



Interim Financial Report of the Jenoptik Group (unaudited)

FOR THE MONTHS JANUARY TO MARCH 2011

Q1_Q2_Q3



AT A GLANCE – JENOPTIK GROUP.

Figures in million euros	Jan. – March 2011		January – March 2010		Change in %
	Group**	Continuing BD	Discontinued BD	Group	
Sales	124.5	106.9	8.3	115.2	16.5
Lasers & Optical Systems	56.1	45.2		45.2	24.1
Metrology	28.0	20.0		20.0	40.0
Defense & Civil Systems	40.0	41.6	8.3	49.9	-3.8
Others*	0.4	0.1		0.1	++
EBITDA	17.6	9.4	1.0	10.4	87.2
Lasers & Optical Systems	12.6	6.5		6.5	93.8
Metrology	1.8	-0.2		-0.2	++
Defense & Civil Systems	2.4	2.4	1.0	3.4	0
Others*	0.8	0.7		0.7	14.3
EBIT	11.8	3.4	0.6	4.0	++
Lasers & Optical Systems	10.2	3.9		3.9	++
Metrology	1.0	-1.0		-1.0	++
Defense & Civil Systems	1.1	1.0	0.7	1.7	10.0
Others*	-0.5	-0.5	-0.1	-0.6	0
EBIT margin (EBIT as % of sales)	9.5 %	3.1 %	8.4 %	3.5 %	
Lasers & Optical Systems	18.2 %	8.6 %		8.6 %	
Metrology	3.6 %	-5.0 %		-5.0 %	
Defense & Civil Systems	2.8 %	2.4 %	8.4 %	3.4 %	
Earnings before tax	9.3	0.0	0.7	0.7	++
Earnings after tax	7.5	-0.3	0.7	0.4	++
Order intake	172.6	126.5	19.1	145.6	36.4
Lasers & Optical Systems	61.1	56.2		56.2	8.7
Metrology	38.0	40.4		40.4	-5.9
Defense & Civil Systems	73.7	29.7	19.1	48.8	148.1
Others*	-0.2	0.2		0.2	++

Figures in million euros	March 31, 2011	Dec. 31, 2010	March 31, 2010		Group
	Group**	Group**	Continuing BD	Discontinued BD	
Order backlog	398.1	355.4	322.7	46.1	368.8
Lasers & Optical Systems	101.6	98.8	70.2		70.2
Metrology	51.9	45.1	42.4		42.4
Defense & Civil Systems	246.4	212.6	212.6	46.1	258.7
Others*	-1.8	-1.1	-2.5		-2.5
Employees (incl. trainees)	2,956	2,951	2,973	129	3,102
Lasers & Optical Systems	1,240	1,234	1,230		1,230
Metrology	633	632	657		657
Defense & Civil Systems	930	931	937	129	1,066
Others*	153	154	149		149

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

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

*** As at the balance sheet date Dec. 31, 2010 the discontinued business division is not included anymore.

SUMMARY OF THE MONTHS JANUARY TO MARCH 2011.

- The good economic climate continued during the first three months of 2011. The semiconductor industry and automotive market, key sectors of Jenoptik, continued their positive development.
[See Development of the business as a whole and of the individual Jenoptik sectors – Page 5.](#)
- The 16.5 percent growth in sales to 124.5 million euros was attributable to the Lasers & Optical Systems and Metrology segments.
[See Earnings and order position – Page 6.](#)
- The Group EBIT increased sharply in the 1st quarter 2011 to 11.8 million euros (prev. year 3.4 million euros) and was characterized by a high contribution to earnings from the Lasers & Optical Systems segment.
[See Development of results – Page 6.](#)
- Net debt reduced further from 79.3 million euros as at December 31, 2010 to the new figure of 73.5 million euros. At 12.4 million euros cash flow from operating activities was significantly above the figure of 61.6 million euros for the previous year. The shareholders' equity quota rose again slightly from 44.9 percent to now 45.1 percent.
[See Financial and asset position – Page 8.](#)
- The Lasers & Optical Systems segment benefited from a very high sales volume with the semiconductor industry. There was a marked pick-up in the order intake, especially for laser processing systems. The Metrology segment saw a continuation of the growth in demand from the automotive industry and this was reflected in a further increase in sales. The Defense & Civil Systems segment reported stable course of business, with the segment's order intake being influenced by the major order for the Puma armored fighting vehicle.
[See Segment reporting – Page 10.](#)
- Jenoptik expects to see a continuation of the positive development of business in 2011, particularly in the automotive and semiconductor industries. As a result of the extremely positive 1st quarter 2011 the Group now anticipates a Group EBIT 2011 of 40 million euros, representing an increase of more than 35 percent.
[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 five divisions

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

These five divisions are organized into the Lasers & Optical Systems, Metrology and Defense & Civil Systems segments and so correspond to the segment reporting.

Jenoptik is primarily a supplier of capital goods and therefore 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 subsystems, through to components. The Jenoptik Group also successfully markets comprehensive total solutions and/or operator models comprising the integration of systems and facilities and their corresponding networking, as well as project management, data processing and service.

Our key markets primarily include security and defense technology, the market for metrology and materials processing, the civil aviation industry, medical technology, the

market for traffic solutions technology, as well as the photovoltaics and semiconductor industries.

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

As a result of the robust economic situation the German equities market reported an overall positive trend in the 1st quarter 2011. A temporary slump following the devastating events in Japan at the beginning of March was subsequently made up for as at end of the quarter. The Dax, the key German equities index, closed the first quarter at 7,041.31 points, equating to a rise of nearly 1 percent. The TecDax began the year on January 1, 2011 at 860.05 points and closed on March 31, 2011 at 930.61 points. The 8.2 percent rise in the lead index for German technology companies was driven primarily by the stocks of companies in the solar industry which had risen strongly on the back of the debate on energy policy.

The Jenoptik share essentially reflected this trend. It opened at 5.43 euros on January 3, 2011 and closed at 5.65 euros on March 31, 2011 (closing prices on the Xetra), equating to a rise of 4 percent. The Jenoptik share posted its highest closing price in the 1st quarter 2011 of 6.089 euros on March 4, 2011. The lowest share price of 4.98 euros on March 15, consequently fell in line with the general response by equity prices on the global exchanges to the events in Japan.

