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

JENOPTIK

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Interim Financial Report of the Jenoptik Group (UNAUDITED)

JANUARY TO JUNE 2014

At a glance – Jenoptik Group

in million euros	January – June 2014	January – June 2013	Change in %	April – June 2014	April – June 2013	Change in %
Revenue	283.2	283.6	– 0.2	146.3	151.6	– 3.5
Lasers & Optical Systems	118.1	104.4	13.1	59.5	54.7	8.7
Metrology	84.6	90.5	– 6.5	43.8	47.7	– 8.3
Defense & Civil Systems	80.1	88.4	– 9.3	42.6	48.8	– 12.8
Others[1]	0.4	0.4	9.8	0.4	0.3	25.7
EBIT	24.0	23.5	2.1	13.4	12.9	4.1
Lasers & Optical Systems	15.4	9.7	58.7	6.9	5.6	23.9
Metrology	9.2	10.8	– 15.1	5.8	4.3	36.4
Defense & Civil Systems	0.5	4.9	– 90.3	1.4	4.6	– 69.2
Others[1]	– 1.0	– 1.9	45.1	– 0.7	– 1.5	55.5
EBIT margin	8.5%	8.3%		9.2%	8.5%	
Lasers & Optical Systems	13.0%	9.3%		11.6%	10.1%	
Metrology	10.8%	11.9%		13.3%	8.9%	
Defense & Civil Systems	0.6%	5.5%		3.3%	9.4%	
Earnings before tax	20.7	20.3	2.1	11.7	11.3	3.9
Earnings after tax	17.9	17.5	2.0	10.2	9.7	5.6
Order intake	314.5	282.7	11.2	154.2	150.7	2.3
Lasers & Optical Systems	125.3	114.2	9.7	60.0	62.0	– 3.3
Metrology	84.9	86.7	– 2.1	40.2	44.5	– 9.7
Defense & Civil Systems	103.1	83.5	23.4	53.3	46.1	15.6
Others[1]	1.3	– 1.7	174.9	0.8	– 1.9	142.6

in million euros	June 30, 2014	December 31, 2013	June 30, 2013
Order backlog	438.3	411.4	446.1
Lasers & Optical Systems	100.0	94.3	115.0
Metrology	70.9	72.8	85.1
Defense & Civil Systems	269.0	246.9	249.7
Others[1]	– 1.7	– 2.6	– 3.7
Employees (incl. trainees)	3,528	3,433	3,346
Lasers & Optical Systems	1,397	1,391	1,358
Metrology	989	907	868
Defense & Civil Systems	894	907	903
Others[1]	248	228	217

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

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

Summary of the months January to June 2014

- In a challenging economic environment, Group revenue came to 283.2 million euros, the same level as in the prior year. Asia dominated growth. Semiconductor equipment market remained stable, positive development continued in the medical technology market. Demand from the automotive and machine construction industries remained subdued.

  See Earnings and order situation – page 7.

- Gross margin increased to 35.2 percent. Group income from operations (EBIT) rose to 24.0 million euros (prior year 23.5 million euros). EBIT margin improved to 8.5 percent.

  See Earnings and order situation – page 7.

- Stable asset situation. Net debt comes to 84.4 million euros. Equity ratio improved to 54.8 percent.

  See Financial and asset situation – from page 8.

- Good order situation six months into the fiscal year: at 314.5 million euros, the order intake significantly exceeded the prior year figure (prior year 282.7 million euros). Book-to-bill ratio increased from 1.00 to 1.11.

  See Earnings and order situation – page 7.

- Lasers & Optical Systems segment: marked growth in revenue and earnings achieved in first half of 2014.
  Varying development in the Metrology segment: robust development in traffic safety technology; customer capital spending in industrial metrology still declining, particularly in America.
  Defense & Civil Systems segment: revenue and earnings remain below level in prior year due to project postponements, strong increase in order intake.

  See Segment reporting – from page 11.

- Given increasing geopolitical uncertainties and the economic slowdown the Executive Board firms up its 2014 forecast at the lower end of the range. The Board expects revenue to grow by around 5 percent, the Group EBIT is due to come in at approx. 55 million euros.

  See Forecast report – from page 15.

1 Business and framework conditions

1.1 Group structure and business activity

As an integrated optoelectronics group, Jenoptik's operational business is divided into the following three segments:

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

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

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

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

1.2 Development of the capital market and the Jenoptik share

The international capital markets reacted apprehensively to the tightening of US monetary policy at the beginning of the year. The US Federal Reserve's winding-down of its bond-buying stimulus and worries regarding development in the emerging economies further increased the pressure on the capital markets. Poor economic figures from China, political unrest in Turkey and the conflicts in Crimea and the Middle East also caused instability on the stock markets. The Dax correspondingly fell to its lowest level in the first half-year on March 13, 2014, at 9,018 points. After the ECB's announcement that it would be continuing its looser monetary policy, however, the German equity market regained momentum and the Dax managed to pass the 10,000 point mark for the first time in its 26-year history on June 5. A new all-time high of 10,029 points was reached a few days later, on June 10.

The index closed the first half-year at 9,833 points, a gain of 2.9 percent overall for the six months. The TecDax fared considerably better, moving from an initial 1,167 points to a new half-year high of 1,332 points on June 20. At the end of trading on June 30, the TecDax was at 1,309 points, an increase of 12.2 percent.

Up to May, the Jenoptik share price encountered volatility but was consistent with the sideways trend reflecting the overall development of the market. From the start of the year, its price fluctuated within a corridor of 11.80 euros to 13.20 euros. The share hit its lowest closing price in the reporting period, 11.72 euros, on April 15, 2014. On reaching its highest Xetra closing price of 13.61 euros on June 9, 2014, the Jenoptik share subsequently lost ground at a faster rate than on the two indices reported above and was at 11.91 euros at the end of trading on June 30, 2014. The fall in price over the first six months of the year therefore equated to a figure of 2.4 percent. In July, poor market sentiment and profit taking caused the share to slide further; Xetra trading closed at 9.94 euros per share on July 31, 2014.

At the start of the second quarter 2014, ERGO Versicherungsgruppe sold its approximately 8.5 percent stake in Jenoptik. Deutsche Asset & Wealth Management Investment GmbH purchased company shares in April, thereby increasing its existing stake to 3.38 percent.

The liquidity of the Jenoptik share on the German stock markets showed a slight year-on-year decline over the period covered by the report. In the first six months of 2014, an average of 119,041 shares were traded every day, some 18,500 fewer than in the comparable prior year period (prior year 137,520). According to the rankings compiled by Deutsche Börse on June 30, 2014, Jenoptik moved up to 18th place from 19th last year in terms of free float market capitalization (74.99 percent). With regard to stock turnover,

EARNINGS PER SHARE

	1/1/ to 30/6/2014	1/1/ to 30/6/2013
Net profit in thousand euros	17,897	17,540
Weighted average number of outstanding shares	57,238,115	57,238,115
Earnings per share in euros	0.31	0.31

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

Jenoptik remain unchanged in 22nd place. Market capitalization rose sharply from 543.6 million euros on June 30, 2013 to 681.4 million euros on June 30, 2014.

