LASERS & MATERIAL PROCESSING I OPTICAL SYSTEMS I INDUSTRIAL METROLOGY I TRAFFIC SOLUTIONS I DEFENSE & CIVIL SYSTEMS

JENOPTIK

Interim Financial Report of the Jenoptik Group (unaudited)

FOR THE MONTHS JANUARY TO SEPTEMBER 2012

2012 Q3

AT A GLANCE – JENOPTIK GROUP

Figures in million euros	Jan. – Sept. 2012	Jan. – Sept. 2011	Change in %	July – Sept. 2012	July – Sept. 2011	Change in %
Sales	**423.1**	**383.9**	**10.2**	**139.3**	**127.6**	**9.2**
Lasers & Optical Systems	161.7	159.2	1.6	50.8	50.4	0.8
Metrology	125.0	93.5	33.7	45.0	31.4	43.3
Defense & Civil Systems	133.0	130.5	1.9	40.6	45.8	−11.4
Others*	3.4	0.7	385.7	2.9	0.0	100.0
EBITDA	**58.8**	**53.1**	**10.7**	**21.5**	**16.5**	**30.3**
Lasers & Optical Systems	31.2	32.9	−5.2	10.3	9.5	8.4
Metrology	15.9	8.6	84.9	7.8	2.9	169.0
Defense & Civil Systems	11.1	6.4	73.4	4.5	0.5	800.0
Others*	0.6	2.2	−72.7	−1.1	0.6	−283.3
EBIT	**42.1**	**34.9**	**20.6**	**16.1**	**10.9**	**47.7**
Lasers & Optical Systems	24.2	24.8	−2.4	8.0	7.3	9.6
Metrology	13.5	6.2	117.7	7.0	2.1	233.3
Defense & Civil Systems	7.6	5.8	31.0	3.4	2.3	47.8
Others*	−3.2	−1.9	–	−2.3	−0.8	–
EBIT margin (EBIT as % of sales)	**10.0 %**	**9.1 %**		**11.6 %**	**8.5 %**	
Lasers & Optical Systems	15.0 %	15.6 %		15.7 %	14.5%	
Metrology	10.8 %	6.6 %		15.6 %	6.7 %	
Defense & Civil Systems	5.7 %	4.4 %		8.4 %	5.0 %	
Earnings before tax	**36.4**	**26.1**	**39.5**	**14.3**	**7.7**	**85.7**
Earnings after tax	**30.0**	**21.4**	**40.2**	**11.3**	**6.9**	**63.8**
Order intake	**437.1**	**513.7**	**−14.9**	**154.7**	**167.6**	**−7.7**
Lasers & Optical Systems	167.2	166.9	0.2	59.2	48.3	22.6
Metrology	158.0	132.5	19.2	57.5	37.2	54.6
Defense & Civil Systems	109.0	215.0	−49.3	35.8	81.8	−56.2
Others*	2.9	−0.7	–	2.2	0.3	–

Figures in million euros	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2011
Order backlog	**462.2**	**448.5**	**477.2**
Lasers & Optical Systems	105.4	101.3	102.0
Metrology	104.0	69.0	81.6
Defense & Civil Systems	255.1	279.9	296.3
Others*	−2.3	−1.7	−2.7
Employees (incl. trainees)	**3,224**	**3,117**	**3,039**
Lasers & Optical Systems	1,328	1,296	1,285
Metrology	796	719	671
Defense & Civil Systems	918	924	929
Others*	182	178	154

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

OVERVIEW OF THE MONTHS JANUARY TO SEPTEMBER 2012

- As a result of the unresolved euro debt crisis there is still a prevailing mood of uncertainty surrounding the global economy. The German economy remained in robust health. It essentially escaped the dampened economic prospects resulting primarily from the sovereign debt crisis in the industrialized countries.
  See Market Development – from page 5.

- Sales of the Jenoptik Group rose by 10.2 percent to 423.1 million euros. The increase was mainly attributable to a very positive performance by the Metrology segment which posted an increase in sales of more than 30 percent. Development in the other two segments was stable.
  See Earnings and Order Situation – page 7.

- Jenoptik posted a further increase in its operating business. The contribution to earnings by the Lasers & Optical Systems segment was at virtually the same level as in the previous year despite the change in the sales mix, while the Metrology and Defense & Civil Systems segments reported growth thanks to their innovative product portfolios and a high level of demand from key target sectors.
  See Segment Reporting – from page 13.

- At 38.0 million euros, cash flow from operating activities remained approximately at the same level as the previous year. Thanks to the positive cash flow of 23.5 million euros in the 3rd quarter 2012 net debt was reduced significantly to 78.6 million euros as at September 30, 2012. The shareholders’ equity quota increased to 51.1 percent.
  See Financial and Asset Position – from page 10.

- The Group EBIT grew by 20.6 percent to 42.1 million euros and achieved the target margin of approx. 10 percent. The Metrology segment more than doubled its EBIT. The other two segments showed a stable development. There was also improvement in the financial result, with earnings after tax rising by more than 40 percent to 30.0 million euros compared to the previous year.
  See Development of Results – page 7.

- Jenoptik expects a continuation of the successful development of business in 2012. Group sales are anticipated to rise by between 5 and 10 percent (prev. year 543.3 million euros) and the group operating result to between 50 and 55 million euros (prev. year 49.2 million euros.
  See Forecast Report – from page 18.

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 and
- Defense & Civil Systems.

Jenoptik is primarily a supplier of capital goods and consequently a partner for industrial companies. In the Metrology and Defense & Civil Systems segments, we are also a supplier to the public sector both directly as well as indirectly through system integrators. In general, we do not supply directly to consumer markets.

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

Our key markets primarily include security and defense technology, the metrology and materials processing market, the civil aviation industry, medical technology, the market for traffic solutions and the semiconductor industry. Jenoptik is establishing itself as a strategic partner for international clients and shaping cutting-edge trends in conjunction with them.

1.2 Development of the capital market and the Jenoptik share

In addition to economic development, the euro crisis and rescue efforts by the EU and ECB were the key factors determining the mood on the German stock markets in 2012. Boosts to liquidity by the ECB contributed to a positive 1st quarter but the indices subsequently gave up a large proportion of their price gains as a result of increasing uncertainty caused by the euro crisis and the continuing economic trend. The 3rd quarter was characterized by the announcement by the ECB that it would be purchasing an unlimited number of bonds and this gave confidence back to the markets. The Dax reached a new year's high in September 2012. In the first nine months of 2012 the German lead index rose by 18.8 percent, while the technology index, the TecDax, increased by 15.7 percent.

The Jenoptik share price followed the abovementioned trends on the capital market but clearly outperformed the comparison indices. The year 2012 began with a rise in the share price from 4.66 euros to over 6 euros by the end of April, although this was followed by a sharp fall in the May. The announcement of the detailed forecasts at the beginning of June and the increase in anticipated earnings in the July gave the share new momentum and by the end of September it had risen to 5.90 euros. This represents an increase of 26.7 percent over the first nine months of 2012, clearly outperforming the Dax and TecDax. The Jenoptik share continued its very good performance in October, reaching this year's high of 7,30 euros on October 31, 2012. The share price rose by more than 50 percent since the beginning of the year. All figures are closing prices on the Xetra.

EARNINGS PER SHARE

	1.1. to 30.9.2012	1.1. to 30.9.2011
Net profit in KEUR	30,031	21,380
Weighted average number of outstanding shares	57,238,115	57,238,115
Earnings per share in euros	0.52	0.37

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

On August 10, 2012, the Executive Board presented the Jenoptik half-year figures at the analysts' conference in Frankfurt am Main. In 2012, the Management has also provided information on the company and the current progress of business at capital market conferences in Frankfurt, Munich, London and Paris and given presentations to investors at roadshows in Germany, Switzerland and Austria as well as in Great Britain and Scandinavia. With the publication of the first sustainability report in September, Jenoptik satisfied the increasing interest in sustainability-related themes, both on the part of investors as well as the general public.

At the end of August 2012 the Jenoptik Annual Report 2011 was ranked number four among those of the TecDax by the manager magazin.

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

As a result of the continuing unresolved euro debt crisis there is still a prevailing mood of significant uncertainty surrounding the global economy. According to the International Monetary Fund (IMF), this is compounded by a tight financial situation in the US which has debts of nearly 16 trillion US dollars, as well as a slowing of the economic dynamic in China. While the emerging and developing countries reported stable growth, development in the industrialized nations was sluggish.

