense and security technology in Germany may result in a weaker growth in this area in the mid to long term.

Focusing on optoelectronics makes Jenoptik an "enabler" for numerous growth sectors. Our range of products and services supports our customers in achieving greater efficiency and therefore in protecting resources. We are establishing ourselves as a strategic partner to our international customers and together with them helping to shape forward-looking megatrends around the world.

In addition to the Group's further development along the five value levers – organic growth, a market and customer-driven approach, internationalization, employees & management and operational excellence – the focus of our business development is primarily on product quality and sustainability.

Jenoptik sees good sales opportunities for its own products and services over the long term – independently of how the economy develops in the medium term. The main attention of the Executive Board is focused on continued sustained and profitable growth in all segments. Group revenue is due to rise to around 800 million euros by 2017, with America and Asia seen as offering the greatest potential for growth. By then, Jenoptik's aim is consequently for these regions to account for a 40 percent share of revenue together. In addition to revenue growth and internationalization, economies of scale, cost discipline and a growing systems business will help to achieve an income from operations (EBIT) margin of around 9 to 10 percent over the market cycles by 2017.

6.3 Future development of the business situation

The details are given on the assumption that the economic situation develops within the framework of the economic and sector forecasts stated in this report and in the 2013 Annual Report from page 108 on, and that the situation does not significantly deteriorate. All statements on the future development of the business situation have been made on the basis of current information.

The Lasers & Optical Systems segment anticipates a growth in revenue of up to 10 percent for 2014. This increase will be supported by more stable development in the semiconductor equipment business and expansion in the healthcare and life sciences market. Compared with revenue, we expect a sharper increase in EBIT.

The Metrology segment is anticipating revenue and EBIT at the same level as in the prior year. The timing of project settlements in Traffic Solutions plays an important role in this segment.

For the Defense & Civil Systems segment, we are predicting a slight increase in revenue and EBIT from the operating business in 2014. This is due to be enabled by international business, greater revenue with civil systems and the action already taken to cut costs and increase efficiency.

In 2014, the Jenoptik Group again wants to invest strongly in the expansion of the international sales structures and in the development of innovative products. In addition, the measures for internal process optimization and Group development projects will also continue as scheduled. These factors aim to further boost profitability and better leverage potential synergy.

The Executive Board reaffirms its 2014 forecast. In view of the considerable capital expenditure being made in Jenoptik's future and the company's robust economic development, it is forecasting stronger growth in revenue and earnings for 2014 than in the prior year. Revenue is expected to grow by between 5 and 10 percent. Group EBIT is due to come in within the 55 to 62 million euro range.

For details of the outlook for other key indicators for the development of business in 2014, we refer to the 2013 Annual Report published in March 2014 from page 111 on.

Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

in thousand euros	1/1/ to 31/3/2014	1/1/ to 31/3/2013
Revenue	136,947	132,016
Cost of sales	88,994	84,215
Gross profit	47,953	47,801
Research and development expenses	9,717	9,768
Selling expenses	15,656	16,921
General and administrative expenses	12,058	10,328
Other operating income	5,669	2,845
Other operating expenses	5,645	3,034
EBIT	10,546	10,595
Investment result	-38	-34
Interest income	133	168
Interest expenses	1,625	1,692
Financial result	-1,530	-1,558
Earnings before tax	9,016	9,037
Income tax expense	-1,072	-1,234
Deferred taxes	-261	64
Earnings after tax	7,682	7,867
Results from non-controlling interests	-9	-10
Earnings attributable to shareholders	7,691	7,877
Earnings per share in euros (undiluted = diluted)	0.13	0.14

Other comprehensive income

in thousand euros	1/1/ to 31/3/2014	1/1/ to 31/3/2013
Earnings after tax	7,682	7,867
Items that will never be reclassified to profit or loss	-50	0
Remeasurements	-50	0
Items that are or may be reclassified to profit or loss	201	792
Available-for-sale financial assets	477	166
Cash flow hedges	-318	-509
Foreign currency exchange differences	42	1,135
Total of the profit/loss recognized in equity	151	792
Total other comprehensive income	7,833	8,659
Thereof attributable to:		
Non-controlling interests	-9	-10
Shareholders	7,842	8,669