One of the main corporate events during the second quarter was the 16th Annual General Meeting held on June 12, 2014 in Weimar. The Supervisory Board and Executive Board reported to the 450 attending shareholders and guests on the 2013 fiscal year and on the company's further strategic development. The shareholders agreed to pay out a dividend of 0.20 euros per share. The distribution of dividends per share therefore increased by over 10 percent compared with the prior year. On the basis of the total dividend paid in the sum of 11.4 million euros, approx. 24.3 percent of the Group earnings after tax (EAT) were therefore paid to the Jenoptik shareholders. Based on the closing price of 12.64 euros on the date of the Annual General Meeting, the dividend yield was 1.6 percent.

In the course of the first half-year 2014, the management of Jenoptik presented the company to investors and analysts at banking conferences in Baden-Baden, Berlin, Boston, New York, Paris and Warsaw. Beyond this, institutional investors were kept abreast of the company's course of business at roadshows in Denver, Geneva, Copenhagen, London, Luxembourg, San Francisco, Vienna and Zurich.

In the first half-year 2014, a total of 15 research companies and banks regularly reported on Jenoptik. In April, LBBW and equine Bank started their coverage. Eleven equity analysts recommended investors to "buy" and four to "hold" Jenoptik shares. The average price target issued by all analysts combined at the time the report was around 13.20 euros.

JENOPTIK KEY SHARE FIGURES

Closing share price (Xetra) at half-year end in euros	11.91
Highest share price (Xetra) within the first half-year in euros	13.61
Lowest share price (Xetra) within the first half-year in euros	11.72
Market capitalization (Xetra) at half-year end in million euros	681.4
Average daily trading volume[1]	119,041

[1] Source: Deutsche Börse

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

The global economy remained dominated by geopolitical tensions in the second quarter 2014, primarily in Ukraine and the Middle East. According to the International Monetary Fund, these conflicts have weakened demand and put a brake on economic activity. In view of the continuing destabilization in Eastern Ukraine, the US and the EU enforced sanctions against Russian financial institutions and both energy and armaments companies.

In the US economy, the Department of Commerce several times and sharply downgraded its growth figures for the first quarter 2014: on an annualized basis, gross domestic product (GDP) shrank 2.1 percent. Chiefly responsible for this first fall in three years were the cold winter and both consumer spending and exports, which were lower than had previously been expected. According to first estimates made by the Department of Commerce the economy expanded by 4.0 percent in the second quarter.

Economic output in the euro zone rose in the first quarter for the fourth time running, albeit modestly and less than expected, with an increase of 0.2 percent on the prior quarter. While Spain is slowly recovering, according to the European Statistics Office, and GDP in Greece contracted less than in the last four years, economic development stagnated in France and Italy.

For the first quarter, the German Federal Statistical Office calculated a rise in German economic output of 0.8 percent compared to the prior quarter. This was mainly driven by domestic business; capital expenditure on equipment increased by 3.3 percent. Economists forecast waning momentum and GDP growth of just 0.2 percent (preliminary figure) for the second quarter. The ifo Business Climate Index fell slightly at the end of the first half-year; companies overwhelmingly assessed the outlook as worse than was recently the case. In the second quarter order intakes in industry fell significantly, the orders of capital goods in July dropped by 6.4 percent compared with the prior month, in the euro zone even 19.5 percent.

The Chinese economy grew in the second quarter by 7.5 percent compared to the same quarter in the prior year. Government stimulus packages helped to push forward expansion of the railroad network and housebuilding. Increased lending also acted to bolster growth, but capital investments remained relatively weak.

Jenoptik uses optical technologies in all three segments. Based on revenues of 15 international photonics companies, Spectaris calculates the World Market Index for Optical Technologies to determine the current state of business development. In the first quarter 2014, the index fell 5.7 percent on the prior quarter; compared to the same quarter in 2013, it rose insignificantly by 0.4 percent, to 123.5 points.

In the World Market Index for medical technology, Spectaris analyzes the development of revenue of 13 international companies in the sector. This index showed a marked drop of 11 percent in the first quarter 2014 compared with the prior quarter.

According to information published by the market researchers at Strategies Unlimited in the magazine "Laser Focus World", the laser industry made a good start to 2014: the European market for industrial lasers has recovered, China remained weak but the rest of Asia showed relatively strong growth. In North America, laser welding revenue fell slightly, while revenue in micromaterial processing rose.

The SEMI industry association published its first-quarter figures for the semiconductor equipment industry in June. At 10.15 billion US dollars, global revenue in the industry was 9 percent above that for the prior quarter and an impressive 39 percent higher than in the prior year.

According to the German Engineering Federation (VDMA), order intakes rose by 2.0 percent in the second quarter compared to the same prior-year period, in the first half-year the figure remained at the level of last year, just as machine production. Until May, the strong domestic demand only compensated for the weak business abroad. A survey conducted by the VDMA reveals that the sanctions against Russia are currently producing a great deal of uncertainty in the industry. Alongside order cancellations, there are already financing difficulties and delays in export controls, especially regarding dual-use products for civil and military use. In the first quarter, German machinery exports to Russia had already fallen by 17.2 percent compared to the same quarter in the prior year.

The European Automobile Manufacturers' Association (ACEA) recorded an increase of 6.5 percent in new registrations for the first half-year compared to the prior-year period and ten consecutive months of rising car sales. The German Association of the Automotive Industry (VDA) also came to a more positive conclusion than was expected at the start of the year: the major automotive markets in the US and China continue to grow, Western Europe has also begun to improve. According to the ACEA, sales in the commercial vehicle market rose for the tenth time in succession through June, compared with the respective month in the previous year.

The German Federal Ministry for Economic Affairs and Energy published its 2013 Armaments Export Report for the German security and defense technology industry in May. In total, export licenses worth 8.4 billion euros were granted in the past year. The value of the individual licenses from January to April 2014 was 1.2 billion euros, a quarter less than in the same prior-year period. In the second quarter 2014, the German Minister for Economic Affairs announced restrictions on armaments exports to 'third countries' outside the EU and NATO.

After the Farnborough International Airshow in England, held in July, aircraft manufacturer Boeing had received 755 orders in the first half-year, putting it ahead of Airbus, with 648 orders.

No major new reports were published for the other sectors in the first half-year 2014. We therefore refer to the details in the 2013 Annual Report from page 76 on and the first Interim Report 2014 from page 5 on.

2 Earnings, finance and asset position

The tables in the Management Report, which show a breakdown of the key indicators by segment, include the Corporate Center, Shared Service Center, the real estate holdings as well as the consolidation effects under “Others”.

2.1 Earnings and order situation

Development of revenue. In the first six months of 2014, the Jenoptik Group generated revenue of 283.2 million euros, matching the prior-year level despite a challenging economic environment (prior year 283.6 million euros). The Lasers & Optical Systems segment recorded significant growth, mitigating the dip in the Metrology segment caused by customers’ reluctance to invest and the revenue in the Defense & Civil Systems segment which was lower due to various project postponements.

The share of revenue generated abroad by the end of June 2014, at 64.7 percent (prior year 64.8 percent), was also at the same level as in the prior year. Compared to the first half-year 2013, revenue in the Asia/Pacific region grew substantially by around 70 percent to 40.7 million euros (prior year 23.9 million euros), which is also attributable to the transfer of projects from America into that region. The Lasers & Optical Systems segment doubled its revenue in this region; the Defense & Civil Systems segment also reported gains in revenue. All three segments saw a project-related fall in revenue in Americas, the Middle East and Africa.

Development of earnings. While revenue remained unchanged, Group income from operations (EBIT) increased to 24.0 million euros in the first half-year 2014 (prior year 23.5 million euros). The EBIT margin thus improved from 8.3 percent to 8.5 percent, and even to 9.2 percent in the second quarter. In the first six months of 2014, the Group generated an EBITDA of 34.2 million euros, compared with 34.9 million euros in the same period of the prior year.