The anticipated economic recovery in the euro zone did not materialize. In a joint forecast, three leading European research institutes expect GDP to fall by 0.2 percent in in the 3rd quarter 2012. Various purchasing manager indices remained again below key reference levels due to low order intakes, slowing exports to Southern Europe and a general fall in demand in the automotive industry.

The US economy grew at a higher rate than anticipated in the 3rd quarter 2012. According to the US Department of Trade GDP was 2 percent higher than in the same quarter in the previous year. The improvement was the result of increased consumer spending, a recovery of the real estate market and higher public spending, in particular in the defense area. On the other side, exports and investments declined. For the 2nd quarter 2012 the Department of Trade had adjusted the rise in GDP to 1.3 percent compared with the same quarter in the previous year.

According to the Federal German Government, the German economy remained relatively robust in the 3rd quarter 2012 compared with the recessionary trends in the rest of the euro region. However, the pace of development slowed. According to the German Federal Statistical Office, July and August 2012 saw a rise in exports, primarily to the emerging countries. By contrast, the Business Climate Index of the ifo Institute fell in October 2012 for the sixth time in succession. Companies were clearly more downbeat in the assessment of their current situation than had been anticipated and the outlook remains pessimistic. Particularly in industry, the situation showed deterioration as a result of falling order intakes, capacity utilization and export forecasts.

According to the Chinese Statistical Office, GDP in China in the 3rd quarter 2012 increased by 7.4 percent compared with the same quarter in the previous year, the weakest quarterly growth since the beginning of 2009. Exports weakened, primarily those with the key trading partners the EU and US.

In Japan, the worries of a recession increased in the 3rd quarter 2012. In addition, as a result of the island dispute with China and the boycott of Japanese goods in the People's Republic, exports in September 2012 fell by approx. 10 percent, while sales of Japanese vehicle manufacturers dropped by nearly half.

Following a fall in sales at the start of 2012, sales of the 15 major international photonics companies rose again in the 2nd quarter 2012. Accordingly, the Global Market Index of Optical Technologies produced by the sector association Spectaris increased to 203.2 points, putting it above the key reference level of 200, although in comparison with the same quarter in the previous year the index lost 6 percent. In the medical technology sector, the Spectaris Global Market Index rose to a new record level of 118.7 points in the 2nd quarter 2012 – 8.8 percent above the same quarter in the previous year.

According to the Semiconductor Equipment and Materials International association (SEMI), global sales of semiconductor equipment manufacturers in the 2nd quarter 2012 totaled 10.34 billion US dollars and were therefore 4 percent lower than in the previous quarter and 13 percent below the high level recorded for the same quarter in the previous year. Production on larger wafers and innovative lithographic technologies such as EUV require substantial investment; SEMI estimates that to get the 450 millimeter wafers ready for production will entail research and development costs of up to 40 billion US dollars. To this end, the semiconductor equipment manufacturer ASML secured the support of chip and laser manufacturers in the 3rd quarter 2012. In October, ASML announced the purchase of the laser manufacturer Cymer.

According to the Verband Deutscher Maschinen- und Anlagenbau (VDMA) [German Engineering Federation], German manufacturers reported 5 percent fewer orders from January to September 2012 compared with the same period in the previous year. It is becoming increasingly difficult for foreign orders to compensate for the weak domestic business. As a result of the uncertainty surrounding economic development, customers have been cautious about investing in machinery and plants. By contrast, machine production in the 1st half-year 2012 clearly exceeded expectations, posting a rise of 4 percent. The order intake for the 1st half-year 2012 in the machine tool construction sector was 13 percent below the same level in the previous year. According to information from the Verein Deutscher Werkzeugmaschinenfabriken (VDW) [Association of German Machine Tool Manufacturers], the sector will be unable to escape the general economic trend.

The demand in the EU automotive market has fallen for twelve months in succession according to a report by the Federation of European Automobile Manufacturers (ACEA). From January to September 2012, the number of new vehicle registrations in the EU fell by 7.6 percent compared with the same period in the previous year; Southern Europe actually recorded a double figure fall. While German premium manufacturers were able to compensate for the weakness in Europe with exports to the US, Russia and China, losses were reported by mass-volume manufacturers who concentrated on Europe. In the US, sales of Light Vehicles in the first nine months 2012 increased by approx. 15 percent according to the Association of Automobile Manufacturers (VDA); German manufacturers actually succeeded in selling 20 percent more vehicles there. The strategy of “Export from Germany and manufacture locally” was said to be key to the market success in this respect.

The German rail industry reported nearly one third fewer orders in the 1st half-year 2012 than in the previous year, although this period had been characterized by a major order for the national railway company Deutsche Bahn. By contrast, sales in the first six months of 2012 increased by nearly 13 percent to 5.3 billion euros, partly the result of the delivery of prefabricated engineering.

In the security and defense technology sector, a merger between EADS and BAE Systems that would have created the world’s largest aviation and armaments group failed to materialize in autumn 2012.

There were no significant new reports published for the other sectors in the 3rd quarter 2012. We therefore refer to the details in the 2011 Annual Report as well as to the 2012 interim reports.

2. EARNINGS, FINANCIAL AND ASSET POSITION

2.1 Earnings and order situation

Note: The regional distribution of sales was changed with effect from January 1, 2012. Since then, Jenoptik's reporting has been based on the regions of Germany, Europe (excluding Germany), America (North, Central and South America), the Middle East and Africa as well as Asia/Pacific. The figures for the previous year therefore only provide for limited comparison.

Development of sales. Jenoptik increased sales by 10.2 percent compared with the same period in the previous year, to 423.1 million euros (prev. year 383.9 million euros). The growth came primarily from the Metrology segment.

At 64.5 percent or 273.0 million euros, the Group once again increased its foreign sales both in proportional terms and on a total basis (prev. year 60.3 percent or 231.4 million euros). Europe remained the largest sales region with approx. 27 percent, followed by America with approx. 20 percent and Asia/Pacific accounting for approx. 11 percent of Group total sales in the first nine months of 2012. Once again, sales in the Group's key target regions of America and Asia rose at a markedly higher rate. This again shows the successful implementation of the internationalization strategy. The Group was able to more than compensate for the fall in sales in Europe through higher proportional growth in America and Asia/Pacific.

Development of results. The EBITDA increased by 10.7 percent to 58.8 million euros (prev. year 53.1 million euros) with the Group EBIT rising by 20.6 percent compared with the same period in the previous year to 42.1 million euros (prev. year 34.9 million euros). One of the reasons for the sharp rise in earnings is the increase in sales by the Metrology segment, accompanied by a proportionately higher increase in earnings. The Metrology segment more than doubled its EBIT over the same period in the previous year. The Defense & Civil Systems segment also increased its EBIT. The EBIT of the Laser & Optical Systems segment almost equaled the same high level in the previous year.

As a result of the proportionately higher increase in earnings, the EBIT margin of the Jenoptik Group rose from 9.1 percent for the same period in the previous year to the new figure of 10.0 percent.

The financial result improved from minus 8.9 million euros in the previous year to minus 5.8 million euros in the first nine months of 2012. The reasons for this were an improvement in the interest result due to lower interest expenses as well as a positive investment result.

Thanks to the improvement in the Group EBIT and financial result, earnings before tax showed a marked rise of 39.5 percent to 36.4 million euros (prev. year 26.1 million euros). Income taxes totaled 5.9 million euros (prev. year 3.6 million euros), the cash-effective tax quota was 16.2 percent. Earnings after tax reached 30.0 million euros compared with 21.4 million euros for the same period in the previous year – an increase of 40.5 percent. Earnings per share were up by 40.5 percent to 0.52 euros (prev. year 0.37 euros).

Order book situation. In the first nine months of 2012 the order intake slightly exceeded Group sales at 437.1 million euros, although it failed to reach the high level of 513.7 million euros achieved in the previous year. The book-to-bill rate for the Group for the first nine months of 2012 was

SALES (in million euros)

	1.1. to 30.9.2012	1.1. to 30.9.2011	Change in %
Total	423.1	383.9	10.2
Lasers & Optical Systems	161.7	159.2	1.6
Metrology	125.0	93.5	33.7
Defense & Civil Systems	133.0	130.5	1.9
Others	3.4	0.7	385.7

EBIT (in million euros)

	1.1. to 30.9.2012	1.1. to 30.9.2011	Change in %
Total	42.1	34.9	20.6
Lasers & Optical Systems	24.2	24.8	−2.4
Metrology	13.5	6.2	117.7
Defense & Civil Systems	7.6	5.8	31.0
Others	−3.2	−1.9	–

1.03. At 154.7 million euros, the order intake in the 3rd quarter was the highest for an individual quarter in 2012.

The order intake for the same period in the previous year was mainly characterized by the two large individual orders for the PUMA armored fighting vehicle which together totaled more than 70 million euros. The Defense & Civil Systems segment did not receive any orders of a similar size in the first nine months of this year. The order intake in the Lasers & Optical Systems segment remained at a high level; in the Metrology segment it increased sharply by nearly 20 percent.