Consolidated Statement of Financial Position

Assets in thousand euros	31/3/2014	31/12/2013	Change	31/3/2013
Non-current assets	331,258	329,799	1,459	338,509
Intangible assets	75,546	75,346	200	74,514
Property, plant and equipment	140,219	140,632	-413	142,695
Investment property	20,270	19,107	1,163	19,463
Financial assets	21,096	20,058	1,038	28,466
Other non-current assets	4,192	4,398	-206	4,630
Deferred tax assets	69,935	70,259	-323	68,741
Current assets	361,992	362,642	-650	334,347
Inventories	175,698	165,058	10,640	175,746
Trade and other receivables	128,625	125,338	3,287	112,692
Securities	590	681	-91	543
Cash and cash equivalents	57,079	71,565	-14,486	45,366
Total assets	693,250	692,441	809	672,856

Equity and liabilities in thousand euros	31/3/2014	31/12/2013	Change	31/3/2013
Equity	374,890	367,056	7,834	338,984
Share capital	148,819	148,819	0	148,819
Capital reserve	194,286	194,286	0	194,286
Other reserves	31,545	23,702	7,843	-4,384
Non-controlling interests	241	249	-9	263
Non-current liabilities	172,940	173,067	-127	177,678
Pension provisions	28,127	28,227	-100	31,100
Other provisions	10,777	10,972	-195	11,766
Non-current financial liabilities	115,242	115,235	8	115,825
Other non-current liabilities	17,194	16,865	329	15,925
Deferred tax liabilities	1,600	1,769	-169	3,062
Current liabilities	145,420	152,318	-6,898	156,194
Tax provisions	3,322	4,762	-1,440	6,634
Other provisions	40,799	37,426	3,373	50,804
Current financial liabilities	1,150	1,154	-4	2,051
Other current liabilities	100,149	108,976	-8,826	96,705
Total equity and liabilities	693,250	692,441	809	672,856

Statement of Changes in Equity

in thousand euros	Share capital	Capital reserve	Cumulative profit	
Balance at 1/1/2013	148,819	194,286	11,635	
Remeasurement of financial instruments				
Foreign currency exchange differences			1,063	
Earnings after tax			7,877	
Balance at 31/3/2013	148,819	194,286	20,575	
Balance at 1/1/2014	148,819	194,286	47,674	
Remeasurement of financial instruments				
Remeasurement loss				
Foreign currency exchange differences				
Earnings after tax			7,691	
Balance at 31/3/2014	148,819	194,286	55,365	

	Available-for-sale financial assets	Cash flow hedges	Cumulative exchange differences	Remeasurements	Non-controlling interests	Total
	119	-22	663	-25,448	273	330,325
	166	-509				-343
	17		55			1,135
					-10	7,867
	302	-531	718	-25,448	263	338,984
	470	-42	-1,663	-22,737	249	367,056
	477	-318				159
				-50		-50
	-16		58			42
					-9	7,682
	931	-360	-1,605	-22,787	241	374,890

Consolidated Statement of Cash Flows

in thousand euros	1/1/ to 31/3/2014	1/1/ to 31/3/2013
Earnings before tax	9,016	9,037
Interest income	1,492	1,524
Depreciation and amortization	5,520	5,252
Impairment losses and reversals of impairment losses	-1,220	-8
Profit/loss from asset disposals	3	34
Other non-cash income/expenses	31	-629
Operating profit before adjusting working capital	14,842	15,210
Change in provisions	1,888	-1,822
Change in working capital	-20,580	-4,180
Change in other assets and liabilities	-1,815	3,577
Cash flows from operating activities before income tax	-5,664	12,785
Income tax expense	-1,411	-730
Cash flows from operating activities	-7,075	12,055
Proceeds from sale of intangible assets	101	10
Capital expenditure for intangible assets	-1,250	-2,408
Proceeds from sale of property, plant and equipment	211	357
Capital expenditure for property, plant and equipment	-4,133	-3,574
Proceeds from sale of financial assets	39	60
Capital expenditure for financial assets	-72	-78
Acquisition of consolidated entities	0	-2,965
Interest received	133	169
Cash flows from investing activities	-4,970	-8,429
Repayments of bonds and loans	-15	-2,715
Payments for finance leases	-9	-25
Change in Group financing	-2,099	-1,684
Interest paid	-311	-394
Cash flows from financing activities	-2,434	-4,818
Change in cash and cash equivalents	-14,479	-1,192
Effects of movements in exchange rate on cash held	-7	232
Change in cash and cash equivalents due to first time consolidation	0	971
Cash and cash equivalents at the beginning of the period	71,565	45,355
Cash and cash equivalents at the end of the period	57,079	45,366