The Jenoptik Management attended the Annual Analysts' Conference in Frankfurt/Main following the publication of the 2010 consolidated and annual financial statements on

EARNINGS PER SHARE

	Group*	Group	
	1.1. to 31.3.2011	Continuing BD 1.1. to 31.3.2010	Discontinued GB 1.1. to 31.3.2010
Net profit in TEUR	7,465	- 229	696
Weighted average number of outstanding shares	57,238,115	53,248,793	53,248,793
Earnings per share in euros	0.13	0.00	0.01

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).

March 24, 2011. Jenoptik also took part in bank conferences. In the 1st quarter 2011, in addition to Frankfurt/Main, roadshows were also held in London, Paris, Milan, Lugano, Copenhagen, Stockholm and Helsinki. Analysts and investors visited Jenoptik at its locations in Jena and Monheim.

1.3 Development of the overall economy and the individual Jenoptik sectors.

Following a slight weakening of the global growth dynamic at the end of 2010, according to the International Monetary Fund (IMF) the [global economy](#) continued to show a stable course of recovery during the first months of 2011. The driving forces behind this development remained the emerging countries of Asia and Latin America, in particular the so-called BRIC states (Brazil, Russia, India, China) with South Africa having recently joined the list of those countries to form BRICS. The high oil and raw material prices, together with the unrest in North Africa, in particular in Libya, as well as the continuing fragility of the debt situation in the USA and some European states, continue to be the risk factors for the global economy.

The consequences of the earthquake and nuclear disaster in Japan for the global economy have not yet been able to be fully assessed. According to the Center for European Economic Research (CEER), to-date the disaster has had virtually no impact on the overall development of the European and German economies since there is relatively minimal economic integration between the Euro zone and Japan. There were however some supply shortages in various sectors.

[Germany](#) is experiencing a strong upturn which is being driven both by export demand as well as by domestic economic activity. For the 1st quarter 2011 the Deutsche Institut für Wirtschaftsforschung (DIW) anticipates a 0.9 percent rise in GDP compared with the previous quarter.

As reported by the Semiconductor Industry Association (SIA), global sales in the [semiconductor industry](#) rose in the 1st quarter 2011 by 8.6 percent compared with the same quarter last year. The high sales in the individual months drive the US economy in particular, whereas the development of the Japanese semiconductor industry after the earthquake is hard to predict. The equipment manufactu-

rers reported overall very positive figures for the 1st quarter 2011.

According to the market researchers of Solarbuzz, the high level of demand for [photovoltaic](#) modules in 2010 provided photovoltaic equipment manufacturers with global sales of nearly 11 billion US dollars. Expenditure on photovoltaic equipment reached another quarterly high of 3.7 billion US dollars in the 1st quarter 2011.

The Verband Deutscher [Maschinen- und Anlagenbau](#) (VDMA) reported a high level of order intakes for the first quarter 2011 with a plus of 46 percent in January, 38 percent in February and 18 percent in March compared with the same months in the previous year. Now growth rates begin to normalize as March 2010 was the first month with strong order intakes following the crisis. At present the VDMA does not see any risks arising from the unrest in North Africa as this region only accounts for 1.5 percent of German exports.

In the [automotive sector](#) the West European market remained weak in the 1st quarter 2011: according to the Association of European Vehicle Manufacturers (ACEA) the number of new vehicle registrations in the EU was down by 2.3 percent compared with the same period in the previous year. The largest growth market in the EU was Germany, with the highest order backlog for a January since 2001 and monthly growth rates in double figures. According to the ACEA the demand for passenger vehicles in Japan dropped by 37 percent in March.

The German [automation industry](#) posted high order intakes during the final months of 2010 and in the 1st quarter 2011. According to details from the Automation Trade Association within the Zentralverband Elektrotechnik- und Elektronikindustrie (ZVEI) total sales in 2010 increased by 16.6 percent to nearly 41 billion euros, with order intakes up by nearly one quarter. Sales in the process automation area rose by 15.4 percent in 2010, to 16.3 billion euros and by 18.5 percent to 9 billion euros in the drive technology area.

No significant new reports were published for the other sectors in the 1st quarter. We therefore refer to the details from Page 48 in the 2010 Annual Report.

2. EARNINGS, FINANCIAL AND ASSET POSITION.

Note: All details for the figures in the previous years were adjusted for Jena-Optronik GmbH which was sold in December 2010 and had already been shown separately in the 2010 Annual Report as a “discontinued business division”. The figures for the 1st quarter 2011 can therefore be compared with those of previous years. For this reason however the figures shown in this report for the 1st quarter of the previous year differ from the indicators for the 1st quarter 2010 published a year ago.

2.1 Earnings and order situation.

Development of sales. In the 1st quarter 2011 the Jenoptik Group posted a 16.5 percent increase in sales to 124.5 million euros (prev. year 106.9 million euros).

The growth in sales was attributable to the Lasers & Optical Systems and Metrology segments. In the Lasers & Optical Systems segment the high level of sales with the semiconductor industry as well as an overall growth in the Lasers & Material Processing division contributed to the rise in sales. In the Metrology segment sales were up by 40 percent. The growth in demand from the automotive industry in the 2nd half-year 2010 was reflected in the sales for the first quarter 2011. The Defense & Civil Systems segment posted sales at approximately the same level as in the previous year’s quarter.

Development of earnings. In the 1st quarter 2011 the EBITDA totaled 17.6 million euros as against 9.4 million euros for the same period in the previous year. This corresponds to an increase of 87.2 percent. The Group EBIT rose by an even stronger rate to 11.8 million euros (prev. year 3.4 million euros), equating to an EBIT margin of 9.5 per-

cent in the 1st quarter 2011 (prev. year 3.2 percent). The growth was the result both of the improved cost structures as well as a very good business volume from the Lasers & Optical Systems segment thanks to the high level of call orders from the semiconductor industry. The Metrology and Defense & Civil Systems segments each contributed approx. 1 million euros to the Group EBIT. In the Metrology segment sales and earnings of a quarter are increasingly influenced by the accounting of major projects of the Traffic Solutions division.

The financial result improved to minus 2.5 million euros compared with the same quarter in the previous year (prev. year minus 3.3 million euros). The improvement was attributable both to the net interest result as well as the investment result.

As a result of the improved Group EBIT, earnings before tax totaled 9.3 million euros compared with just 0.1 million euros in the 1st quarter of the previous year. Taxes totaled 1.8 million euros, 0.3 million euros of which were accounted for by deferred taxes primarily for the utilization of the losses carried forward. The cash effective tax quota was 15.8 percent. **Earnings after tax** came in at 7.5 million euros (prev. year minus 0.3 million euros).