The Group posted an increase in its foreign order intake. This was due on the one side to major orders for traffic safety systems, among others from Malaysia und Oman. On the other side, as a result of its consistent strategy of internationalization combined with investments in its own distribution, Jenoptik reported a steady rise in order intakes particularly in North America and Asia. The order intake in North America consequently rose by 36.8 percent compared with the same period in the previous year, to 69.5 million euros and in Asia/Pacific by 33.5 percent to 55.4 million euros.

The Jenoptik Group order backlog increased slightly in the first nine months of the current year by 3.1 percent to 462.2 million euros (31.12. 2011: 448.5 million euros).

You will find more detailed information on the development of the key indicators of the segments in the Segment Reporting from page 13 of this report.

2.2 Development of the key performance factors

Development of the key cost items. The development of the key items in the consolidated statement of comprehensive income was characterized by the expansion of business. In line with the Group's strategic orientation as an innovative optoelectronics group which is increasingly positioning itself as a global player, the R+D total output increased at a higher rate in proportion to the expansion of business. The distribution costs also rose in this context.

The cost of sales rose by 9.8 percent to 275.9 million euros (prev. year 251.2 million euros) and therefore at a slightly lower rate in proportion to the increase in sales. The gross sales margin was accordingly up slightly at 34.8 percent (prev. year 34.6 percent). In addition to a change in the product mix, the reasons for fluctuations in the gross margin include prepayments for major project acquisitions which impact to a varying degree over the quarters and then in subsequent periods make contributions to Group sales and results.

Selling expenses rose during the process of internationalization and the rapid expansion of our own distribution channels in the key regions worldwide. These costs grew by 9.6 percent to 47.6 million euros (prev. year 43.4 million euros).

General administrative expenses increased by 2.2 million euros in absolute terms (7.8 percent), and thus at a lower rate than sales, totaling 30.5 million euros (prev. year 28.3 million euros).

ORDER INTAKE (in million euros)

	1.1. to 30.9.2012	1.1. to 30.9.2011	Change in %
Total	437.1	513.7	−14.9
Lasers & Optical Systems	167.2	166.9	0.2
Metrology	158.0	132.5	19.2
Defense & Civil Systems	109.0	215.0	−49.3
Others	2.9	−0.7	–

ORDER BACKLOG (in million euros)

	30.9.2012	31.12.2011	Change in %
Total	462.2	448.5	3.1
Lasers & Optical Systems	105.4	101.3	4.0
Metrology	104.0	69.0	50.7
Defense & Civil Systems	255.1	279.9	−8.9
Others	−2.3	−1.7	–

The R+D total output was 16.2 percent higher at 35.8 million euros, compared with 30.8 million euros for the same period in the previous year. This equated to 8.5 percent of sales (prev. year 8.0 percent). The R+D total output includes the R+D expenses, development costs on behalf of customers as well as the capitalization of development costs, less depreciation on capitalized development costs.

Development costs on behalf of customers in the first nine months of 2012 totaled 10.2 million euros (prev. year 8.8 million euros). These are allocated according to the contract structure and are therefore dependent upon individual orders or projects. Both R+D expenses as well as the R+D cost quotas can therefore fluctuate without changing the R+D total output. The R+D total output therefore provides a more relevant figure for the actual total expenses on research and development than the R+D expenses.

The Jenoptik Group R+D expenses in the period covered by the report totaled 25.6 million euros, representing an increase of 13.6 percent compared with the same period in the previous year (prev. year 22.5 million euros). This is in part attributable to costs for the further development of the software for the billing for traffic offences, as well as in the area of lasers & materials processing.

Other operating income at 11.7 million euros was essentially offset by other operating expenses in the sum of 13.1 million euros. Approx. one third of these two items was the result of currency gains and losses. Other operating expenses also include the key projects for the Group's further development in the sum of approx. 3 million euros.

Employees & management. In the first nine months 2012 the number of employees increased at a lower rate in proportion to the rise in sales. The number of employees abroad is expected to rise more sharply than in Germany due to the Group's rapid internationalization.

As at September 30, 2012, the Jenoptik Group had a total of 3,224 employees (31.12.2011: 3,117). The net increase since the end of 2011 of 107 employees resp. 3.4 percent was mainly the result of additional personnel recruited in the Metrology segment in conjunction with the strong expansion of business.

As at September 30, 2012 the Jenoptik Group employed 421 personnel abroad. The increase since the end of 2011 (31.12.2011: 397) was also the result of additional employees recruited in connection with new locations (see from page 13 of this report).

The number of trainees increased during the course of the 3rd quarter 2012 to 126 as the result of the start to the new training year (end of the 2nd quarter: 98 trainees). There was virtually no change in the number of trainees compared with the end of 2011 (31.12.2011: 124). In February this year 22 trainees successfully passed their final exams (prev. year 24). At the end of August the Group welcomed 39 new trainees and students from all over Germany to the Career Academy. The Group provides training primarily for commercial and technical careers such as electronic, mechatronic and precision optic engineers as well as dual study courses in engineering.

As at September 30, 2012, the Jenoptik Group employed 148 agency staff in Germany (31.12.2011:143 agency staff).

R+D OUTPUT (in million euros)

	1.1. to 30.9.2012	1.1. to 30.9.2011	Change in %
R+D expenses	25.6	22.5	13.8
Capitalized development costs	0.7	0.4	75.0
Write down on capitalized development costs	−0.6	−0.9	−33.3
Allocation to customer development orders	7.2	6.0	20.0
Other expenses Customer development orders	2.9	2.8	3.6
R+D output	35.8	30.8	16.2

EMPLOYEES (incl. trainees)

	30.9.2012	31.12.2011	Change in %
Total	3,224	3,117	3.4
Lasers & Optical Systems	1,328	1,296	2.5
Metrology	796	719	10.7
Defense & Civil Systems	918	924	−0.6
Others	182	178	2.2

Internationalization. Jenoptik sees growth opportunities primarily abroad. The key target regions are Asia and America. Jenoptik is rapidly expanding its own local structures.

JENOPTIK do Brasil was formed in the 1st half-year 2012. This presence by Jenoptik will initially employ five personnel and be available to all the Group's divisions. The Jenoptik Industrial Metrology division will commence and will consequently be developing another key center for the global automotive industry.

Jenoptik has also had its own presence in Singapore since June 2012, from where it is intensifying its targeting of the South East Asian market. In addition, an Asiatic holding company will be established under the roof of which Jenoptik will combine its entire Asia business.

JENOPTIK Robot Malaysia Sdn. Bhd. was formed in May 2012. In an initial step, this company will be locally handle the major order for traffic safety systems which was won in spring this year.

Key projects & programs. Numerous projects and programs are being conducted in order to increase operational excellence, one of the five value levers which the Jenoptik Group has been applying for a number of years. The key initiatives are summarized below:

Spring 2012 saw the start of the important internal project for the standardization and optimization of fundamental business processes which were analyzed last year. The harmonization of the process landscape and data basis within the framework of the JOE program (JOE = Jenoptik One ERP), which has now been started up, will become the basis and prerequisite for continued profitable growth and numerous initiatives aimed at achieving this growth. The so-called "design phase" of the program, the transfer of the results of the analysis and the requirements to harmonized processes and structures, was started during the course of the 3rd quarter.

The Jenoptik Excellence Program (JEP) will be continued, which is also intended to produce significant additional savings and process improvements from various initiatives within the Group during 2012. The program is therefore expected once more to contribute to the success of our business. These savings will again primarily come from improvements in purchasing, e.g. from the establishment of global purchasing structures and process improvements which in future will be supplemented by a broadly-based program in line with the integrated philosophy of lean structures.

The Jenoptik Group's Purchasing Academy was launched in August 2012. The focus will be on the further development of strategic purchasing in order to align this important area more strongly towards existing and new requirements. The intention in particular is to intensify cooperation with the interfaces in the Group, with the structures being more strongly orientated towards global and standardized processes.

2.3 Financial and asset position

With a higher shareholders' equity ratio, the Jenoptik Group has a very sound financial base.

Continuing positive earnings led to an increase in the shareholder's equity of 23.1 million euros to 333.9 million euros. As a result of this and boosted by the reduction in current and non-current liabilities of 13.3 million euros, the debt to equity ratio fell to 0.96 (31.12.2011: 1.07).