Group development projects such as the JOE project (Jenoptik One ERP) continued on schedule in the first half-year 2014. This, but also the start-up costs for the sharp rise in order intakes on the one hand and a changed revenue mix and an improved gross margin on the other hand had an impact on earnings in the period covered by the report.

At minus 3.2 million euros, the financial result was at the same level as in the prior year (prior year minus 3.2 million euros).

Earnings before tax (EBT) consequently also remained almost unchanged on the first six months of 2013, at 20.7 million euros (prior year 20.3 million euros). Income tax expense totaled 2.5 million euros (prior year 2.8 million euros). The cash-effective tax rate was thus 11.9 percent (prior year 13.7 percent). Due to somewhat higher deferred taxes, earnings after tax (EAT) came to 17.9 million euros, following 17.5 million euros in the prior year.

Order situation. At 314.5 million euros, the order intake of the Jenoptik Group in the first half-year 2014 was 11.2 percent higher than in the prior year (prior year 282.7 million euros). Both the Lasers & Optical Systems and Defense & Civil Systems segments recorded rises in new orders.

Due to a considerably higher order intake in the first half-year 2014, the book-to-bill ratio, that of order intake to revenue, improved to 1.11 (prior year 1.00).

The higher order intake also resulted in an increase in the Group order backlog, which at 438.3 million euros exceeded the 2013 year-end value by 6.5 percent (31/12/2013: 411.4 million euros).

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

REVENUE

in million euros	1/1/ to 30/6/2014	1/1/ to 30/6/2013	Change in %
Total	283.2	283.6	-0.2
Lasers & Optical Systems	118.1	104.4	13.1
Metrology	84.6	90.5	-6.5
Defense & Civil Systems	80.1	88.4	-9.3
Others	0.4	0.4	9.8

INCOME FROM OPERATIONS (EBIT)

in million euros	1/1/ to 30/6/2014	1/1/ to 30/6/2013	Change in %
Total	24.0	23.5	2.1
Lasers & Optical Systems	15.4	9.7	58.7
Metrology	9.2	10.8	-15.1
Defense & Civil Systems	0.5	4.9	-90.3
Others	-1.0	-1.9	45.1

2.2 Development of the key performance indicators

The **cost of sales** sank by 1.5 percent to 183.6 million euros (prior year 186.3 million euros). The gross margin increased correspondingly to 35.2 percent (prior year 34.3 percent). This was due to the changed revenue mix and improvement of operative excellence.

Research and development expenses, which are central to the Group's future performance and competitiveness, remained at a high level. The **R+D total output** came to 24.1 million euros following 26.3 million euros in the comparable period of the prior year, equating to 8.5 percent of revenue. It includes the R+D costs, development costs on behalf of customers and the changes in the capitalized development costs which are included in assets. The development costs on behalf of customers in the period covered by the report totaled 5.4 million euros (prior year 7.1 million euros), and are included in the cost of sales. Group **R+D expenses** totaled 19.0 million euros in the first half-year and were slightly below the figure for the prior year (prior year 19.8 million euros). The costs are apportioned according to the contract structure and are thus dependent upon individual orders or projects.

Jenoptik continued its expansion of international activities as planned. **Selling expenses** thus increased slightly to 34.0 million euros (prior year 33.5 million euros), the selling expenses ratio showed a slight rise from 11.8 percent to 12.0 percent. **Administrative expenses** have increased as scheduled with the expansion of key Group functions, the implementation of the JOE project as well as first-time consolidations.

Both other operating income and other operating expenses increased in comparison with the prior year. The account balance from both items, however, remained virtually unchanged at 2.3 million euros (prior year 2.7 million euros).

Employees & management. As at June 30, 2014 the Jenoptik Group had 3,528 employees (31/12/2013: 3,433 employees). The number of employees thus increased, particularly abroad, by a total of 2.8 percent. At the end of June 2014, 566 people were employed at the foreign locations (31/12/2013: 475 employees), approx. 19 percent more than in the same period in the prior year.

The Jenoptik Group had a total of 117 trainees at the end of the first half-year 2014 (31/12/2013: 137 trainees). The Group had 140 agency employees in Germany (prior year 140 agency employees).

Jenoptik announced a future change on the Executive Board in late April 2014. Chief Financial Officer Rüdiger Andreas Günther will not be extending his contract beyond March 2015.

2.3 Financial and asset position

An equity ratio of 54.8 percent on June 30, 2014, the debenture loans granted in 2011 and the syndicated loan taken out in April 2013 give Jenoptik a sound financing structure and sufficient scope to finance its future growth.

A better equity position coupled with a reduction in borrowings resulted in the debt ratio, that of borrowings to equity, improving from 0.89 as at the end of 2013 to 0.83 on June 30, 2014.

Due to the good free cash flow, particularly in the fourth quarter 2013, Jenoptik reduced its net debt to 44.1 million euros as at December 31, 2013. In the first six months of 2014 working capital was built up, in part due to the sharp rise in order intake and the revenue-related growth in receivables with a simultaneous reduction in liabilities. The second

ORDER INTAKE

in million euros	1/1/ to 30/6/2014	1/1/ to 30/6/2013	Change in %
Total	314.5	282.7	11.2
Lasers & Optical Systems	125.3	114.2	9.7
Metrology	84.9	86.7	-2.1
Defense & Civil Systems	103.1	83.5	23.4
Others	1.3	-1.7	174.9

ORDER BACKLOG

in million euros	30/6/2014	31/12/2013	Change in %
Total	438.3	411.4	6.5
Lasers & Optical Systems	100.0	94.3	6.1
Metrology	70.9	72.8	-2.5
Defense & Civil Systems	269.0	246.9	9.0
Others	-1.7	-2.6	32.5

quarter also saw the distribution of dividends worth 11.4 million euros and payment of variable salary components for employees. As expected, this resulted in a sharply increased net debt as at June 30, 2014, to 84.4 million euros (31/12/2013: 44.1 million euros). Compared to June 30, 2013, however, net debt only rose to a moderate degree (30/6/2013: 80.8 million euros).

Capital expenditure. As at the end of June 2014, Jenoptik had invested 14.5 million euros for property, plant and equipment and intangible assets (prior year 12.6 million euros). At 11.4 million euros, the largest share of the resources went into property, plant and equipment (prior year 9.2 million euros), e.g. in technical systems relating to capacity expansion for customer projects. Investments in intangible assets, at 3.1 million euros in the first six months, fell below the figure for the same period in the prior year (prior year 3.4 million euros). Scheduled depreciation in the Jenoptik Group totaled 11.5 million euros (prior year 10.8 million euros).

At 680.8 million euros, the balance sheet total for the Jenoptik Group was below the level at the end of 2013 (31/12/2013: 692.4 million euros).

Non-current assets rose to 336.0 million euros (31/12/2013: 329.8 million euros). This is chiefly attributable to an increase in intangible assets and in property, plant and equipment.

By contrast, current assets fell 17.8 million euros to 344.9 million euros (31/12/2013: 362.6 million euros). This was due to a marked reduction in cash and cash equivalents to 31.4 million euros, in part occasioned by the dividend payment and the payment of variable salary components (31/12/2013: 71.6 million euros). Inventories, however, increased by 12.4 million euros to 177.4 million euros (31/12/2013: 165.1 million euros), while trade and other receivables rose by 10.2 million euros to 135.5 million euros (31/12/2013: 125.3 million euros). This increase was in part a result of low inventory levels and the reduction in receivables as at December 31, 2013 due to the high level of revenue at year-end. As in prior years, prepayments were already made for revenues in the subsequent periods.