Segment Reporting

January 1 to March 31, 2014

in thousand euros	Lasers & Optical Systems	Metrology	Defense & Civil Systems	Others	Consolidation	Group
Revenue	58,579 (49,661)	40,823 (42,766)	37,529 (39,524)	7,411 (6,385)	-7,395 (-6,320)	136,947 (132,016)
Germany	15,765 (15,528)	11,657 (10,294)	21,030 (19,562)	7,068 (6,293)	-6,943 (-6,233)	48,577 (45,444)
Europe	17,339 (13,255)	6,533 (9,080)	11,964 (15,124)	22 (23)	-21 (-23)	35,836 (37,459)
Americas	11,849 (11,273)	11,640 (13,463)	3,727 (4,241)	235 (54)	-360 (-51)	27,091 (28,980)
Middle East and Africa	2,766 (4,055)	4,976 (4,204)	444 (200)	0 (0)	-0 (0)	8,186 (8,459)
Asia/Pacific	10,860 (5,550)	6,018 (5,725)	365 (397)	86 (15)	-71 (-13)	17,258 (11,674)
EBIT	8,496 (4,138)	3,351 (6,531)	-946 (283)	-263 (-364)	-92 (7)	10,546 (10,595)
EBITDA	10,533 (6,452)	4,124 (7,024)	307 (1,536)	-87 (831)	-92 (7)	14,785 (15,850)
Investment income	-45 (-40)	0 (0)	0 (0)	7 (6)	0 (0)	-38 (-34)
Research and development expenses	3,841 (4,252)	4,578 (3,429)	1,388 (2,036)	99 (101)	-189 (-50)	9,717 (9,768)
Free cash flow (before income taxes)	1,435 (-2,332)	-1,557 (7,378)	-3,526 (5,626)	-7,018 (-3,506)	-68 (4)	-10,734 (7,170)
Working Capital ¹	65,856 (54,557)	59,283 (56,286)	96,462 (92,624)	-5,457 (-7,864)	-58 (-44)	216,086 (195,558)
Order intake	65,312 (52,191)	44,713 (42,231)	49,780 (37,440)	7,415 (6,383)	-6,928 (-6,230)	160,292 (132,015)
Total assets ¹	201,818 (195,804)	134,820 (125,338)	174,320 (178,598)	301,746 (309,292)	-119,453 (-116,592)	693,250 (692,441)
Total liabilities ¹	65,249 (67,393)	81,542 (75,151)	125,943 (128,437)	164,997 (171,001)	-119,371 (-116,597)	318,360 (325,385)
Investments	1,516 (2,184)	2,052 (668)	398 (676)	1,416 (2,455)	0 (0)	5,382 (5,983)
Depreciation and amortization	2,038 (2,313)	773 (493)	1,253 (1,253)	1,457 (1,193)	0 (0)	5,520 (5,252)
Number of employees on average without trainees	1,345 (1,311)	899 (811)	854 (854)	229 (190)	0 (0)	3,326 (3,166)

Prior year figures are in parentheses

¹ Prior year's figures refer to December 31, 2013

Notes to the interim consolidated financial statements for the first three months of 2014

Parent company

The parent company is JENOPTIK AG headquartered in Jena with its legal seat registered in the Jena Commercial Register under the number HRB 200146. JENOPTIK AG is a stock corporation publicly listed on the German Stock Exchange in Frankfurt and, among others, listed on the TecDax index.

Accounting in accordance with International Financial Reporting Standards (IFRS)

The same accounting policies applied in preparing the 2013 consolidated financial statements were also applied in preparing the interim consolidated financial statements as at March 31, 2014, which were prepared on the basis of the International Accounting Standard (IAS) 34 Interim Financial Reporting. These interim consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union. These policies were published and individually described in detail in the Notes to the 2013 Annual Report. The Annual Report is available on the internet under www.jenoptik.com using the path Investors/Reports and Presentations/Annual Reports.