In the first half-year 2012, cash fell as a result of the dividend payment and the final payments for the two silent real estate shareholders. Cash rose again during the course of the 3rd quarter to 43.8 million euros and almost reached the level at the end of 2011 (31.12.2011: 48.8 million euros). Net debt as at September 30, 2012 totaled 78.6 million euros and consequently, after the anticipated rise in the middle of the year, fell back again to the low level at the end of 2011 (31.12.2011: 77.1 million euros) as a result of the positive cash flows.

Silent investors. Jenoptik's real estate business includes three real estate funds established in 1998 and 2001. These were financed via Jenoptik, banks and contributions from three silent investors. Two of the funds are directly shown in the Group balance sheet - the real estate as part of the tangible assets and the contributions of the silent investors as a liability. The third fund is part of the Jenoptik Pension Trust and therefore not directly visible in the Group balance sheet. Each fund had or has an exit option (put option) for the respective silent investor, giving him/her back his/her contribution.

As explained in the 2011 Annual Report, the silent investor in the real estate fund of the Jenoptik Pension Trust gave notice of termination of its investment as at March 31, 2011. Jenoptik had an indirect obligation to refinance the payment to the silent investor and in the 2nd quarter 2011 had made a provisional payment. The final amount of the payment was the subject of legal proceedings which concluded in April 2012 by way of a settlement. The payment was financed in 2012 via a loan to the real estate fund of the Jenoptik Pension Trust. This loan was capitalized in the financial assets and therefore increased assets. It also impacted on the cash flow from investing activities as payments for investments in financial assets. Jenoptik anticipates that the loan granted in 2012 will be repaid in full over the coming years, leading to a cash inflow. An initial payment has already been made in 2012 and is shown under "Receipts from the disposal of financial assets".

Agreement on the exit has also been reached with the silent investor in the second fund. The contribution was shown in the balance sheet under other current liabilities and redeemed in full with the payment. This led to a reduction in the liabilities and balance sheet total which consequently impacted on the cash flow from Group financing.

The earliest date that the silent shareholder in the remaining third Jenoptik real estate fund can terminate his/her investment is the end of 2014. It is therefore shown in the balance sheet as a non-current liability in the sum of just over 11 million euros. There are no other silent investments in Jenoptik real estate.

The one-off impact on cash flow as a result of the payments mentioned above totaled approx. 18 million euros and at first increased the net debt in the 2nd quarter 2012. It had no significant effect on earnings.

Analysis of capital expenditure. In the period covered by the report, Jenoptik invested 14.8 million euros in new tangible assets, including in the expansion of the production of semiconductor materials for diode lasers at the Berlin site. Payments for investment in intangible assets such as patents or software totaled 2.4 million euros, mainly in conjunction with the Jenoptik-One-ERP program (JOE). Capital expenditure in the current 4th quarter is expected to show a marked increase.

Capital expenditure on tangible and intangible assets in the total sum of 17.2 million euros (prev. year 16.2 million euros) was just above the 16.6 million euros in scheduled depreciation (prev. year. 17.2 million euros).

Analysis of cash flows. The good business development was reflected in correspondingly high earnings before tax. The operating profit before working capital changes totaled 60.2 million euros. As a result of the continuing expansion of business, working capital increased by 17.9 million euros. Income taxes paid came to 5.3 million euros. This produced a net cash flow from operating activities of 38.0 million euros (prev. year 39.2 million euros), with 23.5 million euros of this coming from the 3rd quarter alone which benefited from a positive result before taxes and interest of 16.1 million euros and a reduction of 2.6 million euros in the working capital.

In addition to the payments for investments in tangible and intangible assets, the payments for financial assets in the sum of 8.1 million euros resulting from the issue of a loan to a real estate fund were the main factors affecting cash flow from investing activities. It totaled minus 20.5 million euros for the first nine months of 2012 (prev. year minus 21.6 million euros). Payments for investments were offset by receipts in the total sum of 4.9 million euros, mainly from disposals of financial assets, among other things arising from an initial payment to the abovementioned loan issued by Jenoptik.

The free cash flow is calculated on the basis of the cash flow from operating activities before taxes and interests, less net capital expenditure on tangible and intangible assets. This figure is used as an indicator for a company's long-term cash-effective earnings capacity and in the period covered by the report was 26.7 million euros (prev. year 24.1 million euros).

Low interest payments in the sum of 2.8 million euros continue to affect on the cash flow from financing activities which amounted to minus 22.6 million euros (prev. year minus 41.6 million euros. In addition to the payment of the dividend in the sum of 8.6 million euros, additional cash outflows resulted from the redemption of loans and credits totaling 2.2 million euros as well as from finance leasing in the sum of 2.1 million euros. The change in the Group financing in the sum of 7.7 million euros includes in particular the abovementioned payment to a silent investor in a real estate fund.

Balance sheet analysis. The balance sheet total of the Jenoptik Group as at September 30, 2012 increased by 9.9 million euros compared with the end of 2011, to 653.9 million euros (31.12.2011: 644.0 million euros).

As a result of the above-mentioned increase in the financial assets following the issue of the loan, non-current assets rose slightly to 317.6 million euros (31.12.2011: 312.9 million euros). There were only minor changes to the other items under non-current assets.

As at September 30, 2012 current assets increased to 336.3 million euros (31.12.2011: 331.1 million euros). In this context, inventories rose by 24.8 million to 193.9 million (31.12.2011: 169.1 million euros). The rise was attributable both to the expansion of business as well as to the low level of inventories at the end of 2011 resulting from the high level of sales at the end of 2011. On the other side, accounts receivable reduced by 13.8 million euros. There was also a reduction in cash and cash equivalents. By comparison with the year-end 2011, these reduced to 43.8 million euros (31.12.2011: 48.8 million euros) but since the end of the 2nd quarter have again risen sharply. The reduction was attributable to increased payments, some of which to the silent investors in two of Jenoptik's real estate funds, the payment of the dividend and the financing of the increased inventories.

At 208.1 million euros, the working capital as at September 30, 2012 exceeded the figure for the end of 2011 (31.12.2011: 190.4 million euros) due to the continuing pickup in business. The working capital is defined as the total trade accounts receivable and PoC (Percentage of Completion) plus inventories, less trade accounts payable and PoC, plus on-account payments received. The working capital quota, the ratio between working capital and sales, increased slightly to 35.9 percent (31.12.2011: 35.0 percent) as a result of starting costs for the forecast sales and projects.

As a result of the profit reported in the first nine months of 2012, shareholders' equity increased to 333.9 million euros (31.12.2011: 310.8 million euros). The shareholders' equity quota, the ratio between shareholders' equity and balance sheet total, was 51.1 percent and so remained above the 50 percent level (31.12.2011: 48.3 percent).

As at September 30, 2012, non-current liabilities totaled 157.4 million euros (31.12.2011: 161.9 million euros). Non-current financial liabilities in particular also reported a fall as a result of bank loan repayments and reclassification into current financial liabilities. Other non-current provisions were also lower. There were virtually no changes in the other items such as e.g. pension obligations and other non-current liabilities. The key element of the non-current liabilities are the debenture loans. These were successfully placed on the market by Jenoptik in October 2011 in the sum of 90 million euros and with terms of 5 resp. 7 years, putting the Group's financing on a long-term footing.

There was also a reduction in current liabilities which totaled 162.6 million euros as at the end of September 2012 (31.12.2011: 171.3 million euros). In addition to liabilities from operating business activities, "Other current liabilities" in particular showed a fall which was due mainly to the payment made to a silent real estate investor whose investment had previously been shown as a current liability in the Group.

Purchases and sales of companies. There were no purchases or sales of companies in the first nine months 2012.

For details on the assets and liabilities not included in the balance sheet, we refer to the information on page 70 in the 2011 Annual Report. You can find information on the Jenoptik real estate funds on page 11 of this report.

3. SEGMENT REPORTING

3.1 Lasers & Optical Systems segment

The Lasers & Optical Systems segment continued to deliver a positive performance despite increasingly difficult market conditions. The key indicators of sales, segment EBIT and order intake remained at the same level as in the previous year.

Sales of the segment totaled 161.7 million euros and so once again just exceeded the high level for the same period in the previous year (prev. year 159.2 million euros). The segment achieved this increase despite a declining business with the semiconductor industry. This was fully offset by factors including a greater share of the systems business, deliveries of spare parts and a growing volume of sales in the laser processing systems business, among others.