Primarily on the back of increased inventories and receivables, the working capital saw a sharp rise to 230.5 million euros as at June 30, 2014 (31/12/2013: 195.6 million euros). Trade payables were also reduced in early 2014. The working capital ratio, that of working capital to revenue, was 36.9 percent and thus just above the level at the end of June 2013 (30/6/2013: 36.4 percent).

The earnings after tax (EAT) posted for the first six months of 2014 resulted in equity increasing to 373.0 million euros (31/12/2013: 367.1 million euros). At 54.8 percent, the equity ratio showed an improvement compared to the end of 2013 (31/12/2013: 53.0 percent).

Compared to the end of December 2013, non-current liabilities were virtually unchanged at 174.9 million euros (31/12/2013: 173.1 million euros). There were also almost no changes in the items included, such as non-current financial assets and pension provisions. Non-current liabilities also include debenture loans placed in the fiscal year 2011, totaling 90 million euros and with terms of five and seven years.

As at June 30, 2014, current liabilities came to 133.0 million euros and were thus 19.3 million euros below the 2013 year-end level (31/12/2013: 152.3 million euros). This was primarily due to lower trade accounts payable, which reduced from 46.4 million euros to 36.3 million euros. There were virtually no changes in the individual items included in current liabilities.

Cash flows from operating activities were mainly influenced by higher payments for the working capital than in the comparable prior year period and, at minus 13.5 million euros as at June 30, 2014, were significantly below the prior year's positive cash flow figure of 10.2 million euros.

R+D OUTPUT

in million euros	1/1/ to 30/6/2014	1/1/ to 30/6/2013	Change in %
R+D output	24.1	26.3	-8.7
R+D expenses	19.0	19.8	-3.8
Capitalized development costs	0.1	0.1	-20.5
Depreciation and impairment on capitalized development costs	-0.4	-0.6	25.8
Developments on behalf of customers	5.4	7.1	-23.6

EMPLOYEES (INCL. TRAINEES)

	30/6/2014	31/12/2013	Change in %
Total	3,528	3,433	2.8
Lasers & Optical Systems	1,397	1,391	0.4
Metrology	989	907	9.0
Defense & Civil Systems	894	907	-1.4
Others	248	228	8.8

Capital expenditure in property, plant and equipment and intangible assets was reflected in the cash flow from investing activities, which, at minus 15.8 million euros in the first six months of 2014, exceeded the prior year value (prior year minus 6.3 million euros). The acquisition of consolidated entities includes the purchase of shares in Robot Nederland B.V. Payments for the acquisition of JENOPTIK Australia Pty Ltd. were made in the first half-year of 2013.

The free cash flow (cash flow from operating activities before interest and tax minus payments for operating investing activities) fell in the period covered by the report to minus 24.7 million euros (prior year plus 1.2 million euros), primarily due to the increase in working capital mentioned above and increased capital expenditure.

The cash flow from financing activities came to minus 14.4 million euros, primarily influenced by the payment of dividends to the value of 11.4 million euros.

Purchases and sales of companies. Two companies were purchased in the first half-year 2014.

In late April 2014, Jenoptik acquired 100 percent in the Dutch company Robot Nederland B.V. The Group had previously held a 30 percent stake.

In May 2014, Jenoptik increased its stake in the joint venture HOMMEL-ETAMIC Metrology India Pvt. Ltd. in India from 51 to 100 percent. The existing joint venture was dissolved.

Neither of the two acquisitions made any material impact on the Jenoptik Group's financial and asset position.

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

3 Segment reporting

3.1 Lasers & Optical Systems segment

The Lasers & Optical Systems segment reported a successful course of business in the first six months of 2014. Strong demand and excellent revenue were also reflected in the development of the segment result.

At 118.1 million euros, revenue in the segment showed a sharp increase of 13.1 percent on the same period in the prior year (prior year 104.4 million euros). Among other things, greater demand for laser systems for plastics processing and successful project start-ups in the medical technology & life sciences markets bolstered development in the first half-year 2014. At 41.7 percent, the segment enjoyed the greatest share of Group revenue (prior year 36.8 percent). Revenue in Europe (including Germany) rose from 61.0 million euros to 67.1 million euros, chiefly driven by strong domestic business. Revenues in Asia/Pacific, the Middle East and Africa increased by more than half, from 19.3 million euros in the prior year to 29.1 million euros. This was in part attributable to the transfer of projects from America to Asia.

An excellent development of revenue and improved product mix in the segment reported a significant increase of 58.7 percent in income from operations (EBIT). EBIT in the first half-year totaled 15.4 million euros, compared with 9.7 million euros in the prior year. The EBIT margin greatly improved to 13.0 percent (prior year 9.3 percent).

At 125.3 million euros, the order intake in the segment exceeded the figure of 114.2 in the prior year by almost 10 percent. Order intake was higher than revenue in the period covered by the report, resulting in a book-to-bill ratio of 1.06 (prior year 1.09).

The order backlog in the Lasers & Optical Systems segment consequently also grew. It came to 100.0 million euros at the end of June 2014, 6.1 percent higher than at the end of 2013 (31/12/2013: 94.3 million euros).

In the first six months of 2014, the number of employees remained at the same level as at year-end 2013, with 1,397 employees (31/12/2013: 1,391 employees).

Key events in the first half-year 2014. In the first half-year, the Lasers & Material Processing area in the Lasers & Optical Systems segment unveiled a range of new laser systems for diverse applications. One of the new products was the JenLas® fiber cw 3000 system for use in cutting and welding metallic materials with sheet thicknesses of several millimeters. The company also presented the JenLas® femto 10 femtosecond laser. The new lasers were developed for demanding applications in the industrial environment. Examples of products requiring ultra-precise cutting and drilling include medical implants, injection nozzles and watch components. The laser can also be used for processing composites and tough, brittle materials such as diamond and glass with outstanding results. It is also ideal for ablation of thin-film layers or surface structuring, for example in the semiconductor industry.

Powerful F-theta lenses for laser material processing were also presented. Ahead of the Photonics West exhibition, the segment had already presented its products and expertise at BiOS, the world's leading trade fair for biomedical optics and biophotonics.

In early July, the Lasers & Optical System segment's German locations commissioned the new ERP system, part of the group-wide JOE program, to schedule.

THE SEGMENT AT A GLANCE

in million euros	30/6/2014	30/6/2013	Change in %
Revenue	118.1	104.4	13.1
EBIT	15.4	9.7	58.7
Order intake	125.3	114.2	9.7
Order backlog[1]	100.0	94.3	6.1
Employees[1]	1,397	1,391	0.4

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

3.2 Metrology segment

The general reluctance of the industrial metrology sector to invest, previously reported at the beginning of the year, continued in the second quarter and resulted in a further global weakening of demand.

Revenue in the Metrology segment accordingly fell by 6.5 percent to 84.6 million euros (prior year 90.5 million euros). Although revenue in Europe (including Germany) and Asia/Pacific grew by 5.7 percent and 23.1 percent respectively, figures in America and the Middle East / Africa dropped by 27.1 percent and 33.8 percent. The segment's share of total revenue fell slightly from 31.9 percent in the prior year to 29.9 percent.

