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 JUNE 2012

2012 Q2

AT A GLANCE – JENOPTIK GROUP

Figures in million euros	Jan. – June 2012	Jan. – June 2011	Change in %	April – June 2012	April – June 2011	Change in %
Sales	**283.8**	**256.3**	**10.7**	**146.1**	**131.8**	**10.8**
Lasers & Optical Systems	110.9	108.8	1.9	53.7	52.7	1.9
Metrology	80.0	62.1	28.8	42.8	34.1	25.5
Defense & Civil Systems	92.4	84.7	9.1	48.8	44.7	9.2
Others*	0.5	0.7	– 28.6	0.8	0.3	166.7
EBITDA	**37.3**	**36.6**	**1.9**	**20.0**	**19.0**	**5.3**
Lasers & Optical Systems	20.9	23.4	– 10.7	9.6	10.8	– 11.1
Metrology	8.1	5.7	42.1	4.3	3.9	10.3
Defense & Civil Systems	6.6	5.9	11.9	4.0	3.5	14.3
Others*	1.7	1.6	6.2	2.1	0.8	162.5
EBIT	**26.0**	**24.0**	**8.3**	**14.4**	**12.2**	**18.0**
Lasers & Optical Systems	16.2	17.5	– 7.4	7.3	7.3	0
Metrology	6.5	4.1	58.5	3.5	3.1	12.9
Defense & Civil Systems	4.2	3.5	20.0	2.9	2.4	20.8
Others*	– 0.9	– 1.1	–	0.7	– 0.6	–
EBIT margin (EBIT as % of sales)	**9.2 %**	**9.4 %**		**9.9 %**	**9.3 %**	
Lasers & Optical Systems	14.6 %	16.1 %		13.6 %	13.9 %	
Metrology	8.1 %	6.6 %		8.2 %	9.1 %	
Defense & Civil Systems	4.5 %	4.1 %		5.9 %	5.4 %	
Earnings before tax	**22.1**	**18.4**	**20.1**	**12.7**	**9.1**	**39.6**
Earnings after tax	**18.7**	**14.5**	**29.0**	**10.7**	**7.0**	**52.9**
Order intake	**282.4**	**346.1**	**– 18.4**	**133.6**	**173.5**	**– 23.0**
Lasers & Optical Systems	108.0	118.6	– 8.9	53.0	57.5	– 7.8
Metrology	100.5	95.3	5.5	41.6	57.3	– 27.4
Defense & Civil Systems	73.2	133.2	– 45.0	37.9	59.5	36.3
Others*	0.7	– 1.0	–	1.1	– 0.8	–

Figures in million euros	June 30, 2012	Dec. 31, 2011	June 30, 2011
Order backlog	**449.6**	**448.5**	**438.6**
Lasers & Optical Systems	97.7	101.3	105.4
Metrology	93.1	69.0	75.9
Defense & Civil Systems	260.2	279.9	260.1
Others*	– 1.4	– 1.7	– 2.8
Employees (incl. trainees)	**3,154**	**3,117**	**2,975**
Lasers & Optical Systems	1,304	1,296	1,267
Metrology	757	719	642
Defense & Civil Systems	910	924	913
Others*	183	178	153

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

SUMMARY OF THE MONTHS JANUARY TO JUNE 2012

- The German economy with its strong export focus was able to defy the debt crisis in Europe in the 1st half-year 2012. On the sector side, demand from the semiconductor industry developed better than had been anticipated, while demand from the automotive industry remained stable.
  See Market Development – from page 5f.

- Sales of the Jenoptik Group rose by 10.7 percent to 283.8 million euros, with the Metrology segment in particular posting an increase in sales of nearly 30 percent.
  See Earnings and Order Situation – page 7.

- The Group EBIT was up by 8.3 percent at 26.0 million euros. The Metrology and Defense & Civil Systems segments contributed towards this increase. Earnings after tax rose by 29.0 percent to 18.7 million euros.
  See Development of Results – page 7.

- On the financing side, Jenoptik is well prepared for the future and in the 1st half-year 2012 generated further positive cash flows from operating activities in the double figure million euro range. The shareholders' equity quota exceeded 50 percent, while net debt totaled 95.0 million euros.
  See Financial and Asset Position – from page 10.

- The operating business reported another positive performance. Despite the change in the sales mix, the Lasers & Optical Systems segment achieved a high contribution to earnings. The Metrology and Defense & Civil Systems segments posted marked increases in sales and results.
  See Segment Reporting – from page 12.

- Jenoptik anticipates a continuation of the successful development of business. Sales in 2012 are expected to increase by 5 to 10 percent (prev. year 543.3 million euros) and the group operating result should come in at 50 to 55 million euros (prev. year 49.2 million euros).
  See Forecast Report – from page 17.

1. BUSINESS AND FRAMEWORK CONDITIONS

1.1 Group structure and business activity

As an integrated optoelectronics group, Jenoptik 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 major supplier to the public sector both directly as well as indirectly through system integrators. We do not focus on consumer markets.

The product portfolio extends from complex systems, industrial facilities and production lines, to modules and subsystems, through to components. 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 mainly 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 customers, and together with these is shaping pioneering trends.

1.2 Development of the capital market and the Jenoptik share

In the 2nd quarter 2012, the German indices lost some of the gains they had posted at the start of the year. This fall was due to the further deterioration in the sovereign debt crisis in Europe and the associated expectations of weaker global economic activity. The Dax lost the majority of the gain it achieved in the first three months, recording a rise of 5.6 percent at the end of the 1st half-year 2012. The TecDax index of technology stocks advanced 6.3 percent during this period.

While the Jenoptik share clearly outperformed the indices in the 1st quarter 2012, in the 2nd quarter it posted much heavier losses than the two indices. Starting at 4.66 euros on January 2, 2012, up to April 30, 2012 the share price rose to 6.22 euros, its high in the period covered by the report. In May, the share then lost significant ground which it only partly regained in June after the forecast was set out in more detail. The closing price on June 29 was 5.00 euros, giving an increase of 7.3 percent in the period covered by the report and with the share slightly outperforming the indices. In July, the slow recovery continued, with Jenoptik shares ending trading at 5.50 euros on July 31, 2012. All figures are closing prices on the Xetra.

The main event of the Investor Relations work in the second quarter was the Annual General Meeting held on June 6, 2012 in Weimar. The Supervisory Board and Executive Board reported to the shareholders and guests present, nearly 500 in all, on the highly successful 2011 fiscal year as well as on the further strategic development of

EARNINGS PER SHARE

	1.1. to 30.6.2012	1.1. to 30.6.2011
Net profit in KEUR	18,692	14,479
Weighted average number of outstanding shares	57,238,115	57,238,115
Earnings per share in euros	0.33	0.25

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

Jenoptik. All the proposals from the Executive Board and Supervisory Board, including the proposal to pay a dividend of 0.15 euros per share, were approved by the shareholders with a large majority in each case. In the 1st half-year 2012, the Jenoptik management provided investors and analysts with information at bank conferences in Frankfurt, London and Paris and organized roadshows in Frankfurt, Düsseldorf, Copenhagen, Luxembourg, Zurich, Geneva and Vienna.

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

The global economy economy remained fragile also in the 2nd quarter 2012. The ongoing crisis in the euro zone is also worrying countries outside the euro region. Many economic experts see the main risks as being in the banking sector.

The continuing high level of unemployment and slowing industrial production characterized the economy in the US in the 2nd quarter 2012. According to the US Federal Bank, the real estate market also remains weak. In the 2nd quarter however, the US economy grew only by 1.5 percent according to the US Department of Commerce. On the other hand, the automotive market in the US showed a positive development in the 1st half year. Demand for so-called light vehicles increased there by almost 15 percent compared with the same period in the previous year, according to the German Association of the Automotive Industry (VDA).