The result from operating activities (segment EBIT), at 24.2 million euros, remained at almost the same high level as the previous year (prev. year 24.8 million euros) despite a change in the sales mix. In line with the growth in sales, the lasers processing systems business made an increased contribution to earnings, together with the Optoelectronics Systems business unit which continued its path of success following the realignment.

Order book situation. At 167.2 million euros, the order intake of the segment was at the same level as in the previous year (prev. year 166.9 million euros), continuing the positive progress it achieved in the two previous quarters and overall posting a better result than had been anticipated at the start of the year. It also exceeded the high volume of sales and so the book-to-bill ratio was 1.03. The order backlog rose accordingly and as at the end of September 2012 totaled 105.4 million euros (31.12.2011: 101.3 million euros).

In addition to positioning itself as a supplier to the semiconductor equipment manufacturing industry, the segment is also increasingly attracting major customers from the flat panel, automotive and life sciences industries. One example of this was a major order worth several million euros for the production of complex optical systems from the flat panel display equipment sector in Asia, and a larger order from Dräger Safety AG in the Optoelectronics Systems business unit. Major new customers in the lasers & materials processing area have already been attracted for the market launch of the 3D metal processing systems. In the 3rd quarter 2012, Jenoptik received another major order from the USA for green disk lasers which are used especially for medical applications.

The number of employees in the segment increased over December 2011 and as at the end of the period covered by the report totaled 1,328 (31.12.2011: 1,296). The increase in net terms was 32 employees or 2.5 percent.

Key events. At the end of August, Jenoptik opened its new manufacturing facility for high power semiconductor lasers in Berlin, one of its most important investment projects. The new production site costing more than 10 million euros will be equipped with machinery during the course of the 2nd half-year and is expected to commence production at the beginning of 2013.

A number of important sector trade fairs are held in the first half of every year - such as Photonics West in San Francisco (USA) in January and the biannual Optatec in

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

	30.9.2012	30.9.2011	Change in %
Sales	161.7	159.2	1.6
EBIT	24.2	24.8	−2.4
Order intake	167.2	166.9	0.2
Order backlog	105.4	101.3*	4.0
Employees	1,328	1,296*	2.5

* Figures as at December 31, 2011.

- Sales, EBIT and order intake were almost at the level of the previous year.
- Optoelectronics Systems business unit continues its path of success.
- Systems business is being expanded further.

Frankfurt/Main in June. The optics sector showcased its range of products and services for the semiconductor and flat panel equipment industry. Other products presented included the high-power range of F-Theta-JENar® optics which has been expanded through the addition of fused silica lenses for laser applications in the multi-KW range, as well as new UV mirrors and beam splitters which are contributing towards the creation of increasingly smaller chip structures in the production of semiconductors. Jenoptik also presented coatings, micro optics and anti-reflective polymer optics manufactured using new technological processes.

At the beginning of the year, Jenoptik premiered the new kilowatt fiber laser in the laser field and which is now being launched on the market. This is an area in which Jenoptik is benefiting from its in-house know-how, for example the diode lasers (pump sources for the fiber lasers), the beam sources themselves as well as the processing optics are all produced by the Group itself. This enables flexible integration of the lasers, particularly in the area of material processing, such as metal cutting and welding. The JenLas®D2.mini laser as well as the laser systems for 3D metal processing were also launched on to the US market. A new microwave-based exhaust air purification process was showcased at Achema in June. This process also copes with fluctuating concentration levels of exhaust gas quickly as well as in an energy and cost-efficient way.

3.2 Metrology segment

The Metrology segment continued its very positive performance achieved in the two previous quarters, posting record figures as at the end of the 3rd quarter.

Sales of the segment were up by 33.7 percent to 125.0 million euros (prev. year 93.5 million euros). Both Industrial Metrology and Traffic Solutions posted a marked rise in sales compared with the same period in the previous year. The Industrial Metrology division benefited from the continuing good level of demand from the automotive sector, driven by the global trend towards fuel-saving and low-emission engines. Optical metrology, in particular, is on a successful course. The Traffic Solutions division delivered major orders which are contributing to the growth in sales.

The result of operating activities (segment EBIT) of the Metrology segment more than doubled in the first nine months of 2012, increasing by 117.4 percent to 13.5 million euros (prev. year 6.2 million euros) and consequently at a significantly stronger rate compared to sales. The growth was the result of a strong improvement in earnings both in the Industrial Metrology and Traffic Solutions divisions.

Order book situation. The rise in demand for metrology solutions for the automotive industry, together with several larger orders for traffic solutions, led to an increase of 19.2 percent in the order intake, to 158.0 million euros (prev. year 132.5 million euros). The segment therefore once again exceeded the very high level achieved in the previous year.

METROLOGY SEGMENT AT A GLANCE (in million euros)

	30.9.2012	30.9.2011	Change in %
Sales	125.0	93.5	33.7
EBIT	13.5	6.2	117.7
Order intake	158.0	132.5	19.2
Order backlog	104.0	69.0*	50.7
Employees	796	719*	10.7

* Figures as at December 31, 2011.

- Marked rise in sales of 33.7 percent compared with the same period in the previous year.
- EBIT more than doubled.
- Order intake exceeded the high level achieved in the previous year.

The order intake includes part of the major order from Malaysia in the sum of 22.5 million euros and therefore approx. half of the total order value (prev. year Saudi Arabia order approx. 20 million euros). Jenoptik is installing up to 550 traffic monitoring systems in Malaysia and will be providing support for the operation of the systems over a period of five years. The first acceptance tests were successfully carried out at the end of September this year.

The order for traffic safety technology awarded by Oman in the 3rd quarter of 2012 is in the lower double figure million euro range. Jenoptik is equipping or upgrading 600 sites in Oman and will also be supplying the software for an efficient image analysis center.

Industrial Metrology continued to benefit from a high level of demand from abroad, particularly the US, where increasingly smaller and more efficient engines are being developed and produced. The division also gained new clients in the utility vehicle industry. Jenoptik can benefit in particular from its optical shaft metrology which, when used in combination with tactile processes, guarantees flexible and fast readings. The Group is a global market leader in this field.

At 33 million euros in net terms, the order intake was significantly above the level of sales achieved by the segment, producing a book-to-bill ratio of 1.26. As a result, the order backlog rose significantly by 50.7 percent from 69.0 million euros as at end 2011 to 104.0 million euros as at end September 2012.

There was a marked rise in the number of employees in the segment as a result of the expansion of business. With a total of 796 (31.12.2011: 719), the segment added a net 77 employees or 10.7 percent to the figure at the end of 2011 and as such this was the highest growth within the Group although it remained lower in proportion to the development of business.

Key events. The segment benefited from new products as well as from its full portfolio of products and technologies and its global presence – both in industrial metrology as well as in traffic solutions.

In spring this year, Jenoptik showcased its new TraffiStar S350 laser scanner system. This completes Jenoptik's product range of stationary speed and red light monitoring systems. The new laser scanner system makes Jenoptik the only provider in the world to have all the sensor system technologies for modern traffic monitoring – laser scanner, radar, piezo and induction loops – at its disposal.

In addition to new products and components which are tailored to meet the individual requirements of the customers worldwide, Jenoptik also offers a comprehensive range of services for traffic safety solutions, including consulting, software, implementation and maintenance, through to operation of the systems itself.

Industrial Metrology has had a direct presence in Brazil since 2012 and a presence in Asia through a new location in Singapore. In autumn, Traffic Solutions established its own presence in Malaysia for processing and supporting the major order (information on the Group's internationalization: see page 10 of this report).

At the key trade fairs, Control in Stuttgart in May and in Shanghai (China) in August 2012, Jenoptik showcased its wide range of products and services from the mobile, wireless roughness tester through to the automatic, high-end measurement station which supports its customers in the production of more efficient engines. Automation and flexible, high precision solutions in particular are playing an increasingly greater role in manufacturing. The innovations included a new range of equipment for measuring shape, roughness and position, a new measurement electronic platform for dimensional measurements as well as optical, non-contact shaft measurement systems optimized for use in manufacturing. The new generation of shape measurement equipment for the fully automated measurement of shape and position tolerance levels was also launched on the market in 2012.

3.3 Defense & Civil Systems segment

The Defense & Civil Systems segment increased both its sales as well as its segment EBIT. The business is stable and oriented towards the long-term.

Sales of the segment posted a small rise of 1.9 percent compared with the same period in the previous year, to 133.0 million euros (prev. year 130.5 million euros). Contributions to the growth in sales came from the Energy Systems and Sensor Systems business units, producing a change in the sales mix compared with the same period in the previous year. The Energy Systems business unit is, among other things, currently supplying the generators for the US American Patriot missile defense systems. Jenoptik had won several major orders in this area over recent years and these are now being processed and delivered.