Income from operations (EBIT) in the segment fell by 15.1 percent to 9.2 million euros (prior year 10.8 million euros). This development is primarily attributable to a weak revenue trend in the six-month period. Despite this, the segment improved its earnings quality in the second quarter compared to both the prior quarter and the same period in the prior year. EBIT in the second quarter thus improved to 5.8 million euros with an EBIT margin of 13.3 percent (prior year 4.3 million euros; prior quarter 3.4 million euros).

In spite of declining capital expenditure in industrial metrology, the segment's order intake remained at around the same level as in the prior year, at 84.9 million euros (prior year 86.7 million euros). In January, Jenoptik reported an order for stationary and mobile traffic monitoring systems in Kuwait. The Traffic Solutions division will supply systems for speed and red light monitoring to modernize traffic monitoring in the Emirate. In May, the division also received two single-digit-million-euro orders from Singapore and the Netherlands. The project in Singapore covers the delivery, installation and commissioning of Traffistar SR520 digital red light monitoring systems and the back office TrafficDesk® pro software for efficient and reliable analysis of traffic violations. Deliveries are already underway. The order from the Netherlands comprises the delivery of over 80 TraffiStar S290F and SR290F stationary systems for speed and red light monitoring. They will all be installed by early 2015. Jenoptik will be responsible for operation and maintenance of the systems for the next eight years.

The order intake in the first six months of 2014 was at the level of revenue in this period, resulting in a book-to-bill ratio of 1.00 (prior year 0.96). At 70.9 million euros, the order backlog in the segment was slightly below the figure at the end of 2013 (31/12/2013: 72.8 million euros).

As at June 30, 2014, the segment had 989 employees, 9.0 percent or 82 persons more than at year-end 2013 (31/12/2013: 907 employees). New employees were predominantly taken on in connection with major international projects, such as in Australia, and the expansion of Traffic Service Provision (TSP) in the Traffic Solutions division.

Key events in the first six months of 2014. In May, Jenoptik increased its stake in the Dutch traffic technology specialist Robot Nederland B.V. from 30 to 100 percent. In June, the Group also increased its stake in HOMMEL-ETAMIC Metrology India Pvt. Ltd. in India from 51 to 100 percent. The Bangalore-based company will in future operate on the Indian market as JENOPTIK India Pvt. Ltd., a subsidiary of Jenoptik's Asian holding company, and represent all of the Group's segments.

Since the start of 2014, the Industrial Metrology division was the first which has been successfully working with the new ERP system at three German locations.

THE SEGMENT AT A GLANCE

in million euros	30/6/2014	30/6/2013	Change in %
Revenue	84.6	90.5	-6.5
EBIT	9.2	10.8	-15.1
Order intake	84.9	86.7	-2.1
Order backlog[1]	70.9	72.8	-2.5
Employees[1]	989	907	9.0

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

3.3 Defense & Civil Systems segment

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

Revenue in the Defense & Civil Systems segment was 9.3 percent below the prior-year value in the first six months, mostly due to the postponement or extended time frames of projects in the area of energy systems, coming to 80.1 million euros (prior year 88.4 million euros). This primarily concerns deliveries to European countries outside Germany and to America. By contrast, revenue in Germany rose by 1.5 percent. The segment's share of Group revenue was only down slightly compared with the prior year and is currently 28.3 percent (prior year 31.2 percent).

The slight revenue increase in the second quarter 2014 compared with the prior quarter went hand in hand with an improvement in the operating results in the course of the year from minus 0.9 million euros to 1.4 million euros. Cumulatively, the segment income from operations (EBIT) was 0.5 million euros due to only a moderate development of revenue, and consequently far below the figure for the prior year (prior year 4.9 million euros). Reasons included a lesser ability to finance fixed costs due to the reduced revenue and a both project-related and seasonal lower-margin product mix. In addition, in the prior year EBIT was positively influenced by a one-off effect.

Despite a challenging political environment, the order intake increased by 23.4 percent in the first half-year, and at 103.1 million euros significantly exceeded half-year revenue and order intake in the prior year (prior year 83.5 million euros). The segment's book-to-bill ratio consequently improved from 0.95 in the same period of the prior year to 1.29. In the first quarter the segment reported an order worth 15.7 million euros from Krauss-Maffei Wegmann for electrical turret and weapons stabilization systems for military ground vehicles due to be completed by 2016. In addition, the segment secured two orders from Rheinmetall in March and April with a total value of 13.5 million euros. By the end of 2015, Jenoptik will supply turret and weapons stabilization systems and auxiliary power units to upgrade Leopard 2 tanks.

The segment's order backlog increased by a total of 22.1 million euros to 269.0 million euros (31/12/2013: 246.9 million euros).

As at June 30, 2014, there were 894 employees in the Defense & Civil Systems segment, a small decrease on the figure at the end of the past fiscal year (31/12/2013: 907 employees).

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

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

THE SEGMENT AT A GLANCE

in million euros	30/6/2014	30/6/2013	Change in %
Revenue	80.1	88.4	-9.3
EBIT	0.5	4.9	-90.3
Order intake	103.1	83.5	23.4
Order backlog[1]	269.0	246.9	9.0
Employees[1]	894	907	-1.4

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

4 Report on post-balance sheet events

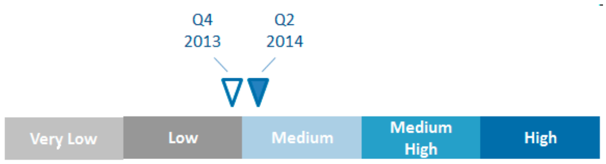
There were no events of special importance occurring after the balance sheet date of June 30, 2014.

5 Risk report

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

As noted in the 2013 Annual Report, market development of Jenoptik may be influenced by political decisions regarding future export licenses. In our opinion, increasing regulation at both national and European level adversely affects the framework conditions for industrial companies. It also concerns, for example, restrictions on the export of items subject to authorization requirements, which are currently being further tightened up. In view of these developments, the risk for the Group was assessed to "Medium" instead of "Low Medium" within the framework of the semi-annual risk reporting.

There were no other major changes in the risks described in the 2013 Annual Report during the course of the first six months of 2014 and up to the editorial closing date for this report.



6 Forecast report

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

In July, the IMF scaled back its growth forecast for the global economy to 3.4 percent for 2014, primarily due to past events such as the temporary growth slowdown in the US at the start of the year and weak domestic demand in China. Risks continue to include the conflicts in Ukraine and the Middle East, where escalation could trigger an oil crisis. There may be negative consequences for the emerging economies when the US Federal Reserve ends its program to purchase securities in October. The IMF does not, however, see a systemic threat to financial stability.

Following the lead of the US, the EU is also considering adopting measures to restrict Russia's access to the capital market and both arms and high-tech goods in the energy sector. These sanctions would jeopardize the financing of projects in Russia and put pressure on exports to the country. Russia is responding with plans to increase its reliance on domestic products, predominantly in the energy sector and shipbuilding but also in the automotive industry. In addition, NATO fears a military escalation in the Crimea.

GROWTH FORECAST OF GROSS DOMESTIC PRODUCT

in %	2014	Change to forecast of April 2014	2015
World	3.4	-0.3	4.0
US	1.7	-1.1	3.0
Euro zone	1.1	0.0	1.5
Germany	1.9	0.2	1.7
China	7.4	-0.2	7.1
Emerging economies	4.6	-0.2	5.2

Source: International Monetary Fund, July 2014

Mirroring the IMF, the US Federal Reserve also cut back its forecast for the US economy on the basis of the weak first quarter. For 2014, it is now projecting GDP growth of just 1.9 to 2.4 percent, compared to its previous forecast of up to 3.0 percent.