Order book situation. The Jenoptik Group recorded an order intake of 172.6 million euros, once again above the high level achieved in the 4th quarter 2010. The order intake increased by 36.4 percent compared with the same quarter in the previous year (prev. year 126.5 million euros). The order intake exceeded the sales volume in the 1st quarter 2011 by 48.1 million euros in net terms and led to a book-to-bill ratio of 1.39. The order intake in-

SALES (in million euros)

	1.1. to 31.3.2011	1.1. to 31.3.2010	Change in %
Total	124.5	106.9	16.5
Lasers & Optical Systems	56.1	45.2	24.1
Metrology	28.0	20.0	40.0
Defense & Civil Systems	40.0	41.6	-3.8
Others	0.4	0.1	++

EBIT (in million euros)

	1.1. to 31.3.2011	1.1. to 31.3.2010	Change in %
Total	11.8	3.4	++
Lasers & Optical Systems	10.2	3.9	++
Metrology	1.0	-1.0	++
Defense & Civil Systems	1.1	1.1	0
Others	-0.5	-0.6	16.7

cludes the large individual order for the PUMA armored fighting vehicle worth almost 40 million euros in the Defense & Civil Systems segment. The Group increased its order backlog to 398.1 million euros (31.12.2010: 355.4 million euros). This corresponded to a growth of 12.0 percent or 42.7 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 10 of this Report.

2.2 Development of the key performance factors.

Cost of sales. As a result of the increase in sales, cost of sales rose by 6.9 percent from 75.3 million euros to 80.6 million euros and therefore at a significantly lower rate in proportion to the 16.5 percent growth in sales. The gross margin on sales recorded a correspondingly marked rise to the new figure of 35.3 percent (prev. year 29.5 percent). An increase in the capacity utilization in the Lasers & Optical Systems and Metrology segments and a change in the segments' sales mix contributed towards the increase in the gross margin.

The cost of sales includes those development costs at 2.9 million euros which were incurred directly on behalf of customers (prev. year 4.2 million euros). These costs are apportioned according to the contract structure and are therefore dependent upon individual orders or projects. Consequently both the cost of sales as well as the R+D expenses and the corresponding quotas can fluctuate without affecting the overall R+D output.

The **overall R+D output** totaled 10.2 million euros compared with 10.6 million euros for the same period in the previous year, equating to approx. 8 percent of sales. It includes the development costs incurred on behalf of customers, write-downs as well as the R+D expenses. The figure does not include the costs for the developments in the area of fiber lasers which are included in the investment result on a pro rata basis through the joint venture JT Optical Engine GmbH & Co. KG.

The **R+D expenses** of the Jenoptik Group totaled 7.3 million euros in the first three business months, representing a slight increase compared with the same quarter in the previous year (prev. year 6.4 million euros).

Employees & management. As at the end of the 1st quarter the Jenoptik Group had 2,956 employees (31.12.2010: 2,951). There was virtually no change in the number of employees compared with the same point in the previous year and on a comparable basis (without Jena-Optronik), and so Jenoptik increased sales by 16.5 percent with almost the same headcount and sales per employee rose.

As at the end of the 1st quarter 2011 the Jenoptik Group employed a total of 101 trainees. In February this year 24 trainees successfully passed their exams.

2.3 Financial and asset position.

Financing structure. Jenoptik continued to show a sound financing structure in the 1st quarter 2011, primarily oriented towards the medium to long term.

ORDER INTAKE (in million euros)

	1.1. to 31.3.2011	1.1. to 31.3.2010	Change in %
Total	172.6	126.5	36.4
Lasers & Optical Systems	61.1	56.2	8.7
Metrology	38.0	40.4	-5.9
Defense & Civil Systems	73.7	29.7	148.1
Others	-0.2	0.2	++

ORDER BACKLOG (in million euros)

	31.3.2011	31.12.2010	Change in %
Total	398.1	355.4	12.0
Lasers & Optical Systems	101.6	98.8	2.8
Metrology	51.9	45.1	15.1
Defense & Civil Systems	246.4	212.6	15.9
Others	-1.8	-1.1	++

The Group's non-current liabilities reduced by 7.9 million euros compared with the end of 2010. At 118.0 million euros these were 6.3 percent below the figure as at the year-end 2010 (31.12.2010: 125.9 million euros). Current financial liabilities increased by 3.9 million euros to 23.3 million euros (31.12.2010: 19.5 million euros) as a result of amongst other things the re-classification of the repayment installments becoming due in the 1st quarter 2012.

The **debt to equity ratio**, as a proportion of borrowings (352.8 million euros) to shareholders' equity (290.1 million euros), improved as at March 31, 2011 to 1.22 (31.12.2010: 1.23). This is due to the higher shareholders' equity resulting from the positive result in the 1st quarter 2011.

After reporting a significant reduction in **net debt** in the 4th quarter 2010 (31.12.2010: 79.3 million euros) the Jenoptik Group reduced the figure further by more than 7 percent in the 1st quarter 2011 to 73.5 million euros. Net debt has therefore approximately halved compared with the figure for the same quarter in the previous year (31.03.2010: 145.7 million euros).

Analysis of capital expenditure. At 4.1 million euros, capital expenditure in intangible and tangible was above the level for the previous year (prev. year 2.6 million euros). Tangible assets once again accounted for the largest share at 3.4 million euros. This was primarily attributable to measures to increase efficiency as well as to the expansion of the production capacities in the energy systems area of the Defense & Civil Systems division. At 0.7 million euros, capital expenditure on intangible assets was at approximately the same level as in the previous year (prev. year 0.6 million euros). Capital expenditure was offset by scheduled

depreciation in the sum of 5.8 million euros (prev. year 6.0 million euros).

The cash flow from operating activities, at 12.4 million euros, was significantly up on the level for the previous year (prev. year 1.6 million euros). The increase is mainly due to a sharp improvement in earnings before tax and was influenced by a smaller rise in the working capital. By contrast to the previous year, provisions were increased during the 1st quarter 2011. In the same quarter for the previous year provisions were reduced as a result of the payments in connection with the personnel measures.

The cash flow from investing activities, at minus 3.1 million euros, also rose by comparison with the level for the previous year (prev. year minus 7.2 million euros). The largest item in this context were payments for capital expenditure in tangible assets, in particular the optimization of the production in the Defense & Civil Systems. The previous year's quarter was characterized by the payment in connection with the acquisition of the remaining shares in the laser diode business.

The cash flow from financing activities, at minus 7.3 million euros, was significantly below the previous year's level (prev. year 14.9 million euros). The largest individual item in 2011 was the repayment of loans. The figure for the previous year was mainly based on proceeds of approx. 22 million euros arising from the 10 percent increase in capital increase which were included in receipts from allocations to equity.