The result from operating activities (segment EBIT) reported a marked increase of 31.0 percent to 7.6 million euros (prev. year 5.8 million euros) which resulted from the different product mix. The increase in the result was primarily attributable to the rise in sales in the Energy Systems business unit.

As expected, the segment order intake did not reach the same high level achieved in the previous year. At 109.0 million euros it was sharply lower than a year ago (prev. year 215.0 million euros). The previous year was in part characterized by two large individual orders for the Puma armored fighting vehicle which together totaled more than 70 million euros.

Sales in the period covered by the report exceeded the order intake, producing a segment book-to-bill ratio of 0.82. The order backlog as at end September 2012 totaled 255.1 million euros compared with 279.9 million euros as at end December 2011. Some of the orders included in this figure will be processed over more extended periods and so – unlike in the other two segments – the order backlog extends over several years.

The number of employees in the segment was down slightly by 6 to 918 (31.12.2011: 924 employees).

Dr. Stefan Stenzel took over as Head of the Defense & Civil Systems division with effect from June 1, 2012 and is responsible for all operational matters. Dr. Stenzel has held various management positions in the Jenoptik Group since 2003 and most recently was Deputy Head of the Optical Systems division.

Key events. The Sensor Systems business unit received the Innovation Award from Dräger as a key supplier for cameras used by fire fighters. Thanks to these cameras, which were premiered in 2010, Dräger is one of the world's leading providers. The camera module was developed by Jenoptik and has since been mass produced at the Jena site. Jenoptik was also presented once again with the Boeing Performance Excellence Award in recognition as an outstanding supplier. Among other things, Jenoptik supplies Boeing with components for heating aircraft on-board drinking water systems.

The new thermographic camera from the Sensor Systems business unit was showcased in spring.

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

	30.9.2012	30.9.2011	Change in %
Sales	133.0	130.5	1.9
EBIT	7.6	5.8	31.0
Order intake	109.0	215.0	– 49.3
Order backlog	255.1	279.9*	– 8.9
Employees	918	924*	– 0.6

* Figures as at December 31, 2011.

- Slight rise in sales of 1.9 percent in particular due to the Energy Systems and Sensor Systems business units.
- Segment EBIT increased.
- As expected, order intake is below the record level of the previous year.

The VarioCAM® HD is the world's first handheld, non-cooled thermographic camera with a 3.1 megapixel, infra-red image resolution and integrated laser rangefinder. A GPS module enables geodata to be additionally incorporated into thermographic images. An 8 megapixel CMOS camera records additional still images or video sequences within the visible spectrum. VarioCAM® HD cameras are typically used in the areas of industrial and scientific research and development, preventive maintenance and thermographic surveys in buildings.

In June, Jenoptik premiered its new Nyxus Bird thermal imaging unit for military reconnaissance. Thanks to its superb features, the system is an integral part of the future reconnaissance equipment of the German Army.

4. POST BALANCE SHEET REPORT

There were no events of significant importance occurring after the closing date of September 30, 2012.

5. RISK REPORT

Within the framework of the reporting in the Risk Report, we refer to the information on pages 94 to 110 in the 2011 Annual Report published at the end of March 2012 as well as to the updates on page 16 in the report on the 1st quarter 2012 and on page 17 of the six month report 2012. Up to the editorial closing date for this report, there have been no significant changes in the risks described in the report during the course of the first nine business months of 2012, with the exception of the statements below.

Cyclical nature of key individual markets. The continuing good development of business during the first nine months of 2012 resulted in good levels of sales and earnings. The forecast for the full year 2012 was raised on July 25, 2012. The impact on Jenoptik of the predicted downturn in the semiconductor industry for 2012 has so far been less pronounced than had been anticipated at the start of the year. The order intake from the automotive industry remained at a consistently high level. This has reduced the risk to Jenoptik arising from the cyclical nature of key individual markets for the 2012 fiscal year. In addition, the Jenoptik Group has created flexibility in its generation of added value, enabling limited falls in individual markets to be cushioned better.

Economic concerns still remain; a potential heightening of the sovereign debt crisis, a weak euro and the problems in Greece and Spain could also have a markedly more negative impact on the development of the economy as a whole.

As at September 30, 2012 or up to the editional closing date of this report, there were no identifiable risks that could jeopardize the continued existence of the company.

6. FORECAST REPORT

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

As announced, the International Monetary Fund (IMF) adjusted its forecast for the global economy downwards. It now expects globally a rise for 2012 by 3.3 percent compared with the previous year, instead of the previous 3.5 percent. The euro crisis remains the greatest risk to the global economy, it has a negative effect on the export-driven recovery of the global economy.

The IMF also lowered its forecast for the euro zone: in 2012, gross domestic product (GDP) will be 0.4 percent below the level for the previous year, before possibly rising slightly in 2013 at 0.2 percent (previous forecast plus 0.7 percent).

In case of a political blockade, the US could be threatened with spending reductions and tax rises from 2013 which, according to the IMF account for 4 percent of GDP and could therefore draw the US into recession. The IMF anticipates a 2.2 percent rise in GDP in 2012 and a 2.1 percent rise in 2013.

According to the German government, Germany will experience an economic slowdown in the 4th quarter 2012. The government nevertheless anticipates a 0.8 percent rise in GDP for the full year 2012 compared with the previous year. By contrast, it has lowered its forecast for 2013 from 1.6 to 1.0 percent. The IMF takes a similar view and anticipates a 0.9 percent rise both for 2012 and 2013. However, the IMF forecast for next year is 0.5 percent lower than it was still in July this year.

In China, the Government plans to boost the economy with new infrastructure projects at the end of 2012. For 2012 it forecasts growth of 7.5 percent compared with the previous year. The IMF has only slightly reduced its GDP forecast, to 7.8 percent for 2012 and 8.2 percent for 2013. According to government plans, the Japanese economy expects to receive a boost from a package of economic measures starting from November 2012 to continue the reconstruction following the earthquake of 2011 and lift the burden on companies.

The IMF expects India's economy is to grow by only 4.9 percent in 2012 compared with the previous year. In 2013, GDP could rise again by 6.0 percent. Economic output in Brazil, according to the IMF, will only rise by 1.5 percent in 2012, 1 percent less than had been anticipated. Next year, the IMF forecasts a potential rise in GDP of 4.0 percent.

The sector association SEMI continues to expect global sales of semiconductor equipment manufacturers in 2012 to fall by approx. 3 percent to 42.4 billion US dollars. The outlook for the equipment manufacturers market has deteriorated as a result of the weaker overall economy. Based on Gartner's calculations, global spending on wafer manufacturing equipment in 2012 will be down by approx. 13 percent compared with the previous year – from 36.2 billion to 31.4 billion US dollars. Spending is expected to fall again in 2013 to 31.2 billion US dollars before the market picks up to over 35.9 billion US dollars in 2014.

The German Engineering Federation (VDMA) raised its forecast for 2012 and 2013, and, contrary to the previously anticipated stagnation, now expects a small rise in production of 2 percent for each year. Sector sales in 2012 will total approx. 209 billion euros. The VDMA is anticipating lower sales for the 1st quarter 2013 but no recession.

2012 is expected to be the worst year for automobile manufacturers in Europe since 1993: the Center for Automotive Research (CAR) now forecasts just 11.9 million vehicle sales in Western Europe in 2012, significantly lower than the previously anticipated 13 million. Sales figures are generally expected to continue falling in Europe up to 2015. German premium vehicle manufacturers are also expected to be increasingly affected by the sales crisis in Europe. Interruptions in production, short-time working or complete plant shutdowns could be the consequences. The situation among automotive suppliers shows a similar trend to that among automobile manufacturers: those with a global position or whose automobile manufacturing customers are major exporters will fare better in the crisis.

The IATA association, again raised its forecast for the aviation industry in October 2012. Instead of 3 billion US dollars the sector would post profits of 4.1 billion US dollars in 2012 compared with 8.4 billion US dollars in 2011. IATA expects lower oil prices for 2013 and consequently sector profits of 7.5 billion US dollars. The trend over the initial months is continuing for the aircraft manufacturers: according to figures from the companies, Boeing recorded twice as many orders as Airbus up to September 2012. The two companies are approx. equal in terms of deliveries.

In the security and defense technology sector, defense spending in Germany will rise in 2013 by 1.4 billion to approx. 33.3 billion euros according to the government, contrary to the plans for reductions. However, there will be approx. 226 million euros less available for the procurement of material and equipment than in the previous year, in total 10.37 billion euros.

No new forecasts were published for the other sectors. We therefore refer to the details in the 2011 Annual Report and the previous 2012 interim reports.