Most of the countries in the euro zone reported weak GDP figures in the 1st quarter 2012. According to the European Statistics Office Eurostat, France's economy stagnated while economic output fell further in Southern Europe. Overall however, the euro zone in general escaped recession primarily as a result of an unexpectedly strong 1st quarter in Germany. Greece continues to give economic as well as fiscal and political concerns.

The economic dynamic in Germany slowed in the 2nd quarter 2012 despite the fact that the German economy remains generally stable according to the assessment by the Federal German government. Industrial production and order intakes fell at the start of the 2nd quarter before picking up again at the middle of the year. Exports in the first five months of 2012 were up by 4.2 percent on the level for the same period in the previous year.

In the 1st half-year 2012, there was a differing picture on economic activity in the key countries for Jenoptik. In China, industrial production initially showed the lowest rate of expansion for two years but in May reported another sharp rise. In June, exports grew again by approx. 15 percent compared with the previous year – more than twice as strongly as had been anticipated. China's economy continued to show overall growth, albeit at a slower rate than previously: growth in GDP in the 2nd quarter was 7.6 percent compared with the same quarter in the previous year and thus fell for the sixth time in succession.

In Brazil, by contrast, the economy grew by just 0.2 percent in the 2nd quarter 2012 compared with the previous quarter. In the 1st quarter 2012 growth in GDP in India was 5.3 percent and thus the lowest on a yearly basis since nine years according to the Indian Department of Statistics.

Although industrial production in Japan had fallen at the start of 2012, thanks to significant government investment Japan's recovery in the first months of 2012 was significantly faster than had been anticipated following the collapse last year. According to the Japanese government, GDP rose by 4.1 percent in the 1st quarter. However, this also produced a further rise in the high level of state debt.

In total, the 15 big companies in the photonics industry reported a fall in sales for the 1st quarter 2012 against the previous year. According to the sector association Spectaris, the key Global Market Index of Optical Technologies for the photonics industry fell by approx. 10 percent compared with the previous quarter to 190 points, putting it below the key reference mark of 200 points.

According to the Semiconductor Industry Association (SIA), sales in the global semiconductor industry in the 2nd quarter 2012 were in line with expectations. The monthly figures in the 2nd quarter 2012 were down slightly on the high levels achieved in the previous year. High demand for tablet computers and other PC applications remained stable, whereas PC sales were lower according to the SIA.

According to the association for semiconductor manufacturers, Semiconductor Equipment and Materials International (SEMI), sector sales in the 1st quarter 2012 totaled 10.6 billion USD and were therefore 14 percent above the level in the previous quarter, although 9 percent below the very high level for the same quarter in the previous year. Although it sees semiconductor manufacturers as continuing to invest in equipment because of the demand for tablet computers, this is expected to be at a lower level than anticipated on a seasonal basis. The transition from 300 millimeters to 450 millimeters wafer production and extreme ultraviolet lithography (EUV) in order to reduce costs has become a trend in this industry.

The consolidation phase in the photovoltaics sector continued also in the 2nd quarter 2012. The continuing reticence on the part of wafer, cell and module manufacturers to invest is now also impacting on the photovoltaics equipment manufacturers. The quarterly figures were specified by comparison with the first Jenoptik interim report. According to the VDMA Photovoltaik Produktionsmittel, German manufacturers reported a 54 percent fall in sales in the 1st quarter 2012 compared with the same quarter in the previous year. Global sales actually fell by 60 percent according to the SEMI. By international comparison, however, German manufacturers are well placed according to the VDMA and succeeded in maintaining their global market share in excess of 40 percent.

According to the German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau – VDMA), manufacturers are feeling the impact of the lack of willingness to invest by those countries plagued by debt in the euro region. In the 2nd quarter, the order intake was 7 percent below the high levels achieved in the same period in the previous year. Rays of hope are now coming from the non-euro countries: although the comparison for the previous year remains in negative territory, we are now seeing a marked upturn in the order curve.

Following the first half-year 2012, the German Association of the Automotive Industry (Verband der Automobilindustrie – VDA) is reporting a relatively stable performance on the part of the German motor vehicle market and sees German premium car manufacturers as being strongly positioned in the US and China. German suppliers also benefited from this positive development. The European Association for Automobile Manufacturers, the ACEA, reported a 6.8 percent fall in new vehicle registrations in Europe for the first half-year 2012 compared with the same period in the previous year. The main reasons for this were said to be the debt crisis as well as a number of manufacturers focusing on European markets. This primarily affected Italy, France and Spain; only Germany and Great Britain reported minimal growth.

No important new reports were published for the other sectors in the 2nd quarter 2012. We therefore refer to the details in the 2011 Annual Report from page 113 and the first Interim Report 2012.

2. EARNINGS, FINANCIAL AND ASSET POSITION

2.1 Earnings and order situation

Note: There was a change in the regional division of sales on 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 were not adjusted and therefore provide for only limited comparison.

Development of sales. Jenoptik increased sales in the 1st half-year 2012 to 283.8 million euros, a rise of 10.7 percent compared with the same period in the previous year (prev. year 256.3 million euros). All three segments contributed to the growth, with the Metrology segment accounting for the largest share with a 28.8 percent rise in sales. Sales in the Defense & Civil Systems segment increased by 9.1 percent, primarily as a result of high contributions to sales from the Energy Systems business unit.

The Group reported another rise in foreign sales, both on a proportional and total basis, at 64.9 percent resp. 184.2 million euros (prev. year 61.4 percent resp. 157.4 million euros). Europe remained the largest sales region with approx. 28 percent, followed by America with just under 20 percent and Asia/Pacific with around a 12 percent share of the total Group sales in the 1st half-year 2012. Sales in the Group's important target regions of America and Asia showed a markedly higher rate of increase: both in America with a total increase of approx. 20 million euros as well as in Asia with approx. 10 million euros compared with the same period in the previous year. The fall in sales in Europe could be more than compensated through disproportionate growth in America and Asia/Pacific.

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Development of results. The EBITDA recorded just a slight 1.9 percent increase in the 1st half-year 2012 to 37.3 million euros (prev. year 36.6 million euros). By contrast, Jenoptik improved the Group EBIT to 26.0 million euros, a rise of 8.3 percent compared with the same period in the previous year (prev. year 24.0 million euros). As a result of a slight change in the sales mix, the EBIT developed at a slightly slower rate than sales. At 9.2 percent, the EBIT margin, the ratio between the Group EBIT and Group sales, was down slightly on the figure of 9.4 percent for the previous year.

While the EBIT of the Lasers & Optical Systems segment was approx. 7 percent below the high level in the previous year as the result of a change in the sales mix, the Metrology and Defense & Civil Systems segments increased their segment EBIT in the double figure percentage range, the Metrology segment by 58.5 percent and the Defense & Civil Systems segment by 20.0 percent.

The financial result improved from minus 5.7 million euros in the same period in the previous year to minus 3.9 million euros. This was due to lower interest expenses plus a small positive investment result in the sum of 0.3 million euros (prev. year minus 0.5 million euros). As had been anticipated, interest expenses fell sharply – by 1.3 million euros to 5.1 million euros (prev. year 6.4 million euros) due to an improved financing structure, with the interest result consequently improving by around 1 million euros to minus 4.2 million euros (prev. year minus 5.2 million euros) although the interest income reduced slightly. This was the result of the debenture loans which Jenoptik placed in October of the previous year as well as a cheaper real estate financing.