Balance sheet analysis. The balance sheet total of the Jenoptik Group increased by 2.2 percent against the year-

R+D OUTPUT (in million euros)

	1.1. to 31.3.2011	1.1. to 31.3.2010	Change in %
R+D expenses	7.3	6.4	14.1
Capitalized development costs	0.3	0.3	0
Write down on capitalized development costs	-0.3	-0.3	0
Allocation to customer development orders	2.3	2.9	-21.1
Other expenses			
Customer development orders	0.6	1.3	-54.0
R+D output	10.2	10.6	-3.2

EMPLOYEES (incl. trainees)

	31.3.2011	31.12.2010	Change in %
Total	2,956	2,951	0.2
Lasers & Optical Systems	1,240	1,234	0.5
Metrology	633	632	0.2
Defense & Civil Systems	930	931	-0.1
Others	153	154	-0.6

end 2010 to 642.9 million euros (31.12.2010: 628.9 million euros) mainly as a result of the growth in business. There was a slight reduction down to 306.8 million euros in non-current assets (31.12.2010: 310.7 million euros). Since depreciation / amortization exceeded capital expenditure, tangible assets in particular reduced to 137.5 million euros (31.12.2010: 139.4 million euros). In view of the positive results deferred tax assets also reduced by 0.7 million euros as a result of the utilization of the losses carried forward. There were virtually no changes in the other non-current assets.

Current assets, at 336.1 million euros, exceeded the figure for the year-end 2010 (31.12.2010: 318.2 million euros). The contributory factors in the increase were inventories which increased to 159.9 million euros (31.12.2010: 148.8 million euros) as well as receivables and other assets which rose to 108.4 million euros (31.12.2010: 103.3 million euros). The increase in the two items, albeit at a lower rate, was attributable to the rise in sales. Cash and cash equivalents came in at 67.0 million euros, slightly up on the figure for the end of December 2010 (31.12.2010: 65.3 million euros).

The working capital totaled 170.1 million euros as at March 31, 2011 and as a result of the continuing recovery in business during the first quarter exceeded the figure as at the year-end 2010 (31.12.2010: 164.6 million euros). The working capital is defined as total of trade accounts receivable and inventories, less trade accounts payable, liabilities arising from PoC (Percentage of Completion) and on-account payments received. The working capital ratio, the proportion of working capital to sales, fell to 33.3 percent (31.12.2010: 34.4 percent).

The profit reported in the 1st quarter 2011 led to an increase in the shareholders' equity to 290.1 million euros (31.12.2010: 282.5 million euros). Despite the increase in the balance sheet total this also produced an improvement in the shareholders' equity quota, the ratio between shareholders' equity and balance sheet total, from 44.9 percent at the end of 2010 to the new figure of 45.1 percent.

As at March 31, 2011 non-current liabilities totaled 157.6 million euros (31.12.2010: 165.3 million euros). The reduction is attributable to non-current financial liabilities which were lower since those liabilities to banks which are due in just under 12 months were reclassified as current financial liabilities. There was virtually no change in the other items included in non-current liabilities, such as e.g. pension provisions, other non-current provisions as well as other non-current liabilities.

Current liabilities increased to 195.3 million euros (31.12.2010: 181.0 million euros). In addition to the abovementioned re-classifications the contributory factors here include a rise in other current provisions as well as increased liabilities arising from operating business activities due to the expansion of business which are included in other current liabilities.

Purchases and sales of companies. There were no purchases or sales of companies in the 1st quarter 2011.

For details on [assets and liabilities not included in the balance sheet](#) we refer to the information contained in the 2010 Annual Report on page 77, the information on guarantees in the Risk Report from page 89 as well as the updating of this information on page 13 of this report.

NET DEBT (in million euros)

	31.3.2011	31.12.2010	31.3.2010*
Total	- 73.5	- 79.3	- 145.7
Securities	0.8	0.8	1.2
Cash and cash equivalents	67.0	65.3	20.7
Non-current financial liabilities	118.0	125.9	150.1
Current financial liabilities	23.3	19.5	17.5

* incl. discontinued business division

3. SEGMENT REPORTING.

Note. As a result of the sale of Jena-Optronik GmbH, shown in the Defense & Civil Systems segment, the previous year's figures for this segment have been adjusted. The figures for the 1st quarter 2011 can therefore be compared with those for the previous year. However, the previous year's figures in this report for the Defense & Civil Systems segment differ from the figures published in the previous year.

3.1 Lasers & Optical Systems segment.

The growth in the Lasers & Optical Systems segment continued in the 1st quarter 2011, with all the key indicators being increased. Thanks to a high level of sales with the semiconductor sector and improved cost structures the segment posted a significant rise in its EBIT.

Sales of the segment totaled 56.1 million euros (prev. year 45.2 million euros), representing growth of around 24 percent for the second quarter in succession. The increase in sales was primarily attributable to the Optical Systems division which benefited from the continuation of the good conditions in the semiconductor sector. The Lasers & Material Processing division also posted a slight rise in sales compared with the same period in the previous year, mainly due to a good performance by the Lasers business unit.

Earnings from operating activities (segment EBIT) totaled 10.2 million euros and were therefore significantly higher than the figure for the previous year (prev. year 3.9 million euros). The sharp leap in earnings is attributable to the high level of sales by the Optical Systems division with the semiconductor industry. In addition, the more efficient production structures were reflected in improved cost structures.

The **order book situation** of the Lasers & Optical Systems segment showed another positive performance. Compared with the same quarter in the previous year the order intake was up by 8.7 percent to 61.1 million euros (prev. year 56.2 million euros) and so once again exceeded the volume of sales, although not at the same level as in the 2nd half-year 2010. The segment's book-to-bill ratio was therefore 1.09. The order backlog increased to 101.6 million euros (31.12.2010: 98.8 million euros) equating to growth of 2.8 percent.

In addition to a continuing high order intake of the Optical Systems division, the Lasers & Material Processing division also reported an increase in the 1st quarter 2011. In particular the Laser Processing Systems business unit again reported a rise in demand by comparison with 2010. During the current 2nd quarter Jenoptik's Lasers business unit received a new order for medical lasers totaling 3 million euros, this will contribute to sales during the current and next fiscal year.