In the euro zone, the economy will pick up again after years of recession, albeit with major differences between the core countries. France and Italy will remain weak according to the IMF, while the prospects in Germany and Spain are better than in the last IMF forecast in April. The economic climate for the next months, however, has deteriorated: against the background of geopolitical tensions the ifo Business Climate Index for the euro zone as well as for Germany fell. At present (August 7), the Federal Government still assumes that the upward trend in Germany remains intact. However, economists anticipate only a moderate growth, in particular in industry. The conflict between Russia and Ukraine could cost up to 0.3 percentage points of growth. The increase in IMF forecast dated July has not yet taken this mood into account.

The Spectaris industry association is expecting revenue growth of almost 7 percent in 2014, to around 30 billion euros, for German manufacturers of optical technologies. Growth in the photonics sector could be hampered by regulatory barriers such as the RoHS directive and the REACH ordinance on the use of specific substances.

After a good first half-year 2014, semiconductor equipment manufacturers are expecting a slowdown in the second half-year due to postponements in capital expenditure. The SEMI industry association assumes that global revenues will rise some 20 percent to 38.4 billion US dollars in 2014 and 42.6 billion US dollars in 2015.

As a result of the Ukraine crisis and the uncertainty of investors, VDMA has cut its forecast for production in the German machinery and plant engineering sector from 3 percent to 1 percent. Positive impulses from foreign markets were lacking. However, with a production value of 199 billion euros the sector is expected to reach a new record.

The German Association of the Automotive Industry (VDA) has again raised its 2014 forecast and is now projecting year-on-year growth in domestic manufacturing and exports of German vehicles of 4 percent and 5 percent respectively. The western European market is the mainstay of growth for German exports and will grow for the first time in 2014 following the downward trend in the last four years. Sales in the US, China and Germany are also rising as planned. The VDA expects lower sales in Mercosur, India, Turkey and Russia.

In view of budget cuts in security and defense technology, the European industry still faces consolidation pressure. This is also evident from the discussions regarding the planned 2015 merger of German tank manufacturer Krauss-Maffei Wegmann and the French arms manufacturer Nexter. On the other hand, companies in the industry are calling for better European cooperation across national borders in the future. The more restrictive policy regarding export licenses for armaments and dual use goods announced by the Federal Ministry of Economics puts additional pressure in the sector.

Boeing has published its latest 20-year forecast for the aerospace industry. The aircraft manufacturer is now projecting significantly higher demand than in the prior year: by 2033, global demand will amount to 36,770 civil passenger and freight aircraft, with a total value of approximately 3.8 trillion euros. Instead of huge aircraft, airlines are focusing on efficient new twin-jet planes. Demand in Asia/Pacific, including China, is particularly strong.

No new major forecasts have been issued for the other sectors. We therefore refer to the details in the 2013 Annual Report from page 108 on and in the first Interim Report 2014 from page 15 on.

6.2 Long-term forecasts and targets

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

Political developments in Russia, Ukraine and the Middle East, and discussions regarding defense and security technology exports in Germany may lead to weaker growth for this sector in the medium to long term.

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

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

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

6.3 Future development of the business situation

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

The Lasers & Optical Systems segment anticipates a growth in revenue of around 10 percent for 2014. This increase will be supported by more stable development in the semiconductor equipment business and expansion in the healthcare and life sciences market. In contrast to revenue, we expect a sharper increase in income from operations (EBIT).

The Metrology segment is expecting revenue and EBIT to come in at the prior-year level due to subdued demand from the automotive industry. The timing of project settlements in Traffic Solutions plays an important role in this segment.

For the Defense & Civil Systems segment, a slight increase in revenue and an EBIT at the level in the prior year is expected. This is due to be enabled by international business, greater revenue with civil systems and the action already taken to cut costs and increase efficiency. In our opinion, however, increasing regulation at both national and European level adversely affects the framework conditions for industrial companies. It also concerns, for example, restrictions on the export of items subject to authorization requirements, which are currently being further tightened up.

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

In the light of the challenging economic environment, increasing geopolitical uncertainties and stronger regulation at both national and European level, the Executive Board considers the 2014 growth targets to be ambitious. In addition, current economic figures suggest a downturn in the real economy which may significantly affect the willingness of companies to invest. Against this background the Executive Board firms up the original forecast at the lower end. Primarily contingent upon demand and market conditions not deteriorating further, the Executive Board expects to achieve revenue growth of around 5 percent in the current fiscal year. Group EBIT is due to come in at around 55 million euros in 2014. In the second half-year 2014, the Executive Board therefore anticipates more dynamic development than in the first six months to achieve the stated targets.

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

Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

in thousand euros	1/1/ to 30/6/2014	1/1/ to 30/6/2013	1/4/ to 30/6/2014	1/4/ to 30/6/2013
Revenue	283,201	283,627	146,254	151,611
Cost of sales	183,566	186,323	94,572	102,108
Gross profit	99,635	97,304	51,682	49,503
Research and development expenses	19,036	19,787	9,319	10,019
Selling expenses	34,017	33,541	18,361	16,620
General and administrative expenses	24,907	23,135	12,849	12,807
Other operating income	10,827	6,880	5,158	4,035
Other operating expenses	8,521	4,224	2,877	1,190
EBIT	23,981	23,498	13,435	12,902
Investment result	-90	-452	-52	-418
Interest income	262	482	129	314
Interest expenses	3,418	3,211	1,793	1,518
Financial result	-3,246	-3,181	-1,716	-1,623
Earnings before tax	20,735	20,317	11,719	11,280
Income tax expense	-2,466	-2,775	-1,394	-1,541
Deferred taxes	-395	-20	-133	-85
Earnings after tax	17,874	17,522	10,192	9,654
Results from non-controlling interests	-23	-18	-14	-8
Earnings attributable to shareholders	17,897	17,540	10,206	9,663
Earnings per share in euros (undiluted = diluted)	0.31	0.31	0.18	0.17

Other comprehensive income

in thousand euros	1/1/ to 30/6/2014	1/1/ to 30/6/2013	1/4/ to 30/6/2014	1/4/ to 30/6/2013
Earnings after tax	17,874	17,522	10,192	9,654
Items that will never be reclassified to profit or loss	-468	-179	-418	-179
Remeasurements	-468	-179	-418	-179
Items that are or may be reclassified to profit or loss	549	107	348	-685
Available-for-sale financial assets	491	525	14	359
Cash flow hedges	-505	-189	-187	320
Foreign currency exchange differences	563	-229	521	-1,364
Total of the profit/loss recognized in equity	81	-72	-70	-864
Total other comprehensive income	17,956	17,450	10,122	8,790
Thereof attributable to:				
Non-controlling interests	-23	-18	-14	-8
Shareholders	17,978	17,468	10,136	8,799

Consolidated Statement of Financial Position

Assets in thousand euros	30/6/2014	31/12/2013	Change	30/6/2013
Non-current assets	335,950	329,799	6,151	330,424
Intangible assets	78,242	75,346	2,897	74,876
Property, plant and equipment	142,771	140,632	2,139	142,272
Investment property	20,143	19,107	1,036	19,344
Financial assets	20,529	20,058	470	20,005
Other non-current assets	3,847	4,398	-550	5,630
Deferred tax assets	70,418	70,259	159	68,296
Current assets	344,889	362,642	-17,753	341,018
Inventories	177,409	165,058	12,350	181,893
Trade and other receivables	135,534	125,338	10,197	122,399
Securities	570	681	-111	594
Cash and cash equivalents	31,376	71,565	-40,189	36,132
Total assets	680,839	692,441	-11,602	671,441