SALES (in million euros)

	1.1. to 30.6.2012	1.1. to 30.6.2011	Change in %
Total	283.8	256.3	10.7
Lasers & Optical Systems	110.9	108.8	1.9
Metrology	80.0	62.1	28.8
Defense & Civil Systems	92.4	84.7	9.1
Others	0.5	0.7	−28.6

EBIT (in million euros)

	1.1. to 30.6.2012	1.1. to 30.6.2011	Change in %
Total	26.0	24.0	8.3
Lasers & Optical Systems	16.2	17.5	−7.4
Metrology	6.5	4.1	58.5
Defense & Civil Systems	4.2	3.5	20.0
Others	−0.9	−1.1	–

Earnings before tax showed a marked increase of 20.3 percent to 22.1 million euros (prev. year 18.4 million euros) thanks to the improvement in the financial result. Income taxes totaled 3.3 million euros (prev. year 2.5 million euros), the cash-effective tax quota was 14.9 percent. Earnings after tax totaled 18.7 million euros compared with 14.5 million euros in the previous year, an increase of 29.0 percent. Earnings per share improved from 0.25 to 0.33 euros per share.

Order situation. As expected, the Jenoptik Group order intake in the 1st half-year 2012 did not reach the same high level as in the previous year, but was at sales level and thus stable at a comfortable level. It amounted to 282.4 million euros, a fall of 18.4 percent (prev. year 346.1 million euros). The previous year was characterized by the large partial order for the PUMA armored fighting vehicle worth more than 40 million euros. Jenoptik recorded a substantial rise in order intake in particular in America where it increased by almost 35 percent compared with the same period in the previous year.

Demand in the Lasers & Optical Systems segment remained at a high level but was lower than in the previous year, as had been expected. The Metrology segment posted another slight rise in its order intake. In addition to the continuing high level of demand from the automotive industry, Jenoptik was also awarded a major order in the Metrology segment in the 1st quarter of the current year (traffic safety technology for Malaysia) which is included on a pro rata basis in the sum of 22.5 million euros in the order intake as at June 30, 2012. The book-to-bill rate, the ratio between order intake and sales, was 1.00 (prev. year 1.35).

The Group order backlog therefore remained virtually unchanged at the high level of 449.6 million euros (31.12.2011: 448.5 million euros).

Detailed information on the development of the key indicators of the segments can be found in the Segment Reporting from page 12 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 in line with the expansion of business.

The cost of sales increased by 12.9 percent to 188.0 million euros (prev. year 166.6 million euros) and therefore rose by a slightly higher rate than sales. The gross sales margin was a corresponding 33.7 percent (prev. year 35.0 percent), slightly down on the level for the previous year. In addition to the change in the product mix, the figure was also affected by prepayments for major projects awarded to the Group which will contribute to Group sales and earnings in the subsequent periods.

Selling expenses rose as a result of the internationalization and the rapid expansion of own distribution channels in the major regions all over the world. They increased by 14.6 percent to 32.7 million euros (prev. year 28.5 million euros). General administrative costs remained virtually unchanged at 20.6 million euros (prev. year 20.0 million euros).

ORDER INTAKE (in million euros)

	1.1. to 30.6.2012	1.1. to 30.6.2011	Change in %
Total	282.4	346.1	– 18.4
Lasers & Optical Systems	108.0	118.6	– 8.9
Metrology	100.5	95.3	5.5
Defense & Civil Systems	73.2	133.2	– 45.0
Others	0.7	– 1.0	–

ORDER BACKLOG (in million euros)

	30.6.2012	31.12.2011	Change in %
Total	449.6	448.5	0.2
Lasers & Optical Systems	97.7	101.3	– 3.6
Metrology	93.1	69.0	34.9
Defense & Civil Systems	260.2	279.9	– 7.0
Others	– 1.4	– 1.7	–

The R+D total output was 23.1 million euros compared with 19.3 million euros in the same period for the previous year, equating to approx. 8.1 percent of sales (prev. year 7.5 percent). The R+D total output includes the R+D expenses, the development costs on behalf of customers, capitalization on development costs and depreciation on capitalized development costs. Development costs on behalf of customers totaled 6.4 million euros (prev. year 4.6 million euros) in the 1st half-year 2012. The costs are allocated according to the contract structure and are therefore dependent upon individual orders or projects. Both the cost of sales as well as R+D expenses and the corresponding quotas can therefore fluctuate without actually changing the R+D total output. The R+D expenses of the Jenoptik Group in the period covered by the reported totaled 16.8 million euros, representing an increase of 12.7 percent over the same period in the previous year (prev. year 14.9 million euros). This was attributable, among other things, to costs for the further development of the software which is primarily used in Saudi Arabia for traffic violation billing and accounting, as well as in the area of Lasers & Material Processing for the development of the fiber laser.

Other operating income and other operating expenses each amounted to approx. 8 million euros and were thus at almost the same level. Currency gains and losses accounted for almost half of these two items.

Employees & management. At the end of the 1st half-year 2012, the Jenoptik Group had 3,154 employees (31.12.2011: 3,117), representing a slight rise of 37 or 1.2 percent in the number of personnel. 409 Jenoptik employees, nearly 13 percent of the workforce, are employed abroad. The number of employees abroad rose in the 1st half-year 2012 by 12 (31.12.2011: 397).

As at the end of the 1st half-year 2012, the Jenoptik Group had a total of 98 trainees at the German locations (prev. year 99 trainees). In February this year, 22 trainees successfully passed their final examinations (prev. year 24). As at June 30, 2012, 139 agency personnel were employed in Germany (31.12.2011: 143).

JENOPTIK AG has had a new Chief Financial Officer since April 1, 2012. Rüdiger Andreas Günther succeeded Frank Einhellinger who left JENOPTIK AG at the end of June. Since then, Rüdiger Andreas Günther has been responsible in his role for the areas of Accounting & Controlling, Treasury, Taxes, Risk Management & Compliance, Mergers & Acquisitions, Investor Relations as well as the strategic management of the real estate portfolio. The Executive Board of JENOPTIK AG therefore continues to comprise two ordinary members. The Chairman of the Executive Board is Michael Mertin. In September 2011, he was re-elected as Chairman of the Executive Board of JENOPTIK AG for a further period of office (commencing from July 2012).

Internationalization. Jenoptik sees its main growth opportunities as lying abroad. The key target regions are Asia and America. Jenoptik is rapidly expanding its own local structures on a massive scale. With the establishment of JENOPTIK do Brasil, the Group took a further step forward in its globalization process in the 1st half-year 2012. Jenoptik has a presence is in the Brazilian city of São Paulo in the São Bernardo Economic Zone, the center of the Brazilian automotive industry. It will initially employ five

R+D OUTPUT (in million euros)

	1.1. to 30.6.2012	1.1. to 30.6.2011	Change in %
R+D expenses	16.8	14.9	12.8
Capitalized development costs	0.3	0.4	−25.0
Write down on capitalized development costs	−0.4	−0.6	33.3
Allocation to customer development orders	4.5	3.0	50.0
Other expenses Customer development orders	1.9	1.6	18.8
R+D output	23.1	19.3	19.7

EMPLOYEES (incl. trainees)

	30.6.2012	31.12.2011	Change in %
Total	3,154	3,117	1.2
Lasers & Optical Systems	1,304	1,296	0.6
Metrology	757	719	5.3
Defense & Civil Systems	910	924	−1.5
Others	183	178	2.8

personnel and be available to assist all the Group's divisions. The first to take advantage of this will be the Jenoptik Industrial Metrology division, which will consequently be gaining access to another important location of the global automotive industry. Since May 2012, Jenoptik has also had its own presence in Singapore from where it intends to strengthen its targeting of the South East Asian market. Here again, as a first step, the Industrial Metrology division will be expanding its business in this growth market for the automotive and supplier industry. The South East Asian countries (Singapore, Thailand, Indonesia and Malaysia) are among the nations which are achieving high economic growth and still have a low vehicle density which is forecast to rise sharply over the years ahead. South East Asia already ranks number seven worldwide for automobile production, putting it ahead of Great Britain, Russia and France.