The long-term supply contract which Jenoptik concluded in March 2011 with the automotive supplier Magna is not included in full in the order intake for the 1st quarter. The framework agreement, with a total volume in the low double figure million euro range, will extend over several years and be included in the order intake in line with the actual call orders. Jenoptik supplies optical sensors for security applications on virtually all models produced by a leading German automobile manufacturer. Mass production of the sensor at the Jenoptik Triptis site will begin in summer this year.

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

	31.3.2011	31.3.2010	Change in %
Sales	56.1	45.2	24.1
EBIT	10.2	3.9	++
Order intake	61.1	56.2	8.7
Order backlog	101.6	98.8*	2.8
Employees	1,240	1,234*	0.5

- All key indicators increased.
- Optical Systems division benefited from the good conditions in the semiconductor sector.
- Rise in demand in the Laser Processing Systems business unit.

* Figures as at December 31, 2010.

As at the end of March 2011 the Lasers & Optical Systems segment showed a slight increase in its total number of employees to 1,240 (31.12.2010 1,234).

Key events in the 1st quarter. The most important sector trade fair of the year for the segment was held place in San Francisco (USA) in January 2011 at which the segment primarily showcased its systems expertise and presented numerous new products and technology solutions. In addition to laser bars with new wavelengths, especially suited for applications e.g. in the print industry, the Lasers & Material Processing division presented a new diode laser module with integrated qcw stack which has been developed for industrial, military and medical applications. The new, more powerful infrared thin-disk laser for photovoltaics and micro material processing was also showcased. The JenLas® *disk IR70* is specially designed to meet the requirements of the new technologies in the area of photovoltaics, increasing the efficiency of the solar cells by relocating the contacts to their reverse side. In addition, the first fiber lasers in the kilowatt range were supplied to international customers in the 1st quarter 2011.

In March this year, in conjunction with Photonic Sense GmbH, the Optical Systems division received the Supplier of the Year Award 2010 from Flir Systems, a leading supplier of thermographic systems. Jenoptik supplies amongst other things germanium which is used in night vision equipment and thermal imaging cameras.

3.2 Metrology segment.

The Metrology segment posted another positive performance, the Industrial Metrology division in particular where the rapid recovery in demand from the automotive industry, which had begun in the 2nd half-year 2010, was reflected in the 1st quarter sales.

Sales of the Metrology segment rose by 40 percent to 28.0 million euros (prev. year 20.0 million euros). The increase was due primarily to the Industrial Metrology division which, on the basis of improved cost and organizational structures, processed an order intake that had once again risen faster than had been anticipated after the financial and economic crisis. The Traffic Solutions division operated in a stable environment but one in which major projects are increasingly a characteristic feature on the international level which consequently leads to fluctuations in the key indicators on a quarterly basis.

Earnings from operating activities (segment EBIT) of the Metrology segment totaled 1.0 million euros (prev. year minus 1.0 million euros). This is a reflection of the increase in sales as well as of the optimized cost structures in the Industrial Metrology division. In the Traffic Solutions division, contributions to sales and earnings are increasingly influenced by the accounting of major projects and can therefore fluctuate on a quarterly basis. No major project was invoiced in the 1st quarter 2011.

The **order intake** of the Metrology segment, at 38.0 million euros, was just below the level for the previous year (prev. year 40.4 million euros). In the previous year the segment's

METROLOGY SEGMENT AT A GLANCE (in million euros)

	31.3.2011	31.3.2010	Change in %
Sales	28.0	20.0	40.0
EBIT	1.0	- 1.0	++
Order intake	38.0	40.4	- 5.9
Order backlog	51.9	45.1*	15.1
Employees	633	632*	0.2

* Figures as at December 31, 2010.

- Sales increase was due primarily to the Industrial Metrology division.
- Division presented numerous product developments at Control 2011.

order intake had been characterized by a major order for the Traffic Solutions division worth more than 12 million euros. Whilst this is the reason why the order intake of the Traffic Solutions division was down on the figure for the same period in the previous year, the pickup in the order intake of the Industrial Metrology division continued. The book-to-bill ratio of the segment was 1.36 as the order intake exceeded the volume of sales in the 1st quarter by a net figure of 10.0 million euros. The segment's order backlog increased accordingly to 51.9 million euros (31.12.2010: 45.1 million euros).

As at March 31, 2011 the number of employees in the Metrology segment was 633 (31.12.2010: 632); the figure therefore remained constant.

Key events in the 1st quarter. The Industrial Metrology division concluded numerous product developments at the end of 2010 and in the 1st quarter 2011 which were premiered in the current 2nd quarter at Control, the division's key sector trade fair held in Stuttgart at the beginning of May. These developments included the new mobile HOM-MEL-ETAMIC W5 roughness tester which is more light-weight and user-friendly than the predecessor model. The innovations also included new software applications, a new digital-electronic converter as well as improved optical shaft measurement systems, all of which were showcased for the first time.

In the Traffic Solutions division the focus in the 1st quarter 2011 was on the continuing standardization of the product portfolio as well as the acquisition of major projects.

3.3 Defense & Civil Systems segment.

The Defense & Civil Systems segment continued its stable development. Its business is oriented towards the long term. This was illustrated in the 1st quarter by the large individual order for the new PUMA armored fighting vehicle for the German Army.

As at the end of the 1st quarter 2011 sales of the segment totaled 40.0 million euros, and were almost at the same level as the previous year (prev. year 41.6 million euros).

By contrast the earnings from operating activities (segment EBIT) rose by 10.0 percent to 1.1 million euros (prev. year 1.0 million euros), mainly due to cost savings and a slight change in the sales mix.

The segment's high order intake of 73.7 million euros was influenced by the individual order for the PUMA which accounted for nearly 40 million euros (prev. year 29.7 million euros). The segment had not been awarded a similar sized order in the same period of the previous year. Thanks to this large individual order, which will extend to the year 2020, the book-to-bill ratio was 1.84. The order backlog of the segment increased accordingly to 246.4 million euros (prev. year 212.6 million euros).

The number of employees in the Defense & Civil Systems segment, as in the other two segments, remained almost constant at 930 (31.12.2010: 931).

Key events in the 1st quarter. The segment was awarded its first international order for the laser based cloud height measurement equipment in the Sensors Systems business

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

	31.3.2011	31.3.2010	Change in %
Sales	40.0	41.6	-3.8
EBIT	1.1	1.0	10.0
Order intake	73.7	29.7	148.1
Order backlog	246.4	212.6*	15.9
Employees	930	931*	-0.1

* Figures as at December 31, 2010.

- Sales were almost at the same level as in the same quarter in the previous year.
- High order intake influenced by the individual order for the PUMA.

unit. The so-called Ceilometers, which can reliably measure cloud and aerosol layers up to a height of 15 kilometers, have already been supplied to the British Meteorological Office.