Equity and liabilities in thousand euros	30/6/2014	31/12/2013	Change	30/6/2013
Equity	372,977	367,056	5,921	339,049
Share capital	148,819	148,819	0	148,819
Capital reserve	194,286	194,286	0	194,286
Other reserves	29,645	23,702	5,943	-4,311
Non-controlling interests	227	249	-23	255
Non-current liabilities	174,857	173,067	1,790	177,948
Pension provisions	28,374	28,227	146	31,039
Other non-current provisions	10,809	10,972	-163	12,015
Non-current financial liabilities	115,624	115,235	389	115,813
Other non-current liabilities	17,879	16,865	1,014	16,123
Deferred tax liabilities	2,172	1,769	403	2,958
Current liabilities	133,005	152,318	-19,313	154,444
Tax provisions	3,732	4,762	-1,030	7,814
Other current provisions	33,942	37,426	-3,484	40,861
Current financial liabilities	748	1,154	-405	1,750
Other current liabilities	94,583	108,976	-14,393	104,019
Total equity and liabilities	680,839	692,441	-11,602	671,441

Statement of Changes in Equity

in thousand euros	Share capital	Capital reserve	Cumulative profit
Balance at 1/1/2013	148,819	194,286	11,635
Dividends			-10,303
Remeasurement of financial instruments			
Remeasurement loss			
Foreign currency exchange differences			-171
Earnings after tax			17,540
Other adjustments			1,577
Balance at 30/6/2013	148,819	194,286	20,278
Balance at 1/1/2014	148,819	194,286	47,674
Dividends			-11,447
Remeasurement of financial instruments			
Remeasurement loss			
Foreign currency exchange differences			
Earnings after tax			17,897
Other adjustments			-587
Balance at 30/6/2014	148,819	194,286	53,537

Available-for-sale financial assets	Cash flow hedges	Cumulative exchange differences	Remeasurements	Non-controlling interests	Total
119	-22	663	-25,448	273	330,325
					-10,303
525	-189				336
			-179		-179
36		-94			-229
				-18	17,522
					1,577
680	-211	569	-25,627	255	339,049
470	-42	-1,663	-22,737	249	367,056
					-11,447
491	-505				-14
			-468		-468
-22		585			563
				-23	17,874
					-587
939	-547	-1,078	-23,205	226	372,977

Consolidated Statement of Cash Flows

in thousand euros	1/1/ to 30/6/2014	1/1/ to 30/6/2013	1/4/ to 30/6/2014	1/4/ to 30/6/2013
Earnings before tax	20,735	20,317	11,719	11,280
Interest income	3,156	2,729	1,664	1,205
Depreciation and amortization	11,541	10,785	6,021	5,533
Impairment losses and reversals of impairment losses	-1,153	645	67	653
Profit/loss from asset disposals	-35	-240	-39	-274
Other non-cash income/expenses	-980	-189	-1,010	440
Operating profit before adjusting working capital	33,264	34,046	18,422	18,836
Change in provisions	-6,415	-12,450	-8,303	-10,628
Change in working capital	-35,104	-10,664	-14,524	-6,484
Change in other assets and liabilities	-2,836	613	-1,021	-2,964
Cash flows from operating activities before income tax	-11,090	11,545	-5,425	-1,240
Income tax expense	-2,450	-1,370	-1,039	-640
Cash flows from operating activities	-13,540	10,175	-6,465	-1,880
Proceeds from sale of intangible assets	198	12	97	2
Capital expenditure for intangible assets	-3,071	-3,415	-1,821	-1,007
Proceeds from sale of property, plant and equipment	724	2,273	513	1,916
Capital expenditure for property, plant and equipment	-11,444	-9,172	-7,311	-5,598
Proceeds from sale of financial assets	87	6,545	48	6,485
Capital expenditure for financial assets	-148	-152	-76	-74
Acquisition of consolidated entities	-2,400	-2,849	-2,400	116
Interest received	252	483	119	314
Cash flows from investing activities	-15,802	-6,275	-10,832	2,154
Dividends paid	-11,447	-10,303	-11,447	-10,303
Proceeds from issuing bonds and loans	1	2	1	2
Repayments of bonds and loans	-439	-3,015	-424	-300
Payments for finance leases	-19	-44	-10	-19
Change in Group financing	-1,360	-511	739	1,173
Interest paid	-1,134	-1,012	-823	-618
Cash flows from financing activities	-14,399	-14,882	-11,964	-10,064
Change in cash and cash equivalents	-43,740	-10,983	-29,261	-9,791
Effects of movements in exchange rate on cash held	165	-30	171	-262
Change in cash and cash equivalents due to first time consolidation	3,387	1,790	3,387	819
Cash and cash equivalents at the beginning of the period	71,565	45,355	57,079	45,366
Cash and cash equivalents at the end of the period	31,376	36,132	31,376	36,132

Segment Reporting

January 1 to June 30, 2014

in thousand euros	Lasers & Optical Systems	Metrology	Defense & Civil Systems	Others	Consolidation	Group
Revenue	118,054	84,586	80,114	15,045	-14,597	283,201
	(104,379)	(90,469)	(88,371)	(12,879)	(-12,471)	(283,627)
Germany	33,232	21,219	45,034	14,358	-13,776	100,066
	(32,647)	(22,477)	(44,374)	(12,701)	(-12,287)	(99,912)
Europe	33,874	20,459	25,100	44	-45	79,431
	(28,359)	(16,954)	(32,192)	(46)	(-46)	(77,505)
Americas	21,818	19,465	5,743	471	-631	46,866
	(24,062)	(26,697)	(9,630)	(109)	(-107)	(60,391)
Middle East and Africa	5,713	7,590	2,820	0	-0	16,123
	(9,012)	(11,467)	(1,437)	(0)	(0)	(21,916)
Asia/Pacific	23,417	15,853	1,418	172	-145	40,715
	(10,299)	(12,875)	(739)	(23)	(-31)	(23,904)
EBIT	15,378	9,157	474	-1,015	-13	23,981
	(9,691)	(10,788)	(4,891)	(-1,774)	(-99)	(23,498)
EBITDA	19,583	11,073	2,961	638	-13	34,241
	(14,394)	(11,921)	(7,987)	(662)	(-99)	(34,865)
Investment income	-94	0	0	4	0	-90
	(-83)	(199)	(-574)	(6)	(0)	(-452)
Research and development expenses	7,940	8,616	2,665	242	-428	19,036
	(8,259)	(7,674)	(3,767)	(203)	(-117)	(19,787)
Free cash flow (before income taxes)	3,257	-9,353	-8,202	-10,376	-9	-24,682
	(-75)	(6,892)	(1,724)	(-7,194)	(-105)	(1,242)
Working Capital[1]	67,218	69,134	98,709	-4,516	-49	230,497
	(54,557)	(56,286)	(92,624)	(-7,864)	(-44)	(195,558)
Order intake	125,268	84,905	103,071	15,045	-13,765	314,524
	(114,163)	(86,732)	(83,537)	(12,879)	(-14,587)	(282,723)
Total assets[1]	204,319	146,693	179,039	290,990	-140,202	680,839
	(195,804)	(125,338)	(178,598)	(309,292)	(-116,592)	(692,441)
Total liabilities[1]	61,217	88,175	130,144	168,523	-140,196	307,862
	(67,393)	(75,151)	(128,437)	(171,001)	(-116,597)	(325,385)
Investments	4,996	3,402	2,667	3,449	-0	14,514
	(5,203)	(2,097)	(2,012)	(3,275)	(0)	(12,587)
Depreciation and amortization	4,205	1,916	2,487	2,934	-0	11,541
	(4,705)	(1,122)	(2,522)	(2,436)	(0)	(10,785)
Number of employees on average	1,348	920	852	234	0	3,354
without trainees	(1,315)	(823)	(856)	(198)	(0)	(3,192)