The interim consolidated financial statements were prepared in euros, the currency used in the Group, and figures are shown in thousand euros, if not otherwise stated. It is to be noted that there may be rounding differences as compared to the mathematically exact values (monetary units, percentages, etc.).

Management considers the interim consolidated financial statements to include all standard adjustments to be made on an ongoing basis so that a true and fair view of the Group's business performance has been presented in the period under review.

The following changes were made that deviate from the consolidated financial statements as at December 31, 2013:

IFRS 10 "Consolidated Financial Statements". With this standard the concept of control has been newly and comprehensively defined. If an entity controls another entity, the parent company is to consolidate the subsidiary. According to this new concept, control exists if a potential parent company has power over a potential subsidiary on the basis of voting rights or other rights that have positive or

negative variable returns from its involvement with the subsidiary and these returns can influence its power. In accordance with the transition specifications of IFRS 10 (2011) Jenoptik analyzed the control concept for its subsidiaries as of January 1, 2014. There are no effects stemming from this amendment.

IFRS 11 "Joint Arrangements". With IFRS 11 the accounting for joint arrangements has been newly regulated. According to this new concept, it needs to be determined if a joint operation or a joint venture exists. A joint operation exists if the parties having joint control have direct rights to the assets, liabilities and obligations. The individual rights and obligations are accounted for proportionately in the consolidated financial statements. In contrast, the parties having joint control in a joint venture have the right to net assets. This right is shown by using the equity method in preparing the consolidated financial statements; consequently the option of a proportionate inclusion has thus been eliminated. When analyzing the joint arrangements Jenoptik included the structure of the agreements, the legal status of all separate vehicles, the content of the legal agreements and other facts and circumstances. In the past the analysis of the joint arrangement was primarily done based on the structure of the arrangement.

Jenoptik evaluated its engagement in its single joint arrangement and concluded that there are no effects stemming from this amendment.

The group of entities consolidated

The consolidated financial statements of JENOPTIK AG contain 29 fully consolidated subsidiaries (prior year: 29). Thereof 14 (prior year: 14) have their legal seat in Germany and 15 (prior year: 15) have theirs abroad. The Jenoptik Group has proportionately consolidated one joint operation (prior year: 1).

Material transactions

Due to a potential sale of real estate that belongs to investment properties the evaluation of the market value led to a higher value of the real estate. Thus, the impairment of previous years was reversed according to IAS 37. The

earnings after tax were affected at the amount of EUR 1,281 thousand.

Additionally, a system technology that did not belong to Jenoptik's core business anymore was sold in March 2014. The sale influenced earnings after tax at the amount of EUR 1,054 thousand.

Other transactions with a significant influence on the interim consolidated financial statements of Jenoptik did not occur in the first quarter of 2014.

Classifications of material financial statement items

PROPERTY, PLANT AND EQUIPMENT

in thousand euros	31/3/2014	31/12/2013
Land and buildings	78,673	79,654
Investment properties	20,270	19,107
Technical equipment and machines	34,258	35,621
Other equipment, operating and office equipment	22,771	21,581
Payments on-account and assets under construction	4,518	3,776
Total	160,489	159,739

INVENTORIES

in thousand euros	31/3/2014	31/12/2013
Raw materials, consumables and supplies	60,718	54,733
Work in progress	90,690	85,262
Finished goods and merchandise	19,329	19,557
Payments on-account made	4,961	5,507
Total	175,698	165,058

TRADE RECEIVABLES AND OTHER ASSETS

in thousand euros	31/3/2014	31/12/2013
Trade receivables	106,860	104,944
Receivables from unconsolidated associates	4,822	3,483
Receivables from entities in which investments are held	547	565
Other assets	12,870	12,778
Receivables from construction contracts	3,526	3,568
Total	128,625	125,338

NON-CURRENT FINANCIAL LIABILITIES

in thousand euros	31/3/2014	31/12/2013
Non-current bank liabilities	115,158	115,144
Non-current liabilities from finance leases	84	91
Total	115,242	115,235

CURRENT FINANCIAL LIABILITIES

in thousand euros	31/3/2014	31/12/2013
Bank liabilities	1,111	1,116
Liabilities from finance leases	39	38
Total	1,150	1,154