As a supplier of deicing systems the division was also presented with a Performance Excellence Award in the civil aviation area in February 2011 by the aircraft manufacturer Boeing.

In addition, the work on the optimization of the new production facilities at the Altenstadt site is proceeding apace.

4. POST BALANCE SHEET REPORT.

There were no events of special importance occurring after the qualifying date of March 31, 2011.

5. RISK REPORT.

Within the framework of the risk report we refer to the details on pages 89 to 102 of the 2010 Annual Report published at the end of March 2011. Up to the closing editorial date for this quarterly report there have been no significant changes in the risks described in the Annual Report during the course of the first three months of 2011, with the exception of those specified below.

In terms of the [general economic risks](#) the earthquake disaster in Japan has created a new situation that could have consequences for the development of the overall economy. It is impossible to provide a sufficiently accurate forecast at present on the type and scope of the impact that these events could have on the development of the global economy. However, we do see this creating a slight increase in the risk for the development of the overall economy. We take a similar assessment of the current developments in the situation of the euro region in terms of financial policy, particularly with regard to the latest information regarding the levels of debt in Greece and Portugal as well as the situation in the USA. In our view these developments have also increased the risk to the overall economic development.

As a consequence of this the US dollar has significantly weakened against the euro in the first months of 2011. Even though some of the added value of the Jenoptik products sold in the USA is generated within the dollar region, the pressure on prices and margins is increased for direct exports to that country. US competitors are also able to offer their products at lower prices within the euro region. Jenoptik hedges fixed contract transactions in good time through forward exchange contracts – however, new orders will be exposed to the currency pressures.

[Procurement risks](#). At present, the catastrophe in Japan has no significant influence on our group-wide procurement and supplier relationships. However, it is currently impossible to completely assess the repercussions, therefore, a risk management has been established which regularly checks the supply security from Japan.

6. FORECAST REPORT.

As described in the 2010 Annual report, in terms of [risks arising from put options](#) in Jenoptik's real estate business, which were established in 1998 and 2001, three real estate funds have an exit option (put option) in respect of the corresponding silent shareholder; the earliest date that these can be exercised is 2011, some however not until a later date.

In the 3rd quarter 2010 the silent shareholder in the first fund announced his intention to exit from the real estate company as at March 31, 2011. Jenoptik has an indirect obligation to refinance this amount. At the beginning of May a provisional payment was made. Whether a further amount will have to be paid and how much this could be is subject of ongoing negotiations and has not yet been definitely determined. However, the risk of a deterioration in the balance sheet ratios can be further limited and the amount still to be refinanced reduced through planned sales of real estate not required for operating purposes or through attracting new investors. The sale of a smaller item of real estate will still take place in the current 2nd quarter 2011.

The two remaining exit options for the silent shareholders provide for an earliest exit date as at the end of 2011 or 2014. The effect on cash flow arising from the exit options described above have not yet been clearly determined for Jenoptik and at maximum will be in the low, double figure million euro range as described in the 2010 Annual Report.

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

At the beginning of the year the International Monetary Fund (IMF) raised its 2011 forecast for the [global economy](#) slightly to 4.4 percent. For [Germany](#), the IMF also anticipates higher economic growth than was still being predicted in autumn 2010, at a rate of 2.5 percent for the full year. The German Federal Government raised its growth forecast for 2011 from 2.3 to 2.6 percent. The institutes are cautious about their forecasts for Japan. According to the IMF the cost of the earthquake and tsunami in March 2011 will be up to five percent of the country's gross domestic product. The Fund therefore initially reduced its annual forecast for Japan by 0.2 percentage points to 1.4 percent for 2011.

According to information from the Semiconductor Industry Association (SIA) the [semiconductor industry](#) is expected to produce another set of record sales of 319 billion US dollars in the current year and 330 billion US dollars in 2012. However, it is impossible at this point in time to forecast the potential falls in global sales caused by supply shortages and lost production as a result of the natural disaster in Japan. The SEMI association expects for the semiconductor equipment manufacturers a sales rise of 16 percent to 45.8 billion US dollars in 2011 and a further 3 percent rise to 47.1 billion US dollars in 2012. According to SEMI sales of the semiconductor equipment manufacturers amounted to 39.5 billion US dollars in 2010. According to own evaluations the share of the semiconductor market relevant for Jenoptik was at a very high level in the 4th quarter 2010 and the 1st quarter 2011.

The analysts of Solarbuzz predict that [photovoltaic equipment manufacturers](#) will report sales of 15.2 billion US dollars in 2011. Thanks to the expansion of solar cell production, expenditure on crystalline silicon equipment is expected to increase by 31 percent compared with the previous year and by 71 percent for thin-film technology. The analysts of Solarbuzz predict that photovoltaic equipment manufacturers will reach their high point on the sales side

in the 2nd quarter 2011 and then see a sharp decline in expenditure in the 4th quarter 2011 as a result of the expected market depression in the second half of the year 2011.

According to the AMA, the trade association for sensors, [sensor and measurement technology](#) will continue to show a positive performance in 2011. Following a 32 percent growth in sales in 2010 the association expects another 13 percent rise in sales for the year 2011.

The [German automation industry](#), according to information from the Automation Trade Association of the Zentralverband Elektrotechnik- und Elektronikindustrie (ZVEI) is expected to increase by 10 percent in 2011. The recovery from the crisis will be driven by the BRIC countries, China and India in particular. The growth markets are energy efficiency, electro-mobility and intelligent infrastructures.

No new forecasts were published for the other sectors. At this point in time it is still impossible to precisely predict the consequences of the natural and nuclear disaster in Japan on the global economy and individual sectors in 2011.

6.2 Long-term forecasts and targets.

For information on the long-term forecasts and targets we refer to the Annual Report published in March 2011, together with the comprehensive details from page 106 of the Report. Jenoptik sees the conditions for the sale of its products and services as good in the long term – irrespective of the economic development over the medium term.

Jenoptik's priority objective is to increase its earnings power. With a comprehensive portfolio of technologies, products and services in promising sectors and the continued development of the Group along five value levers, the EBIT margin is expected to increase to between 9 and 10 percent. With an EBIT margin of 9.5 percent in the 1st quarter 2011 Jenoptik has demonstrated its principal capability to achieve this target.

6.3 Future development of the business situation.

The details are given on the proviso that the economic situation develops in line with the economic and sector forecasts stated under 6.1 and from page 103 in the 2010 Annual Report and does not significantly deteriorate. All statements regarding the future development of the business situation have been made on the basis of current information.