Key projects & programs. The key internal project for the standardization and optimization of the fundamental business processes started up in spring 2012. An analysis of these had already been carried out in the previous year. The harmonization of the process landscape and data basis which is now underway as part of the JOE program (JOE = Jenoptik One ERP), will become the basis and a prerequisite for continued profitable growth and numerous initiatives aimed at achieving this growth.

The Jenoptik Excellence Program (JEP) is being continued and in 2012 is also expected to produce significant additional savings based on various initiatives within the Group. In 2012 the savings generated by the JEP are expected to make a significant contribution the business success. Jenoptik is expecting the major part of these to come once again from the improvements in the purchasing area, e.g. by establishing global procurement structures and process optimization, which will be supported by a newly implemented lean program.

2.3 Financial and asset position

In mid-2012, Jenoptik is well prepared for the future with its current financing structure. The shareholders' equity quota is in excess of 50 percent, the debenture loans issued in 2011 as well as mortgage loans will secure the medium-term debt financing.

Maturity dates as well as the reclassification of non-current to current financial liabilities led to a slight reduction in non-current liabilities. Current liabilities, particularly including liabilities arising from operating activities, also showed a marked reduction.

The contribution of the positive net income for the period to the shareholders' equity and the decrease in borrowings, reduced the debt to equity ratio as at June 30, 2012 to 0.99 (31.12.2011: 1.07). The Group financing therefore comprises an equal portion of borrowings and own resources.

As a result of the payment of the dividend totaling 8.6 million euros and the announced scheduled payments to the silent shareholders in two real estate funds of Jenoptik, the Group cash and cash equivalents reduced sharply to 27.1 million euros (31.12.2011: 48.8 million euros). As expected, net debt increased to 95.0 million euros (31.12.2011: 77.1 million euros) as a result of the above mentioned payments – with a simultaneous reduction in the liabilities to the silent investor.

Silent investors. Jenoptik's real estate area includes three real estate funds which were founded in 1998 and 2001. These were financed by Jenoptik, banks and contributions of silent investors. Two of these funds are shown directly in the Group balance sheet – the real estate is included in tangible assets, the contributions of the silent investors as liability. The third fund is part of the Jenoptik Pension Trust and therefore not directly shown in the Group balance sheet. The corresponding silent shareholder in each of the funds had or has an exit opportunity (put option) for each fund, through which he does get back his contribution.

As explained in the 2011 Annual Report, the silent investor in the fund of the Pension Trust gave notice of termination of his silent investment as at March 31, 2011. Jenoptik had an indirect liability to refinance the payment to the silent investor and in the 2nd quarter 2011 made a provisional payment. The final payment amount was the subject of legal proceedings which were concluded in April 2012 through the approval of a settlement. Payment was financed through a loan to the real estate fund of the Jenoptik Pension Trust. The loan claim was capitalized in financial assets and thus increased assets. It also had an impact on the cash flow from financing activities as payments for investments in financial assets. Jenoptik expects the loan issued in 2012 to be completely paid back over the coming years, which will result in a cash inflow. A first repayment was made already during the course of 2012. It had an impact on the cash flow from financing activities in the item “change in group financing”.

Agreement was also achieved with the silent investor in the second fund on the exit. The contribution was included in other current liabilities and completely repaid through the payment made. This resulted in a reduction in liabilities and the balance sheet total.

The silent investor of the remaining third fund will be able to terminate his investment not before the end of 2014. Therefore, it is included in the balance sheet as non-current liability of slightly more than 11 million euros. There are no further investments in Jenoptik real estate.

The impact on cash flow arising from the abovementioned payments in the 2nd quarter 2012 amounted in total to approx. 18 million euros and increased net debt. It did not have any significant impact on the results.

Analysis of capital expenditure. At 9.0 million euros, investments in tangible assets were below the level for the previous year (prev. year 11.4 million euros), which is due, among other things, to investments becoming cash-effective in particular in the 2nd half of the year. The investments were primarily for the expansion of the production of semiconductor material for diode lasers at the Berlin site, currently under construction, as well as the updating of technical equipment and machinery. By contrast, investments in intangible assets rose slightly to 1.4 million euros (prev. year 1.3 million euros). At 10.4 million euros, overall investments in tangible and intangible assets were down slightly on the figure for the first half-year 2011 (prev. year 12.6 million euros).

Scheduled depreciation, at 11.3 million euros, remained at the same level as in the previous year (prev. year 11.5 million euros as well as impairments 1.1 million euros).

Analysis of cash flows. With earnings before tax of 22.1 million euros (prev. year 18.4 million euros) and after adjustment for interests and depreciation, the operating profit before working capital changes came to 38.5 million euros (prev. year 36.4 million euros). This was decreased by the increase in working capital in the context of business expansion in the amount of 20.5 million euros (prev. year 20.3 million euros) and the reduction in provisions by 3.5 million euros (prev. year 0.6 million euros). The reduction in other assets and liabilities made a positive contribution to cash flow in the amount of 4.0 million euros (prev. year 9.9 million euros). In the 1st half-year 2012, income tax payments in the amount of 4.1 million euros also became due, compared to a figure of only 0.8 million euros in the previous year. As a result, in the 1st half-year 2012 cash flow from operating activities came to 14.5 million euros (prev. year 24.5 million euros).

Payments for investments in intangible assets, tangible assets and investment properties of 10.4 million euros (prev. year 12.6 million euros) were offset by receipts of 0.7 million euros (prev. year 2.7 million euros). Payments for investments in financial assets of 8.0 million euros (prev. year 0.2 million euros) were attributable in particular to the above mentioned loan granted to a real estate fund. They were offset by receipts from disposal of financial assets of 1.3 million euros, which already included first repayments for the above mentioned loan. This resulted in a cash flow from investing activities of minus 15.5 million euros (prev. year minus 9.0 million euros).

The free cash flow is derived from the operational cash flows before taxes and interest, less net investments in tangible and intangible assets. It provides an insight into the company’s long-term financial standing and in the 1st half-year 2012 totaled 8.4 million euros (prev. year 13.8 million euros).

In the 1st half-year 2012, cash flow from financing activities came in at minus 20.9 million euros (prev.year minus 26.7 million euros). The cash outflow was made up of dividend payments of 8.6 million euros (prev. year 0 euros) and interest payments, which almost halved from 4.6 million to 2.5 million euros. It further reflected the change in group financing (incl. the payment to a silent investor of a real estate fund) of minus 6.9 million euros (prev. year minus 18.3 million euros) and the net payment for the overall lower amount of loans and finance lease liabilities of 2.8 million euros (prev. year 3.8 million euros).

Balance sheet analysis. By comparison with the year-end 2011, the balance sheet total of the Jenoptik Group fell slightly to 642.3 million euros as at June 30, 2012 (31.12. 2011: 644.0 million euros).

As a result of the above mentioned increase in financial assets due to the granting of a loan, non-current assets increased slightly to 317.6 million euros (31.12.2011: 312.9 million euros). There were only minimal changes in other non-current assets.

Current assets as at end June reduced to 324.7 million euros (31.12.2011: 331.1 million euros). This is attributable in particular to the reduction in cash and cash equivalents, which fell to 27.1 million euros (31.12.2011: 48.8 million euros) as a result from the payments to the silent shareholders in the two Jenoptik real estate funds, the payment of the dividends as well as the refinancing of the higher working capital. Here inventories increased by 17.1 million to 186.2 million euros (31.12.2011: 169.1 million euros). The increase was attributable to, among other things, the low level of inventories as at December 31, 2011 due to the high level of sales. The corresponding advance performance for the forecast sales and projects in 2012 had to be created in the 1st half-year 2012. Conversely, trade accounts receivable as at December 31, 2011 were high for reporting date reasons and remained almost at the year-end level due to the expansion in sales as at June 30, 2012.