6.2 Objectives of the Jenoptik Group

For information on the long-term forecasts and targets, we refer to the 2011 Annual Report published in March 2012 together with the comprehensive details from page 111. Jenoptik sees the sales conditions for its products and services as generally good over the long-term – independently of the economic development in the medium term. The reasons for this are the strategic focus on innovation, the Group's internationalization in the world's growth regions and on the main global megatrends such as energy efficiency, security, health and mobility, which Jenoptik is supporting with its products.

Jenoptik's prime objective is to increase its earnings power. With a comprehensive portfolio of technologies, products and services in attractive sectors and the continuing development of the Group along the five value levers, profitability is expected to further increase. The driving forces behind this development will be the process of internationalization, the utilization of synergies and the demand from Jenoptik's target sectors with products that support our customers in their future development. Over and beyond the market cycles, the Jenoptik Group expects to continue reporting profitable growth over the years ahead and to achieve an average EBIT margin of 9 to 10 percent, as well as growth in sales (including smaller acquisitions) of around 10 percent.

6.3 Future development of the business situation

The information is provided subject to the economic situation developing in line with the economic and sector forecasts given under Point 6.1 and from page 113 in the 2011 Annual Report and provided there is no significant deterioration in the situation. All statements on the future development of the business situation have been made on the basis of current information.

Jenoptik expects business in 2012 to show a positive development and, against the background of subdued economic conditions, raised its forecasts for the full year 2012 on July 25, 2012 as a result of the successful 1st half-year: sales are anticipated to increase through organic growth by 5 to 10 percent compared with the previous year 2011 (prev. year 543.3 million euros). Jenoptik had previously anticipated growth in sales of between 2 and 6 percent resp. then 4 and 8 percent. All three segments should contribute towards the Group's growth.

The Group EBIT is forecast to come in at between 50 and 55 million euros (prev. year 49.2 million euros). Jenoptik had originally anticipated a Group EBIT of between 40 and 50 million euros. The successful performance in particular by the Lasers & Optical Systems and Metrology segments and the continuing implementation of the internationalization strategy, as well as the success in attracting new customers in the systems business will essentially contribute to a 2012 Group EBIT above the level for the previous year. Lower interest costs in the 4th quarter will continue to have a markedly positive effect on the results before taxes. By confirming the sales and earnings forecast and in line with the figures of the first nine months as well as due to reduced stimulus from the semiconductor industry. Jenoptik is expecting a slightly weaker 4th quarter compared with those in the previous years.

On the financing side, the Group has a liquidity framework at its disposal in the form of credit facilities and loans not yet utilized in the sum of 84.1 million euros.

For details on the outlook for other key indicators for the development of business in 2012, we refer to the 2011 Annual Report published in March from page 118.

Consolidated statement of comprehensive income

Consolidated statement of income

in KEUR	1.1. to 30.9.2012	1.1. to 30.9.2011	1.7. to 30.9.2012	1.7. to 30.9.2011
Sales	423,090	383,931	139,287	127,674
Cost of sales	275,902	251,235	87,853	84,662
Gross profit	147,188	132,696	51,434	43,012
Research and development expenses	25,587	22,520	8,824	7,641
Selling expenses	47,595	43,435	14,875	14,895
General administrative expenses	30,470	28,336	9,854	8,780
Other operating income	11,665	12,523	3,174	5,169
Other operating expenses	13,074	16,015	4,923	5,986
EBIT	42,127	34,913	16,132	10,879
Result from investments	235	−1,005	−30	−513
Interest income	1,368	1,966	398	712
Interest expenses	7,374	9,815	2,244	3,389
Financial result	−5,771	−8,854	−1,877	−3,190
Earnings before tax	36,356	26,059	14,255	7,689
Income taxes	5,865	3,569	2,572	1,040
Deferred taxes	481	1,116	354	−235
Earnings after tax	30,010	21,374	11,329	6,884
Non-controlling interest in profit/loss	−21	−6	−10	−17
Net profit	30,031	21,380	11,339	6,901
Earnings per share in euros	0.52	0.37	0.19	0.12

Consolidated statement of recognized income and expense

in KEUR	1.1. to 30.9.2012	1.1. to 30.9.2011	1.7. to 30.9.2012	1.7. to 30.9.2011
Earnings after tax	30,010	21,374	11,329	6,884
Difference arising on foreign currency translation	30	386	−1,022	2,165
Financial assets available for sale	72	−257	32	−223
Cash flow hedge	1,425	−1,758	1,256	−3,630
Deferred taxes	−427	482	−363	1,032
Total income and expense recognized in shareholders' equity	1,100	−1,147	−97	−656
of which attributable to:				
Non-controlling interest	0	0	0	0
Shareholders	1,100	−1,147	−97	−656

Consolidated balance sheet

Assets in KEUR	30. 9. 2012	31. 12. 2011	Change
Non-current assets	**317,588**	**312,911**	**4,677**
Intangible assets	68,359	68,884	−525
Tangible assets	138,815	138,190	625
Investment properties	19,679	20,601	−922
Financial assets	29,269	22,793	6,476
Other non-current assets	7,354	7,022	332
Deferred tax assets	54,112	55,421	−1,309
Current assets	**336,300**	**331,105**	**−5,195**
Inventories	193,945	169,116	24,829
Current accounts receivable and other assets	98,028	111,873	−13,845
Securities held as current investments	555	1,288	−733
Cash and cash equivalents	43,772	48,828	−5,056
Total assets	**653,888**	**644,016**	**9,872**

Shareholders' equity and liabilities in KEUR	30. 9. 2012	31. 12. 2011	Change
Shareholders' equity	**333,904**	**310,767**	**23,137**
Subscribed capital	148,819	148,819	0
Capital reserve	194,286	194,286	0
Other reserves	−9,472	−32,630	23,158
Non-controlling interest	271	292	−21
Non-current liabilities	**157,356**	**161,937**	**−4,581**
Pension provisions	7,847	6,640	1,207
Other non-current provisions	10,909	12,423	−1,514
Non-current financial liabilities	117,946	123,106	−5,160
Other non-current liabilities	17,102	15,809	1,293
Deferred tax liabilities	3,552	3,959	−407
Current liabilities	**162,628**	**171,312**	**−8,684**
Tax provisions	7,319	6,825	494
Other current provisions	49,465	49,715	−250
Current financial liabilities	5,008	4,109	899
Other current liabilities	100,836	110,663	−9,827
Total shareholders' equity and liabilities	**653,888**	**644,016**	**9,872**

Consolidated statement of movements in shareholders' equity

in KEUR	Subscribed capital	Capital reserve
Balance as at 1. 1. 2011	148,819	194,286
Valuation of financial instruments		
Currency differences		
Earnings after tax		
Other changes		
Balance as at 30. 9. 2011	148,819	194,286
Balance as at 1. 1. 2012	148,819	194,286
Dividend		
Valuation of financial instruments		
Currency differences		
Earnings after tax		
Other changes		
Balance as at 30. 9. 2012	148,819	194,286

Cumulated profit	Financial assets available for sale	Cash flow hedge	Cumulative currency differences	Non-controlling interest	Total
− 61,845	416	271	222	318	282,487
	− 257	− 1,276			− 1,533
			386		386
21,380				− 6	21,374
					0
− 40,465	159	− 1,005	608	312	302,714
− 32,005	208	− 1,603	770	292	310,767
− 8,585					− 8,585
	72	998			1,070
20			10		30
30,031				− 21	30,010
612					612
− 9,927	280	− 605	780	271	333,904