[Sales](#) in the current fiscal year are expected to total at least 510 million euros (prev. year 478 million euros excluding Optronics; 510.6 million euros including Optronics). It is therefore anticipated that the loss of sales from Jena-Optronik GmbH which was sold in December 2010 will be fully offset. Sales are also expected to continue growing organically in 2012. All three segments should contribute towards the Group's growth.

Jenoptik assumes that the positive development of business will continue in 2011, particularly in the automotive and semiconductor industries. Regarding supplies to the semiconductor industry Jenoptik is at present at a high level in the semiconductor cycle. In view of the very positive 1st quarter the Group now expects to post a [Group EBIT](#) of 40 million euros in 2011, an increase of more than 35 percent. The basis for comparison for the 2010 fiscal year is the Group EBIT excluding Jena-Optronik in the sum of 29.0 million euros.

However, the very good Group EBIT of 11.8 million euros in the 1st quarter cannot be projected in full for the 2011 year as a whole. Here Jenoptik expects normalization during the further course of the year. All three segments are expected to contribute towards the improvement in earnings. On the financing side, the Group has a liquidity framework at its disposal in the form of lines of credit and loans not yet taken up totaling 88.1 million euros. For the outlook for other key indicators for the performance of business in 2011 we refer to the Annual Report published in March 2011, starting from page 109.

Consolidated statement of comprehensive income

Consolidated statement of income

in TEUR	Group*	Group	
	1.1. – 31.3.2011	Continuing BD 1.1. – 31.3.2010	Discontinued BD 1.1. – 31.3.2010
Sales	124,523	106,885	8,267
Cost of sales	80,579	75,344	6,740
Gross profit	43,944	31,541	1,527
Research and development expenses	7,344	6,438	190
Selling expenses	13,706	12,016	211
General administrative expenses	9,872	8,157	408
Other operating income	3,288	3,425	46
Other operating expenses	4,484	4,986	99
EBIT	11,826	3,369	665
Result from investments in associated and jointly controlled companies	0	–442	0
Result from other investments	–34	–11	0
Interest income	609	509	8
Interest expenses	3,111	3,355	7
Financial result	–2,536	–3,299	1
Earnings before tax	9,290	70	666
Income taxes	1,466	280	0
Deferred taxes	348	40	–30
Earnings after tax	7,476	–250	696
Minority interests' share of profit/loss	11	–21	0
Net profit	7,465	–229	696
Earnings per share in euros	0.13	0.00	0.01
Earnings per share (diluted) in euros	0.13	0.00	0.01

Consolidated statement of recognized income and expense

in TEUR	Group*	Group	
	1.1. to 31.3.2011	Continuing BD 1.1. to 31.3.2010	Discontinued BD 1.1. to 31.3.2010
Earnings after tax	7,476	–250	696
Difference arising on foreign currency translation	–1,306	1,478	0
Financial assets available for sale	63	101	0
Cash flow hedge	1,919	–1,622	–183
Deferred taxes	–550	463	47
Total income and expense recognized in shareholders' equity	126	420	–136
of which attributable to:			
Minority interest	–	–	–
Shareholders	126	420	–136

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

Consolidated balance sheet.

Assets in TEUR	March 31, 2011	Dec. 31, 2010	Change
Non-current assets	306,782	310,665	-3,883
Intangible assets	71,684	72,380	-696
Tangible assets	137,538	139,405	-1,867
Investment properties	21,896	22,080	-184
Shares in associated companies	246	246	0
Financial assets	16,244	16,579	-335
Other non-current assets	8,994	9,080	-86
Deferred tax assets	50,180	50,895	-715
Current assets	336,133	318,190	17,943
Inventories	159,902	148,797	11,105
Current accounts receivable and other assets	108,400	103,308	5,092
Securities held as current investments	782	750	32
Cash and cash equivalents	67,049	65,335	1,714
Total assets	642,915	628,855	14,060
Shareholders' equity and liabilities in TEUR	March 31, 2011	Dec. 31, 2010	Change
Shareholders' equity	290,089	282,487	7,602
Subscribed capital	148,819	148,819	0
Capital reserve	194,286	194,286	0
Other reserves	-53,345	-60,936	7,591
Minority interests	329	318	11
Non-current liabilities	157,573	165,315	-7,742
Pension provisions	6,429	6,443	-14
Other non-current provisions	17,941	17,631	310
Non-current financial liabilities	118,004	125,856	-7,852
Other non-current liabilities	11,312	11,681	-369
Deferred tax liabilities	3,887	3,704	183
Current liabilities	195,253	181,053	14,200
Tax provisions	3,663	2,361	1,302
Other current provisions	66,590	61,895	4,695
Current financial liabilities	23,347	19,486	3,861
Other current liabilities	101,653	97,311	4,342
Total shareholders' equity and liabilities	642,915	628,855	14,060

Consolidated statement of movements in shareholders' equity.

in TEUR	Subscribed Capital	Capital reserve
Balance as at 1.1.2010	135,290	186,137
Valuation of financial instruments		
Currency differences		
Earnings after tax		
Capital increase	13,529	8,159
Balance as at 31.3.2010	148,819	194,296
Balance as at 1.1.2011	148,819	194,286
Valuation of financial instruments		
Currency differences		
Earnings after tax		
Balance as at 31.3.2011	148,819	194,286

	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
		101	-1,295			-1,194
	-560			2,038		1,478
	467				-21	446
						21,688
	-82,620	-1,689	3,114	51	436	262,407
	-61,845	416	271	222	318	282,487
		63	1,369			1,432
				-1,306		-1,306
	7,465				11	7,476
	-54,380	479	1,640	-1,084	329	290,089

Consolidated statement of cash flows.