At 211.3 million euros, the working capital as at June 30, 2012 exceeded the figure for the 2011 year-end (31.12. 2011: 190.4 million euros) as a result of the continuing pickup in business. The working capital is defined as the total of trade accounts receivable and inventories, less trade accounts payable, liabilities arising from PoC (Percentage of Completion) and on-account payments received. The working capital quota, the ratio between working capital and sales, showed a slight increase to 36.0 percent (31.12.2011: 35.0 percent) due to advance performance for forecast sales and projects.

As a result of the profit reported in the 1st half-year 2012, the shareholders' equity increased to 322.6 million euros (31.12.2011: 310.8 million euros). The shareholders' equity quota, the ratio between shareholders' equity and balance sheet total, exceeded the 50 percent mark (50.2 percent) and therefore improved by comparison with the year-end 2011 (31.12.2011: 48.3 percent).

As at June 30, 2012 non-current liabilities totaled 156.8 million euros (31.12.2011: 161.9 million euros). The slight reduction was primarily attributable to the non-current financial liabilities which fell due to repayments of bank loans or reclassification to current financial liabilities. Other non-current provisions also reduced. There was virtually no change in the other items, such as e.g. pension obligations and other non-current liabilities.

Debenture loans are an essential part of non-current assets. In October 2011, Jenoptik had successfully placed debenture loans totaling 90 million euros and with a term of 5 resp. 7 years, putting its financing on a long-term footing.

There was also a reduction in current liabilities which totaled 162.9 million euros (31.12.2011: 171.3 million euros). In addition to liabilities from operating activities there was also a fall in other current liabilities. This reduction was attributable in particular to the payment to a silent investor of Jenoptik real estate, whose deposit had been shown as liability in the Group.

Purchases and sales of companies. There were no purchases or sales of companies in the 1st half-year 2012.

For information on assets and liabilities not included in the balance sheet we refer to the details in the 2011 Annual Report on page 70. Information of the Jenoptik real estate funds can be found from page 10 of this report.

3. SEGMENT REPORTING

3.1 Lasers & Optical Systems segment

The Lasers & Optical Systems segment continued its positive development in the 1st half-year 2012.

Sales of the segment totaled 110.9 million euros and were therefore slightly up on the high level achieved for the same period in the previous year (prev. year 108.8 million euros). The slight reduction in the, however, still high sales with the semiconductor industry was fully compensated for. The increase in sales came from a better systems business.

As expected, the result from operating activities (segment EBIT) at 16.2 million euros (prev. year 17.5 million euros) was below the high level achieved in the previous year, although the fall was moderate. This reduction was due to the change in the sales mix. Reflecting the growth in sales, an increased contribution to earnings came from the laser processing systems business as well as the Optoelectronic Systems business unit which continued its successful progress in the 1st quarter 2012 following the successful restructuring.

Order situation. As expected, the order intake of the Lasers & Optical Systems segment, at 108.0 million euros, did not quite reach the high level achieved in the previous year (prev. year 118.6 million euros), although it was better than had originally been anticipated. The order intake was almost in line with the sales for the period covered by the report, producing a book-to-bill rate of 0.97. This led to an order backlog of 97.7 million euros which was at almost the same level as the end of 2011 (31.12.2011: 101.3 million euros).

In addition to its position as a supplier to the semiconductor equipment industry, the segment is also increasingly attracting major customers from the flat panel, automotive and life sciences industries. For example, a major order worth several million euros was awarded for the manufacture of complex optical systems by the flat panel display equipment sector in Asia. The Optoelectronic Systems business unit also won a larger order from Dräger Safety AG. This order was the result of a long-term strategic cooperation agreement concluded in the 1st quarter 2012.

The number of employees in the Lasers & Optical Systems segment increased slightly compared with December 2011, reaching 1,304 as at the end of the half-year (31.12.2011: 1,296 employees).

Key events in the 1st half-year. Important sector trade fairs for the segment are held in the 1st half-year every year – for example Photonics West in San Francisco (USA) in January and every two years Optatec in Frankfurt/Main in June. The Optics business unit showcased its range of services for the semiconductor and flat panel equipment industry. It also presented the high-power range of the F-Theta-JENar® lenses which was expanded by the addition of the fused silica lenses for laser applications in the multi-KW range, as well as new UV mirrors and beam splitters which are making a contribution towards the creation of increasingly smaller chip structures for semiconductor manufacture. Jenoptik also presented coatings, micro-optics and coated polymer optics which are manufactured in new technological processes.

In the laser area, Jenoptik for the first time showcased its new kilowatt fiber laser at the start of the year. This is an

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

	30.6.2012	30.6.2011	Change in %
Sales	110.9	108.8	1.9
EBIT	16.2	17.5	−7.4
Order intake	108.0	118.6	−8.9
Order backlog	97.7	101.3*	−3.6
Employees	1,304	1,296*	0.6

* Figures as at December 31, 2011.

- Sales slightly above high level in previous year due to better systems business.
- As expected, segment EBIT fell slightly due to different sales mix.

area in which Jenoptik benefits from its in-house know-how: for example, the diode lasers (pump sources for the fiber laser), the beam sources and the processing optics all originate from in-house production. This provides for flexible integration of the lasers, particularly in the field of material processing such as metal cutting and welding. This period also saw the US market launch of the JenLas® *D2.mini* laser, preparations for the US market launch of the laser processing systems for 3D metal processing in September are currently in full swing. At Achema in June, the segment also presented a new microwave-based process for exhaust air purification that copes with fluctuating exhaust gas concentration levels quickly and on an energy and cost-efficient basis.

3.2 Metrology segment

The Metrology segment produced another positive performance, recording increased sales and EBIT in the double-figure percentage range. The order intake includes a proportional amount of the major order for traffic solutions in Malaysia. However, such large projects lead to project-related fluctuations in the key indicators on a quarterly basis.

The Metrology segment posted a 28.8 percent increase in sales to 80.0 million euros (prev. year 62.1 million euros). Both Industrial Metrology as well as Traffic Solutions reported a marked growth in sales compared with the same period in the previous year. Industrial Metrology benefited from the continuing good demand from the automotive sector thanks to the global trend toward fuel-saving and low-emission engines. Optical metrology in particular is on the road to success. Traffic Solutions made a start on the first deliveries for major orders.

Earnings from of operating activities (segment EBIT) of the Metrology segment increased by 58.5 percent to 6.5 million euros, a markedly higher rate in proportion to the growth in sales. The increase came from Industrial Metrology.

Order book situation. At 100.5 million euros, an increase of 5.5 percent, the order intake of the Metrology segment again exceeded the high level achieved in the previous year (prev. year 95.3 million euros),. The order intake includes a proportional amount of 22.5 million euros of the major order from Malaysia and therefore approx. half the order value (prev. year order from Saudi-Arabia of almost 20 million euros). Jenoptik instals up to 550 traffic monitoring systems in Malaysia and also provides operational support over a period of five years. The order covers stationary and mobile systems for red light violation monitoring and speed measurement, as well as services. These services include, among other things, the installation of the systems and implementation of the whole back office along the entire process chain. The project is part of the initiative by the Malaysian government to increase road safety. The order covers the Northern regions and the east of the country. Deliveries began in the 2nd quarter 2012. The order intakes of Industrial Metrology were up slightly on the very high level achieved in the previous year. There was a particular increase in demand in America. In North America, Industrial Metrology has a presence with approx. 80 employees in Detroit and has positioned itself as an excellent partner to the US American automotive industry, which is increasingly developing smaller and more efficient

METROLOGY SEGMENT AT A GLANCE (in million euros)

	30.6.2012	30.6.2011	Change in %
Sales	80.0	62.1	28.8
EBIT	6.5	4.1	58.5
Order intake	100.5	95.3	5.5
Order backlog	93.1	69.0*	34.9
Employees	757	719*	5.3

* Figures as at December 31, 2011.