Consolidated statement of cash flows

in KEUR	1.1. to 30.9.2012	1.1. to 30.9.2011	1.7. to 30.9.2012	1.7. to 30.9.2011
Earnings before tax	36,356	26,059	14,255	7,689
Interest	6,006	7,849	1,847	2,677
Depreciation / write up	16,622	17,162	5,361	5,653
Impairment	1,129	1,694	113	461
Profit/loss on disposal of fixed assets	−158	−328	−139	118
Other non-cash expenses / income	280	669	282	138
Operating profit / loss before working capital changes	60,235	53,105	21,719	16,736
Increase / decrease in provisions	−2,590	−338	868	262
Increase / decrease in working capital	−17,908	−24,822	2,636	−4,490
Increase / decrease in other assets and liablities	3,592	12,229	−447	2,357
Cash flow from / used in operating activities before income taxes	**43,329**	**40,174**	**24,776**	**14,865**
Income taxes paid	−5,335	−1,008	−1,269	−205
Cash flow from / used in operating activities	**37,994**	**39,166**	**23,507**	**14,660**
Receipts from disposal of intangible assets	144	47	132	−171
Payments for investments in intangible assets	−2,418	−1,192	−963	68
Receipts from disposal of tangible assets	412	2,623	167	174
Payments for investments in tangible assets	−14,803	−16,248	−5,811	−4,864
Receipts from disposal of investment properties	567	0	149	0
Receipts from disposal of financial assets	2,367	934	1,041	934
Payments for investments in financial assets	−8,110	−9,686	−63	−9,469
Interest received	1,381	1,942	398	712
Cash flow from / used in investing activities	**−20,460**	**−21,580**	**−4,950**	**−12,616**
Dividend paid	−8,585	0	0	0
Receipts from issue of bonds and loans	701	4,168	104	−1,146
Repayments of bonds and loans	−2,176	−17,990	−718	−9,422
Repayments for finance leases	−2,077	−810	−108	−233
Change in group financing	−7,666	−21,163	−758	−2,851
Interest paid	−2,802	−5,853	−269	−1,276
Cash flow from / used in financing activities	**−22,605**	**−41,648**	**−1,749**	**−14,928**
Change in cash and cash equivalents	**−5,071**	**−24,062**	**−16,808**	**−12,884**
Foreign currency translation changes in cash and cash equivalents	15	−7	−144	409
Cash and cash equivalents at the beginning of the period	48,828	65,335	27,108	53,741
Cash and cash equivalents at the end of the period	**43,772**	**41,266**	**43,772**	**41,266**

Key figures by business divisions and other areas

January 1 to September 30, 2012
(previous year's figures in brackets)

in KEUR	Lasers & Optical Systems	Metrology	Defense & Civil Systems	Other, Consolidation	Group
Sales	161,660 (159,163)	124,993 (93,510)	133,048 (130,504)	3,388 (754)	423,090 (383,931)
of which Germany	49,848 (46,327)	34,109 (30,039)	62,747 (74,980)	3,387 (1,203)	150,091 (152,549)
Europe	49,160 (54,129)	24,252 (23,154)	40,329 (44,794)	0 (3)	113,741 (122,080)
America [1]	31,374 (31,132)	31,478 (16,476)	22,999 (6,032)	0 (– 454)	85,851 (53,186)
Middle East and Africa [1]	8,916 (9,977)	12,685 (7,051)	5,962 (748)	0 (0)	27,563 (17,776)
Asia / Pacific [1]	22,362 (17,597)	22,470 (16,790)	1,011 (3,952)	1 (0)	45,844 (38,339)
EBIT	24,172 (24,837)	13,502 (6,175)	7,621 (5,771)	– 3,168 (– 1,870)	42,127 (34,913)
EBITDA	31,211 (32,946)	15,879 (8,588)	11,114 (9,399)	645 (2,120)	58,849 (53,053)
Result from investments	– 87 (– 1,389)	148 (249)	175 (178)	– 1 (– 43)	235 (– 1,005)
Research and development expenses	10,958 (9,757)	10,110 (6,756)	4,424 (5,991)	95 (16)	25,587 (22,520)
Free cash flow (before income taxes)	13,443 (16,456)	15,699 (1,004)	3,912 (184)	– 6,372 (6,489)	26,682 (24,133)
Working capital [2]	56,255 (47,609)	58,648 (51,402)	97,998 (93,228)	– 4,767 (– 1,880)	208,134 (190,359)
Order intake	167,232 (166,915)	157,967 (132,527)	109,047 (215,021)	2,903 (– 808)	437,149 (513,655)
Tangible assets, investment properties and intangible assets [2]	83,196 (82,041)	14,118 (14,291)	36,441 (35,463)	93,099 (95,879)	226,854 (227,675)
Investments excluding company acquisitions	8,728 (9,272)	1,993 (1,410)	4,625 (6,066)	1,873 (691)	17,219 (17,439)
Depreciation, amortization and impairment	7,039 (8,109)	2,377 (2,413)	3,493 (3,628)	3,813 (3,990)	16,722 (18,140)
Employees on annual average (without trainees)	1,264 (1,207)	734 (630)	872 (876)	178 (153)	3,047 (2,866)

[1] Previous year's figures cannot be compared due to a different regional sales split.
[2] Previous year's figures as at December 31, 2011.
EBIT = Earnings before interest and taxes
EBITDA = Earnings before interest, taxes, depreciation and amortization

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST NINE MONTHS 2012

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

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the interpretation of these standards by the International Financial Reporting Interpretations Committee (IFRIC). The consolidated financial statements of JENOPTIK AG have been prepared in accordance with § 315a HGB (German Commercial Code) in line with the rules of the IASB with an exemption from preparation of consolidated financial statements under HGB. At the same time the consolidated financial statements and group management report are in line with the European Union Directive on Consolidated Accounting.

Accounting and valuation methods

In the consolidated interim report ("interim report") as at September 30, 2012, 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 2011. 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 2011. The Annual Report can be called up on the Internet at www.jenoptik.com, on the Investors page under the heading Reports & Presentations. The interim report was prepared in the group currency of the Euro and the figures are stated in KEUR unless specified otherwise.
In the opinion of the Executive Board, 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 14 (prev. year 15) domestic and 9 (prev. year 8) foreign companies fully consolidated. One (prev. year 1) joint venture company is included in the consolidation proportionally.

Itemization of key items in the financial statements

TANGIBLE ASSETS in KEUR	30.9.2012	31.12.2011
Land and buildings	82,856	78,249
Technical equipment and machines	28,338	31,534
Other equipment, factory and office equipment	17,807	17,128
On-account payments and assets under construction	9,814	11,279
	138,815	138,190

INVENTORIES in KEUR	30.9.2012	31.12.2011
Raw materials, consumables and supplies	72,807	65,631
Work in progress	103,291	88,553
Finished goods and merchandise	17,847	14,932
	193,945	169,116

ACCOUNTS RECEIVABLE AND OTHER ASSETS in KEUR	30.9.2012	31.12.2011
Trade accounts receivable	83,018	94,795
Receivables from non-consolidated affiliated companies	3,071	1,718
Receivables from investment companies	1,603	3,073
Other assets	10,336	12,287
	98,028	111,873

NON-CURRENT FINANCIAL LIABILITIES in KEUR	30.9.2012	31.12.2011
Non-current bank liabilities	117,935	121,100
Non-current liabilities from finance leases	11	2,006
	117,946	123,106

CURRENT FINANCIAL LIABILITIES in KEUR	30.9.2012	31.12.2011
Bank liabilities	4,873	3,428
Liabilities from finance leases	135	681
	5,008	4,109

OTHER CURRENT LIABILITIES

in KEUR	30.9.2012	31.12.2011
Trade accounts payable	37,273	40,026
Liabilities from on-account payments received	31,556	33,526
Liabilities to affiliated companies	4,548	2,135
Liabilities to participating interests	140	112
Other current liabilities	27,319	34,864
	100,836	110,663

Key business transactions

Based on the resolution of the Annual General meeting on June 6, 2012, a dividend of 8,585 KEUR or 0.15 euros for each no-par value eligible share was paid in June 2012 for fiscal year 2011.

In connection with the sale of Jena-Optronik GmbH in 2010 there was a provision for guarantee risks as of December 31, 2011. In June 2012 these risks expired. Therefore, the corresponding provision was released.

In May 2012 a long-term contract for finance leasing was terminated early and a payment was made for the existing long-term and short-term liabilities from finance leasing.

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 2011.

As explained in the 2011 Annual Report, the silent investor in the first of three real estate funds gave notice of termination of his silent investment as at March 31, 2011. The final settlement figure was the subject of legal proceedings which were concluded in April 2012 through the approval of a settlement. The payment to the silent shareholder in the sum of approx. 8 million euros was financed through a loan to the real estate fund of the Jenoptik Pension Trust. Agreement on a termination as at March 31, 2012 was also achieved with the silent investor in the second real estate fund. This resulted in the termination of a liability which had so far been recognized for this. These issues did not have any significant impact on the results in 2012. Both payments had an impact on the net debt in the amount of approx. 18 million euros. This is offset by the future repayment of the above mentioned loan, which will step by step have a positive effect on Jenoptik's liquidity (see also page 10 of this report).

Post balance sheet events

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

Responsibility statement by the legal representatives

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 view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Jena, November 7, 2012

Dr. Michael Mertin Chairman of the Executive Board	Rüdiger Andreas Günther Executive Board Member

DATES 2012 / 2013

NOVEMBER 8, 2012

Publication of the Interim Report
January to September 2012

MARCH 26, 2013

Publication of the Annual Report 2012

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