OTHER CURRENT LIABILITIES

in thousand euros	31/3/2014	31/12/2013
Trade payables	38,711	46,427
Liabilities from advanced payments received	31,215	31,048
Liabilities from construction contracts	21	537
Liabilities to unconsolidated associates	4,827	4,945
Liabilities to entities in which investments are held	0	98
Other current liabilities	25,376	25,921
Total	100,149	108,976

Financial instruments

The following carrying amounts of the financial assets and liabilities correspond to market values.

in thousand euros	Carrying amount 31/3/2014	Carrying amount 31/12/2013
Financial assets	180,585	191,865
Cash and cash equivalents	57,079	71,565
Available for sale		
Measured at fair value	2,246	1,706
Measured at purchase price	591	683
Finance lease receivables	1,293	1,426
Loans granted and receivables	119,014	115,623
Hedged derivatives	363	862
Financial liabilities	181,932	182,130
Trade payables	31,215	31,048
Liabilities to banks and other financial liabilities	116,269	116,260
Finance lease liabilities	123	128
Other non-derivative financial liabilities		
Contingent liabilities	859	832
Other	32,801	33,371
Hedged derivatives	666	490

In the chart above the shares in unconsolidated associates and investments are not in the item of available-for-sale financial assets because they were measured at acquisition costs. Thus, these shares are part of the financial assets within the non-current assets. The carrying amounts for these financial instruments are assumed to be at fair value.

The following chart shows the fair value hierarchy for financial assets and liabilities measured at fair value:

in thousand euros	Carrying amount 31/3/2014	Level 1	Level 2	Level 3
Available for sale, measured at fair value	2,246 (1,706)	2,036 (1,507)	0 (0)	210 (199)
Hedged derivatives (assets)	363 (862)	0 (0)	363 (862)	0 (0)
Contingent liabilities	859 (832)	0 (0)	0 (0)	859 (832)
Hedged derivatives (liabilities)	666 (490)	0 (0)	666 (490)	0 (0)

Prior year figures are in parentheses

Fair values available as quoted market prices at all times were allocated to level 1. Fair values determined on the basis of direct or indirect observable parameters were allocated to level 2. Level 3 is based on measurement parameters that are not based upon observable market data.

The development of financial assets measured at fair value through profit and loss and allocated to level 3 is shown in the following chart:

in thousand euros	Available for sale, measured at fair value	Contingent liabilities
Balance at 1/1/2014	199	832
Additions	72	0
Disposals	0	0
Gains and losses recognized in financial result	-61	0
Foreign currency exchange effects	0	27
Balance at 31/3/2014	210	859

Related party disclosures

For the period under review no material business transactions were performed with related parties.

German Corporate Governance Code

The current statements given by the Executive Board and Supervisory Board pursuant to § 161 of the German Stock Corporation Act [Aktiengesetz (AktG)] regarding the German Corporate Governance Code have been made permanently available to shareholders on the JENOPTIK AG website. The statements can also be viewed on site at JENOPTIK AG.

Legal disputes

JENOPTIK AG and its Group entities are involved in several court or arbitration proceedings. In the case that these may have any substantial influence on the Group's economic situation, these proceedings were described in the 2013 consolidated financial statements. As at March 31, 2014 no further litigation arose that could have a material effect on the financial position of the Group.

Events after the reporting period

No significant events occurred after the interim reporting period ending on March 31, 2014.

Responsibility statement by the legal representatives

To the best of our knowledge, we assure that the interim consolidated financial statements prepared in accordance with the applicable principles for the interim financial reporting give a true and fair view of the net assets, financial position and result of operations of the Group and that the interim group management report presents a fair view of the performance of the business including the operating result and the position of the Group, together with a description of the significant opportunities and risks associated with the anticipated development of the Group.

Jena, May 9, 2014



Dr. Michael Mertin
President & CEO



Rüdiger Andreas Günther
Chief Financial Officer

Dates 2014

May 13, 2014

Publication of the interim report
January to March 2014

June 12, 2014

Annual General Meeting of JENOPTIK AG 2014

August 12, 2014

Publication of the interim report
January to June 2014

November 12, 2014

Publication of the interim report
January to September 2014

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

Contact

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