- Substantial sales growth and disproportionate EBIT increase.
- Order intake again exceeded high level of the previous year.
- High demand for industrial metrology and major order for traffic safety systems.

engines. Industrial Metrology has been represented in Brazil since the spring and in Asia the segment established a new location in Singapore. (Information on the internationalization of the Group: See page 9 of this report).

At 100.5 million euros, the order intake clearly exceeded the volume of sales, so the book-to-bill rate was 1.26. The order backlog increased accordingly by 34.9 percent to 93.1 million euros (31.12.2011: 69.0 million euros).

The number of employees in the Metrology segment rose in the 1st half-year 2012 by 5.3 percent to 757 (31.12. 2011: 719). The increase took place in connection with the expansion of business.

Key events in the 1st half-year. Jenoptik showcased the new TraffiStar S350 laser scanner system this spring. From autumn of this year Jenoptik, will therefore have completed the product family of stationary speed and traffic light monitoring systems. Position, direction of travel, speed and size of moving and stationary objects can be recorded on a non-contact basis. The new laser scanner system will make Jenoptik the only provider worldwide to have all types of sensor technologies for modern traffic recording at its disposal: laser scanner, radar, piezo and induction loops. In addition to new products and components that are tailored to the individual needs of clients worldwide, the division is also presenting its comprehensive range of services, the so-called Traffic Service Providing.

Control, the key headline trade fair for Industrial Metrology, was held at the beginning of May in Stuttgart. From the mobile, wireless roughness measurement systems through to the automatic high-end measurement station, Jenoptik presented its broad range of metrology services which assists its customers in the manufacture of more efficient engines. Automation and flexible, high precision solutions in the manufacturing process in particular are playing an increasingly greater role in the market for industrial metrology. 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, contactless shaft measurement systems optimized for use in manufacturing. The new generation of shape measurement equipment for fully-automated shape and position tolerance measurement was also launched on the market in the spring. This enables roughness and waviness measurements to be carried out in one step.

3.3 Defense & Civil Systems segment

The Defense & Civil Systems segment continued its stable development and posted another increase in sales and segment EBIT. The business is oriented towards the long-term.

The segment achieved sales of 92.4 million euros in the 1st half-year 2012, an increase of 9.1 percent compared with the same period in the previous year (prev. year 84.7 million euros). The growth in sales came primarily from the Energy Systems and Sensor Systems business units. Deliveries of power supply units for the US American Patriot missile defense system, among other things, are currently underway in the Energy Systems business unit. Jenoptik had been awarded several major orders in this area and these are now being processed.

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

	30.6.2012	30.6.2011	Change in %
Sales	92.4	84.7	9.1
EBIT	4.2	3.5	20.0
Order intake	73.2	133.2	− 45.0
Order backlog	260.2	279.9*	− 7.0
Employees	910	924*	− 1.5

* Figures as at December 31, 2011.

- Sales increase of 9.1 percent results in particular from energy systems and sensor systems business units.
- Segment EBIT rose by 20 percent.
- Order intake as expected lower than in previous year.

Earnings from operating activities (segment EBIT) rose by 20 percent to 4.2 million euros (prev. year 3.5 million euros). The growth in the result came in particular from the rise in sales of the Energy Systems business unit.

Order book situation. As expected, at 73.2 million euros the order intake was below the high level achieved in the previous year (prev. year 133.2 million euros). The order intake for the same period in the previous year was characterized by the large partial order for the Puma armored fighting vehicle worth more than 40 million euros. Sales exceeded the order intake, consequently the segment's book-to-bill rate was 0.79. The order backlog totaled 260.2 million euros as at end June 2012 as against 279.9 million euros at the end of December 2011. Some of the orders that are included here will be processed over a longer period of time, therefore the order backlog extends over several years, contrary to the other two segments.

The number of employees in the Defense & Civil Systems segment fell slightly by 14 to 910 (31.12.2011: 924 employees).

Key events in the 1st half-year. The Sensor Systems business unit received the Innovation Award from Dräger as a key supplier for cameras used by fire fighters. The cameras, which were premiered in 2010, make Dräger one of the world's leading providers. The camera module was developed by Jenoptik and since then has been mass manufactured at the Jena site. Jenoptik was also again presented with the Boeing Performance Excellence Award as an outstanding supplier. Jenoptik supplies Boeing with, among other things, components for heating the drinking water system on board of airplanes.

The new thermal-imaging camera from the Sensor Systems business unit was presented in the spring. The VarioCAM® HD is the world's first handheld, non-cooled thermal-imaging camera with 3.1 mega pixels, infrared image resolution and integrated laser range finder. A GPS module enables geo data to also be embedded in recorded thermal images. An 8 mega pixel CMOS camera records additional single shots or video sequences within the visible spectrum. Industrial and scientific research and development, preventive maintenance as well as building thermal imaging are typical areas of application for VarioCAM® HD cameras.

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

4. POST BALANCE SHEET REPORT

There were no events of special importance occurring after the reporting date June 30, 2012.

5. RISK REPORT

Within the framework of the risk reporting in the risk report we refer to the details published at the end of March 2012 on pages 94 to 110 in the 2011 Annual Report, as well as to the updates on page 16 in the report on the 1st quarter 2012. With the exception of the statements below, there have been no major changes in the risks described in the report during the course of the first six business months of 2012 up to the editorial closing date for this report.

Risks arising from put options/legal disputes. Jenoptik's real estate business includes three real estate funds which were founded in 1998 and 2001. The corresponding silent shareholder in each case had or has an exit opportunity (put option) for each fund. A detailed explanation of this can be found under Point 2.3 Financial and asset position from page 10 of this report.

The risk arising from the put options in the course of the legal disputes described in the Annual Report 2011 has sharply reduced as at June 30, 2012 due to the agreement which was achieved with the silent shareholders of two real estate funds of Jenoptik. The silent investor of the third fund will not be able to terminate his investment before the end of 2014. The contribution of this silent investor is completely shown in the balance sheet under non-current liabilities in the sum of slightly more than 11 million euros. If the silent investor will terminate his investment this liability would become cash-effective.

The cyclical nature of key individual markets. The continuing good performance of business in the first six months of 2012 gave rise to good sales and earnings levels. The forecast for the full year 2012 was raised on July 25, 2012. The reduction which had been forecast for the semiconductor industry for 2012 turned out to be much less pronounced than had been anticipated at the start of the year. The order intake from the automotive industry remained at a high level. The risk for Jenoptik arising from the cyclical nature of key individual markets has therefore reduced for the fiscal year 2012.

However, continuing economic concerns, a potential heightening of the sovereign debt crisis, a weak euro together with the problems in Greece and Spain could also have a more significant negative impact on the development of the economy as a whole.

6. FORECAST REPORT

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

According to the International Monetary Fund (IMF), the development of the global economy could be worse than previously expected. Previously, the IMF had expected global economy growth of 3.5 percent compared with 2011. The euro debt crisis was posing the greatest risk to the development of the global economy.

In its spring report, the OECD forecasts a rise in US GDP of 2.4 percent for 2012 and 2.7 percent for 2013. This puts the forecast slightly above the IMF's projection of 2.1 percent in 2012. By contrast, the US Federal Reserve reduced its annual forecast by half a percentage point to 1.9 to 2.4 percent compared with the last year.

In the euro zone, while the OECD is already seeing progress being made with austerity measures, these are having a detrimental effect on economic activity. The EU Commission expects GDP in 2012 to show minus 0.3 percent and plus 1 percent for 2013 compared with the respective previous year on the back of an expected recovery in global demand.