in TEUR	Group 1.1. to 31.3.2011	Group* 1.1. to 31.3.2010
Earnings before tax	9,290	736
Interest	2,502	2,845
Depreciation / write up	5,757	6,432
Impairment	61	21
Profit / loss on disposal of fixed assets	- 78	5
Other non-cash expenses / income	313	486
Operating profit / loss before working capital changes	17,845	10,525
Increase / decrease in provisions	4,164	- 4,555
Increase / decrease in working capital	- 6,116	- 9,242
Increase / decrease in other assets and liabilities	- 3,327	5,135
Cash flow from / used in operating activities before income taxes	12,566	1,863
Income taxes paid	- 179	- 299
Cash flow from / used in operating activities	12,387	1,564
Receipts from disposal of intangible assets	2	2
Payments for investments in intangible assets	- 694	- 552
Receipts from disposal of tangible assets	451	22
Payments for investments in tangible assets	- 3,403	- 2,296
Receipts from disposal of financial assets	87	186
Payments for investments in financial assets	- 91	- 1,079
Payments for acquisition of consolidated companies	0	- 4,000
Interest received	584	517
Cash flow from / used in investing activities	- 3,064	- 7,200
Receipts from allocations to equity	0	21,688
Receipts from issue of bonds and loans	2,332	22,844
Repayments of bonds and loans	- 6,010	- 26,890
Repayments for finance leases	- 255	- 238
Change in group financing	- 1,681	- 483
Interest paid	- 1,656	- 2,069
Cash flow from / used in financing activities	- 7,270	14,852
Change in cash and cash equivalents	2,053	9,216
Foreign currency translation changes in cash and cash equivalents	- 339	328
Cash and cash equivalents at the beginning of the period	65,335	11,201
Cash and cash equivalents at the end of the period	67,049	20,745

* incl. discontinued business division

Key figures by business divisions and other areas.

January 1 – March 31, 2011 (previous year's figures in brackets)

in TEUR	Lasers & Optical Systems	Metrology	Defense & Civil Systems**	Other, Consolidation	Group**
Sales	56,142 (45,230)	27,964 (19,977)	39,971 (41,587)	446 (91)	124,523 (106,885)
of which Germany	16,338 (13,287)	9,923 (7,460)	21,293 (27,455)	507 (285)	48,061 (48,487)
European Union	17,960 (13,018)	4,948 (3,654)	8,676 (9,535)	0 (0)	31,584 (26,207)
Other Europe	1,113 (988)	3,204 (1,151)	6,979 (2,224)	0 (0)	11,296 (4,363)
NAFTA	10,825 (9,535)	4,640 (3,724)	1,483 (1,799)	- 61 (- 194)	16,887 (14,864)
South East/Pacific	8,154 (5,477)	3,778 (2,495)	276 (86)	0 (0)	12,208 (8,058)
Others	1,752 (2,925)	1,471 (1,493)	1,264 (488)	0 (0)	4,487 (4,906)
EBIT	10,221 (3,911)	984 (- 1,035)	1,120 (1,033)	- 499 (- 540)	11,826 (3,369)
EBITDA	12,617 (6,569)	1,774 (- 242)	2,363 (2,376)	829 (709)	17,583 (9,412)
Earnings from investments in associated and jointly controlled companies	0 (- 442)	0 (0)	0 (0)	0 (0)	0 (- 442)
Result from other investments	- 28 (5)	0 (0)	2 (1)	- 8 (- 17)	- 34 (- 11)
Research and development expenses	3,269 (2,609)	2,213 (1,788)	1,905 (2,031)	- 43 (10)	7,344 (6,438)
Free cash flow (before income taxes)	12,792 (3,715)	2,694 (- 3,608)	2,481 (858)	- 9,109 (- 416)	8,858 (548)
Working capital*	45,754 (43,287)	35,032 (35,812)	93,224 (91,030)	- 3,894 (- 5,497)	170,116 (164,632)
Order intake	61,114 (56,168)	37,990 (40,367)	73,704 (29,721)	- 179 (240)	172,629 (126,496)
Tangible assets, investments properties and intangible assets*	87,013 (88,540)	14,773 (15,490)	32,433 (32,226)	96,899 (97,609)	231,118 (233,865)
Investments excluding company acquisitions	1,993 (1,114)	361 (322)	1,565 (918)	178 (279)	4,097 (2,633)
Depreciation, amortization and impairment	2,396 (2,658)	790 (793)	1,243 (1,343)	1,328 (1,249)	5,757 (6,043)
Employees on annual average (without trainees)	1,191 (1,177)	617 (631)	879 (886)	152 (133)	2,839 (2,827)

* 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 THREE MONTHS 2011.

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

The consolidated financial statements 2010 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 2010 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 combined consolidated interim report ("interim report") as at March 31, 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 2010 can be called up on the Internet at www.jenoptik.com, on the Investors page under the heading Reports & Presentations.

The interim report as at March 31, 2011 was prepared in the group currency of the Euro and the figures are stated in TEUR unless specified otherwise.

In the opinion of the management, the consolidated interim 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 business of the company in the periods under report.

Companies included in consolidation.

The consolidated financial statements include 15 (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 at equity or proportionally.

Itemization of key items in the financial statements.

TANGIBLE ASSETS in TEUR	31.3.2011	31.12.2010
Land and buildings	83,788	84,695
Technical equipment and machines	32,315	34,536
Other equipment, factory and office equipment	16,301	17,014
On-account payments and assets under construction	5,134	3,160
	137,538	139,405

INVENTORIES in TEUR	31.3.2011	31.12.2010
Raw materials and supplies	53,495	52,267
Work in progress	92,175	83,858
Finished goods and merchandise	14,232	12,672
	159,902	148,797

ACCOUNTS RECEIVABLE AND OTHER ASSETS in TEUR	31.3.2011	31.12.2010
Trade accounts receivables	72,431	75,119
Receivables from non-consolidated affiliated companies	5,395	4,893
Receivables from participating interests	1,670	998
Other assets	28,904	22,298
	108,400	103,308

NON-CURRENT FINANCIAL LIABILITIES in TEUR

	31.3.2011	31.12.2010
Non-current bank liabilities	115,485	123,169
Non-current liabilities from finance leases	2,519	2,687
	118,004	125,856

CURRENT FINANCIAL LIABILITIES in TEUR

	31.3.2011	31.12.2010
Bank liabilities	22,463	18,515
Liabilities from finance leases	884	971
	23,347	19,486

OTHER CURRENT LIABILITIES in TEUR

	31.3.2011	31.12.2010
Liabilities from on-account payments received	29,145	27,652
Trade accounts payable	33,072	31,632
Liabilities to affiliated companies	1,346	1,722
Liabilities to participating interests	343	596
Other current liabilities	37,747	35,709
	101,653	97,311

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.

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, May 10, 2011



Dr. Michael Mertin
Chairman of the
Executive Board

Frank Einhellinger
Executive Board Member

DATES 2011

MAY 13, 2011

Publication of the Interim Report
1st quarter 2011

JUNE 8, 2011

General Meeting of JENOPTIK AG 2011

AUGUST 11, 2011

Publication of the Interim Report
1st half 2011

NOVEMBER 9, 2011

Publication of the Interim Report
3th quarter 2011

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