Prior year figures are in parentheses

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

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

Parent company

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

Accounting in accordance with International Financial Reporting Standards (IFRS)

The same accounting policies applied in preparing the 2013 consolidated financial statements were also applied in preparing the interim consolidated financial statements as at June 30, 2014, which were prepared on the basis of the International Accounting Standard (IAS) 34 Interim Financial Reporting. These interim consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union. These policies were published and individually described in detail in the Notes to the 2013 Annual Report. The Annual Report is available on the internet under www.jenoptik.com using the path Investors/Reports and Presentations/Annual Reports.

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

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

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

IFRS 10 "Consolidated Financial Statements". With this standard the concept of control has been newly and comprehensively defined. If an entity controls another entity, the parent company is to consolidate the subsidiary. According to this new concept, control exists if a potential parent company has power over a potential subsidiary on the basis of voting rights or other rights that have positive or negative variable returns from its involvement with the subsidiary and these returns can influence its power. In accordance with the transition specifications of IFRS 10 (2011) Jenoptik analyzed the control concept for its subsidiaries as of January 1, 2014. There are no effects stemming from this amendment.

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

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

The group of entities consolidated

The consolidated financial statements of JENOPTIK AG contain 32 fully consolidated subsidiaries (prior year: 29). Thereof 14 (prior year: 14) have their legal seat in Germany and 18 (prior year: 15) have theirs abroad. The Jenoptik Group has proportionately consolidated one joint operation (prior year: 1). As at June 30, 2014, JENOPTIK Korea Corp. Ltd., Pyeongtaek (Republic of Korea), JENOPTIK Japan Co. Ltd., Yokohama (Japan) and ROBOT Nederland B.V., Niel (Netherlands) were included in the interim consolidated financial statements for the first time. The following additions to assets and liabilities resulted from the first-time inclusion in the consolidation.

ADDITIONS FROM FIRST-TIME CONSOLIDATION

in thousand euros	Additions
Non-current assets	2,914
Current assets	5,770
Non-current liabilities	1,759
Current liabilities	3,264

The inclusion of ROBOT Nederland B.V. in accordance with IFRS 3 is based on preliminary amounts. The finalization will take place by the end of the measurement period.

The first half year financial statements include the revenue of the newly consolidated entities amounting to EUR 4,703 thousand and earnings after tax of EUR 78 thousand. On a consolidated basis the revenue amounts to EUR 1,802 thousand and the earnings after tax to EUR 861 thousand. The earnings after tax on a consolidated basis reflect the impact on earnings from revaluation of the already held shares in ROBOT Nederland B.V. of 30 percent.

Material transactions

Transactions with a significant influence on the interim consolidated financial statements of Jenoptik in the second quarter or cumulative in the first half-year of 2014 did not occur.

Classifications of material financial statement items

PROPERTY, PLANT AND EQUIPMENT

in thousand euros	30/6/2014	31/12/2013
Land and buildings	77,887	79,654
Investment properties	20,143	19,107
Technical equipment and machines	34,422	35,621
Other equipment, operating and office equipment	23,086	21,581
Payments on-account and assets under construction	7,377	3,776
Total	162,914	159,739

INVENTORIES

in thousand euros	30/6/2014	31/12/2013
Raw materials, consumables and supplies	59,194	54,733
Work in progress	90,709	85,262
Finished goods and merchandise	22,351	19,557
Payments on-account made	5,155	5,507
Total	177,409	165,058

TRADE RECEIVABLES AND OTHER ASSETS

in thousand euros	30/6/2014	31/12/2013
Trade receivables	113,844	104,944
Receivables from unconsolidated associates	2,549	3,483
Receivables from entities in which investments are held	520	565
Other assets	15,345	12,778
Receivables from construction contracts	3,277	3,568
Total	135,534	125,338

NON-CURRENT FINANCIAL LIABILITIES

in thousand euros	30/6/2014	31/12/2013
Non-current bank liabilities	115,566	115,144
Non-current liabilities from finance leases	58	91
Total	115,624	115,235

CURRENT FINANCIAL LIABILITIES

in thousand euros	30/6/2014	31/12/2013
Bank liabilities	690	1,116
Liabilities from finance leases	58	38
Total	748	1,154

OTHER CURRENT LIABILITIES

in thousand euros	30/6/2014	31/12/2013
Trade payables	36,287	46,427
Liabilities from advanced payments received	27,719	31,048
Liabilities from construction contracts	26	537
Liabilities to unconsolidated associates	4,887	4,945
Liabilities to entities in which investments are held	0	98
Other current liabilities	25,663	25,921
Total	94,583	108,976

Financial instruments

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

in thousand euros	Carrying amount 30/6/2014	Carrying amount 31/12/2013
Financial assets	158,587	191,865
Cash and cash equivalents	31,376	71,565
Available for sale		
Measured at fair value	2,247	1,706
Measured at purchase price	571	683
Finance lease receivables	1,102	1,426
Loans granted and receivables	123,199	115,623
Hedged derivatives	92	862
Financial liabilities	186,458	197,509
Trade payables	36,287	46,427
Liabilities to banks and other financial liabilities	116,256	116,260
Finance lease liabilities	116	128
Other non-derivative financial liabilities		
Contingent liabilities	883	832
Other	32,104	33,371
Hedged derivatives	812	490

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

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

in thousand euros	Carrying amount 30/6/2014	Level 1	Level 2	Level 3
Available for sale, measured at fair value	2,247	2,025	0	222
	(1,706)	(1,507)	(0)	(199)
Hedged derivatives (assets)	92	0	92	0
	(862)	(0)	(862)	(0)
Contingent liabilities	883	0	0	883
	(832)	(0)	(0)	(832)
Hedged derivatives (liabilities)	812	0	812	0
	(490)	(0)	(490)	(0)

Prior year figures are in parentheses

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

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

in thousand euros	Available for sale, measured at fair value	Contingent liabilities
Balance at 1/1/2014	199	832
Additions	148	0
Disposals	0	0
Gains and losses recognized in financial result	-125	0
Foreign currency exchange effects	0	51
Balance at 30/6/2014	222	883

Related party disclosures

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

German Corporate Governance Code

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

Legal disputes

JENOPTIK AG and its Group entities are involved in several court or arbitration proceedings. In the case that these may have any substantial influence on the Group's economic situation, these proceedings were described in the 2013 consolidated financial statements. As at June 30, 2014 no further litigation arose that could have a material effect on the financial position of the Group.

Events after the reporting period

No significant events occured after the interim reporting period ending on June 30, 2014.

Responsibility statement by the legal representatives

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

Jena, August 6, 2014

Dr. Michael Mertin President & CEO	Rüdiger Andreas Günther Chief Financial Officer

Dates 2014

August 12, 2014
Publication of the interim report
January to June 2014

November 12, 2014
Publication of the interim report
January to September 2014

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

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