According to the IMF the euro debt crisis is also impacting, among other things, on the economy of the People's Republic of China. Growth in 2012 could therefore fall by up to four percentage points unless countermeasures are taken. The IMF forecasts an overall 8 percent rise in GDP in China for 2012 and 8.5 percent for 2013.

Following the strong 1st quarter 2012 in Germany, some institutions expect a rise in the GDP forecasts for 2012, some by half a percentage point. By contrast, the Ifo-Institut reduced its annual forecast from 0.9 to 0.7 percent due to the increasing uncertainty caused by the euro debt crisis. Following the unexpected sharp fall in sentiment indicators in the 2nd quarter, economic research institutes expect lower growth in the 3rd quarter but no recession.

In the German Photonics sector, the member companies of the Spectaris association expect sales for 2012 to increase by about 10 percent to 28.2 billion euros compared with the previous year.

The sector association SIA is assuming moderate growth for the global semiconductor industry in the 2nd half of 2012, sales with semiconductors in the full year 2012 will therefore be at approximately the same level as in 2011.

SEMI, the international association of Semiconductor Equipment Manufacturers, firmed up its forecast for the sector in July. At 42.4 billion USD, sales in 2012 will be approx. one billion lower than in the previous year (43.5 billion USD). Major semiconductor equipment manufacturers lowered their forecasts at the middle of the year as clients had frozen a significantly greater share of their capital expenditure than had been anticipated on a seasonal basis. SEMI does not expect to see a marked growth in the sector until 2013 when sales by semiconductor equipment manufacturers are forecast to exceed 46 billion USD.

According to studies, in the photovoltaics industry only approx. one third of the photovoltaics companies in Germany will survive in the next five years; systems manufacturers are said to have greater opportunities to benefit from the current high barriers to market entry. For the year 2012, the analyst Solarbuzz anticipates rising demand in the 2nd half-year 2012, primarily in the regions outside Europe.

The German Engineering Federation (VDMA) is keeping to its production forecast for 2012: stagnation at a high level. Over the long-term, the association anticipates increasingly tough competition from China which is employing modified innovation strategies to supply more high-end technologies by 2015. According to the VDMA, that would also impact on the German machine construction industry.

Because of the debt euro-crisis in Southern Europe, the German Association of the Automotive Industry (VDA) does not anticipate a recovery in European demand for motor vehicles but expects sales falling by 5 percent. The association's forecast for the US market is for 14 million new registrations of so-called light vehicles, a slightly higher level of growth than stated in the report on the 1st quarter 2012. For China, the association is keeping to its forecast of an 8 percent rise or 13.1 million more units than in 2011. The global automobile market would increase in 2012 by 4 percent to approx. 68 million vehicles.

IATA, the International Air Transport Association, has adjusted its profit and loss forecasts for the regions. Globally, the sector will therefore generate profits of 3 billion USD, approx. half the level achieved in 2011. Aircraft manufacturers are seeing a change: for the first time in four years, Boeing expects to report more orders than Airbus. Boeing has also raised its 20-year forecast and over the long term now anticipates a doubling of the market to 34,000 aircrafts.

In order to compensate for falling sales in domestic markets, manufacturers of security and defense technology are continuing to look for new areas of business and markets, particularly in the BRIC and Gulf states. Jenoptik's focus is in particular on the security of the forces and the transfer of military technologies to civil applications. Instead of ordering 405 Puma armored fighting vehicles, the Germany Army will only be ordering 350, confirming its reduction plans. There will be no or only little effects for Jenoptik on the medium-term planning.

6.2 Objectives of the Jenoptik Group

For details on the long-term forecasts and objectives we refer to the 2011 Annual Report published in March 2012, together with the comprehensive details from page 111 of the report. Overall, Jenoptik sees good sales opportunities for its products and services over the longterm – independently of economic development in the medium term. The reason for this is the strategic focus on innovations, internationalization of the Group in the world's growth regions and on essential mega trends such as energy efficiency, security, health and mobility. Jenoptik's prime objective is to increase its earnings power. The aim is to further increase profitability with the help of a comprehensive technology, product and service portfolio in attractive sectors and the Group's further development along five value levers. This development will be driven by the process of internationalization, the exploitation of synergies and the demand from Jenoptik's target sectors for products that support our customer in their future development. The Group is expected to continue its profitable growth over market cycles in the years ahead and achieve an EBIT margin of 9 to 10 percent and sales growth of approx. 10 percent.

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 under Point 6.1 and from page 113 in the 2011 Annual Report, 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.

Jenoptik anticipates a positive development of business in 2012 and as a result of the successful 1st half-year, on July 25, 2012 raised the forecasts for the full year 2012 in a subdued economic environment: sales are expected to increase through organic growth by 5 to 10 percent compared with the year 2011 (prev. year 543.3 million euros) . Previously, Jenoptik had anticipated growth in sales of between 2 and 6 percent resp. then 4 and 8 percent. All three segments are expected to contribute toward 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 forecast a Group EBIT of between 40 and 50 million euros and after the end of the 1st quarter had initially anticipated that the EBIT range would be in the upper end of the range between 45 and 50 million euros. The successful performance, in particular by the Lasers & Optical Systems and Metrology segments, and the ongoing implementation of the internationalization strategy, together with the attraction of new customers in the systems business, will essentially contribute to a Group EBIT in 2012 above the level for the previous year. Lower interest expenses will continue to have a markedly positive effect on earnings before tax in the 2nd half-year.

On the financing side, the Group has at its disposal a liquidity framework in the form of of credit facilities and loans not yet utilized totaling 87.4 million euros.

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

Consolidated statement of comprehensive income

Consolidated statement of income

in KEUR	1.1. to 30.6.2012	1.1. to 30.6.2011
Sales	283,803	256,257
Cost of sales	188,049	166,573
Gross profit	**95,754**	**89,684**
Research and development expenses	16,763	14,879
Selling expenses	32,720	28,540
General administrative expenses	20,616	19,556
Other operating income	8,491	7,354
Other operating expenses	8,151	10,029
EBIT	**25,995**	**24,034**
Result from investments	265	– 492
Interest income	971	1,254
Interest expenses	5,130	6,426
Financial result	**– 3,894**	**– 5,664**
Earnings before tax	**22,101**	**18,370**
Income taxes	3,293	2,529
Deferred taxes	127	1,351
Earnings after tax	**18,681**	**14,490**
Non-controlling interest in profit/loss	– 11	11
Net profit	18,692	14,479
Earnings per share in euros	0.33	0.25

Consolidated statement of recognized income and expense

in KEUR	1.1. to 30.6.2012	1.1. to 30.6.2011
Earnings after tax	**18,681**	**14,490**
Difference arising on foreign currency translation	1,052	– 1,779
Financial assets available for sale	40	– 34
Cash flow hedge	169	1,872
Deferred taxes	– 64	– 550
Total income and expense recognized in shareholders' equity	**1,197**	**– 491**
of which attributable to:		
Non-controlling interest	0	0
Shareholders	1,197	– 491

Consolidated balance sheet

Assets in KEUR	30. 6. 2012	31. 12. 2011	Change
Non-current assets	317,598	312,911	4,687
Intangible assets	68,442	68,884	−442
Tangible assets	137,750	138,190	−440
Investment properties	19,945	20,601	−656
Financial assets	29,199	22,793	6,406
Other non-current assets	7,297	7,022	275
Deferred tax assets	54,965	55,421	−456
Current assets	324,701	331,105	−6,404
Inventories	186,234	169,116	17,118
Current accounts receivable and other assets	110,058	111,873	−1,815
Securities held as current investments	1,301	1,288	13
Cash and cash equivalents	27,108	48,828	−21,720
Total assets	642,299	644,016	−1,717

Shareholders' equity and liabilities in KEUR	30. 6. 2012	31. 12. 2011	Change
Shareholders' equity	322,633	310,767	11,866
Subscribed capital	148,819	148,819	0
Capital reserve	194,286	194,286	0
Other reserves	−20,753	−32,630	11,877
Non-controlling interest	281	292	−11
Non-current liabilities	156,769	161,937	−5,168
Pension provisions	7,451	6,640	811
Other non-current provisions	10,775	12,423	−1,648
Non-current financial liabilities	118,237	123,106	−4,869
Other non-current liabilities	16,544	15,809	735
Deferred tax liabilities	3,762	3,959	−197
Current liabilities	162,897	171,312	−8,415
Tax provisions	6,051	6,825	−774
Other current provisions	48,699	49,715	−1,016
Current financial liabilities	5,140	4,109	1,031
Other current liabilities	103,007	110,663	−7,656
Total shareholders' equity and liabilities	642,299	644,016	−1,717

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. 6. 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. 6. 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
	– 34	1,322			1,288
			– 1,779		– 1,779
14,479				11	14,490
					0
– 47,366	382	1,593	– 1,557	329	296,486
– 32,005	208	– 1,603	770	292	310,767
– 8,585					– 8,585
	40	105			145
762			290		1,052
18,692				– 11	18,681
573					573
– 20,563	248	– 1,498	1,060	281	322,633

Consolidated statement of cash flows

in KEUR	1.1. to 30.6.2012	1.1. to 30.6.2011
Earnings before tax	22,101	18,370
Interest	4,159	5,172
Depreciation / write up	11,261	11,509
Impairment	1,016	1,233
Profit/loss on disposal of fixed assets	− 19	− 446
Other non-cash expenses / income	− 2	531
Operating profit / loss before working capital changes	38,516	36,369
Increase / decrease in provisions	− 3,458	− 600
Increase / decrease in working capital	− 20,544	− 20,332
Increase / decrease in other assets and liablities	4,039	9,872
Cash flow from / used in operating activities before income taxes	**18,553**	**25,309**
Income taxes paid	− 4,066	− 803
Cash flow from / used in operating activities	**14,487**	**24,506**
Receipts from disposal of intangible assets	12	218
Payments for investments in intangible assets	− 1,455	− 1,260
Receipts from disposal of tangible assets	245	2,449
Payments for investments in tangible assets	− 8,992	− 11,384
Receipts from disposal of investment properties	418	0
Receipts from disposal of financial assets	1,326	0
Payments for investments in financial assets	− 8,047	− 217
Interest received	983	1,230
Cash flow from / used in investing activities	**− 15,510**	**− 8,964**
Dividend paid	− 8,585	0
Receipts from issue of bonds and loans	597	5,314
Repayments of bonds and loans	− 1,458	− 8,568
Repayments for finance leases	− 1,969	− 577
Change in group financing	− 6,908	− 18,312
Interest paid	− 2,533	− 4,577
Cash flow from / used in financing activities	**− 20,856**	**− 26,720**
Change in cash and cash equivalents	**− 21,879**	**− 11,178**
Foreign currency translation changes in cash and cash equivalents	159	− 416
Cash and cash equivalents at the beginning of the period	48,828	65,335
Cash and cash equivalents at the end of the period	**27,108**	**53,741**

Key figures by business divisions and other areas

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

in KEUR	Lasers & Optical Systems	Metrology	Defense & Civil Systems	Other, Consolidation	Group
Sales	110,856 (108,802)	79,959 (62,061)	92,438 (84,740)	550 (654)	283,803 (256,257)
of which Germany	33,677 (31,989)	22,801 (19,504)	42,606 (46,463)	550 (891)	99,634 (98,847)
Europe	34,129 (37,935)	17,360 (16,595)	27,657 (31,147)	0 (4)	79,146 (85,681)
America [1]	21,583 (21,023)	16,977 (9,583)	15,458 (4,649)	0 (– 241)	54,018 (35,014)
Middle East and Africa [1]	6,219 (7,180)	9,159 (4,511)	1,043 (481)	0 (0)	16,421 (12,172)
Asia / Pacific [1]	15,247 (10,675)	13,663 (11,868)	5,674 (2,000)	0 (0)	34,584 (24,543)
EBIT	16,202 (17,543)	6,518 (4,120)	4,156 (3,452)	– 881 (– 1,081)	25,995 (24,034)
EBITDA	20,956 (23,394)	8,094 (5,726)	6,586 (5,914)	1,667 (1,620)	37,303 (36,654)
Result from investments	– 57 (– 739)	148 (249)	175 (3)	– 1 (– 5)	265 (– 492)
Research and development expenses	7,451 (6,512)	6,479 (4,448)	2,773 (3,968)	61 (– 49)	16,763 (14,879)
Free cash flow (before income taxes)	10,473 (9,438)	5,039 (411)	– 2,411 (– 1,330)	– 4,737 (5,268)	8,364 (13,787)
Working capital [2]	52,997 (47,609)	60,026 (51,402)	101,799 (93,228)	– 3,563 (– 1,880)	211,259 (190,359)
Order intake	108,008 (118,638)	100,457 (95,258)	73,159 (133,167)	789 (– 920)	282,413 (346,143)
Tangible assets, investment properties and intangible assets [2]	81,747 (82,041)	14,099 (14,291)	36,456 (35,463)	93,835 (95,879)	226,137 (227,675)
Investments excluding company acquisitions	4,707 (7,777)	1,107 (827)	3,442 (3,564)	1,189 (477)	10,445 (12,645)
Depreciation, amortization and impairment	4,754 (5,851)	1,577 (1,606)	2,429 (2,462)	2,548 (2,701)	11,308 (12,620)
Employees on annual average (without trainees)	1,258 (1,213)	720 (625)	875 (876)	177 (152)	3,030 (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 SIX 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 June 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	30.6.2012	31.12.2011
Land and buildings	83,940	78,249
Technical equipment and machines	28,973	31,534
Other equipment, factory and office equipment	17,125	17,128
On-account payments and assets under construction	7,712	11,279
	137,750	138,190

INVENTORIES in KEUR	30.6.2012	31.12.2011
Raw materials, consumables and supplies	70,581	65,631
Work in progress	98,010	88,553
Finished goods and merchandise	17,643	14,932
	186,234	169,116

ACCOUNTS RECEIVABLE AND OTHER ASSETS in KEUR	30.6.2012	31.12.2011
Trade accounts receivable	94,355	94,795
Receivables from non-consolidated affiliated companies	2,408	1,718
Receivables from investment companies	2,549	3,073
Other assets	10,746	12,287
	110,058	111,873

NON-CURRENT FINANCIAL LIABILITIES in KEUR	30.6.2012	31.12.2011
Non-current bank liabilities	118,216	121,100
Non-current liabilities from finance leases	21	2,006
	118,237	123,106

CURRENT FINANCIAL LIABILITIES in KEUR	30.6.2012	31.12.2011
Bank liabilities	4,911	3,428
Liabilities from finance leases	229	681
	5,140	4,109

OTHER CURRENT LIABILITIES

in KEUR	30.6.2012	31.12.2011
Trade accounts payable	37,939	40,026
Liabilities from on-account payments received	31,390	33,526
Liabilities to affiliated companies	4,950	2,135
Liabilities to participating interests	152	112
Other current liabilities	28,575	34,864
	103,006	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 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 of Jenoptik gave notice of termination of his investment as at March 31, 2011. The final payment amount 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 was also achieved with the silent investor in the second real estate fund of Jenoptik. 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. These are offset by future repayments 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 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, August 8, 2012

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

DATES 2012

AUGUST 9, 2012
Publication of the Interim Report
January to June 2012

NOVEMBER 8, 2012
Publication of the Interim Report
January to September 2012

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