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JENOPTIK

Interim Financial Report of the Jenoptik Group

(unaudited)

January to September 2017

At a glance – Jenoptik Group

in million euros	January - September 2017	January - September 2016	Change in %	July - September 2017	July - September 2016	Change in %
Revenue	526.8	492.6	7.0	178.4	165.7	7.7
Optics & Life Science	191.3	164.5	16.3	66.4	56.4	17.7
Mobility	180.6	169.0	6.9	62.8	60.0	4.7
Defense & Civil Systems	155.1	162.2	-4.4	49.7	50.6	-1.9
Other[1]	-0.2	-3.2		-0.5	-1.3	
EBITDA	72.9	65.4	11.6	30.3	24.5	23.6
Optics & Life Science	43.0	30.6	40.2	16.5	13.4	23.5
Mobility	15.1	18.5	-18.4	8.8	7.4	19.1
Defense & Civil Systems	15.8	16.7	-5.2	4.5	5.2	-12.8
Other[1]	-0.9	-0.5		0.5	-1.4	
EBIT	52.0	44.9	15.9	22.9	17.7	29.4
Optics & Life Science	36.9	24.5	50.6	14.6	11.2	29.7
Mobility	8.6	12.7	-32.3	6.2	5.6	11.4
Defense & Civil Systems	12.3	13.2	-7.1	3.3	4.0	-17.3
Other[1]	-5.8	-5.6		-1.2	-3.1	
EBIT margin	9.9%	9.1%		12.8%	10.7%	
Optics & Life Science	19.3%	14.9%		21.9%	19.9%	
Mobility	4.8%	7.5%		9.9%	9.3%	
Defense & Civil Systems	7.9%	8.2%		6.7%	7.9%	
Earnings after tax	44.1	35.7	23.5	21.5	13.7	57.4
Earnings per share in euros	0.77	0.62	23.5	0.38	0.24	57.4
Free cash flow	32.2	43.1	-25.2	10.0	21.6	-53.8
Order intake	576.2	547.7	5.2	170.9	228.3	-25.2
Optics & Life Science	222.8	172.2	29.4	73.7	58.6	25.7
Mobility	200.7	196.9	2.0	56.4	68.9	-18.2
Defense & Civil Systems	154.4	181.1	-14.8	42.6	100.9	-57.8
Other[1]	-1.7	-2.5		-1.7	-0.1	

	September 30, 2017	December 31, 2016	September 30, 2016
Order backlog (in million euros)	453.0	405.2	415.0
Optics & Life Science	105.8	80.7	75.6
Mobility	135.3	108.3	117.5
Defense & Civil Systems	214.9	217.8	223.9
Other[1]	-3.0	-1.6	-2.0
Contracts (in million euros)	132.0	160.9	144.0
Optics & Life Science	13.5	14.5	14.6
Mobility	68.9	79.1	78.3
Defense & Civil Systems	49.6	67.4	51.1
Employees (incl. trainees)	3,646	3,539	3,545
Optics & Life Science	1,127	1,123	1,149
Mobility	1,299	1,229	1,230
Defense & Civil Systems	904	881	870
Other[1]	316	306	296

Figures on the earnings position were calculated on the basis of the continuing operations.
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 September 2017

- Further successful development – group revenue was up by 7.0 percent to 526.8 million euros (prior year 492.6 million euros). Growth was achieved in the two core regions of the Americas and Asia/Pacific, among other things. Increase in share of international revenue to 71 percent (prior year 65 percent).
  See Earnings Position– page 7.

- Clear growth in earnings – EBIT of continuing operations increased by 15.9 percent to 52.0 million euros (prior year 44.9 million euros). The EBIT margin improved to 9.9 percent (prior year 9.1 percent). EBITDA rose up to 72.9 million euros (prior year 65.4 million euros). Earnings per share came to 0.77 euros (prior year 0.69 euros).
  See Earnings Position– page 7.

- Growth in order intake – Jenoptik received orders worth 576.2 million euros (prior year 547.7 million euros). With a book-to-bill ratio of 1.09, order intake remained above revenue after nine months (prior year 1.11).
  See Earnings Position– page 8.

- Strong financial footing – despite higher capital expenditure, free cash flow reached 32.2 million euros (prior year 43.1 million euros). The equity ratio, at 58.8 percent, remained at a good level (31/12/2016: 58.6 percent).
  See Financial and Asset Position– page 9.

- Segment highlights:
  Optics & Life Science: strong growth – revenue, EBIT and order intake were markedly up. The EBIT margin improved significantly.
  Mobility: good performance over the quarter – higher revenue and a book-to-bill ratio of 1.11. EBIT increased in the third quarter, but not sufficiently to fully offset high start-up costs for new projects from the first half of the year.
  Defense & Civil Systems: development as expected – stronger international business; revenue and EBIT margin still down on prior year. Despite lower order intake, order backlog remained at a good level.
  See Segment Report – from page 11 on.

- Outlook for 2017 firmed up – following good business performance in the first nine months of 2017 and on the basis of a good order and project pipeline, the Executive Board expects revenue to come in at the upper end of the previously forecasted range of 720 to 740 million euros – including the acquisitions even to slightly exceed that range. The EBIT margin is expected to be at the upper end of the forecast range of 9.5 to 10.0 percent.
  See Forecast Report– page 16.

Business and Framework Conditions

Group Structure and Business Activity

Jenoptik is a global photonics group and a supplier of high-quality and innovative capital goods. The Group is thus primarily a technology partner to industrial companies. In the Mobility and Defense & Civil Systems segments, we are also a supplier to the public sector, in part indirectly through system integrators.

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

The Jenoptik Group operates in three segments
- Optics & Life Science
- Mobility
- Defense & Civil Systems.

Targets and Strategies

The Jenoptik Group is consistently geared towards attractive market and customer segments. The successful development of these markets is supported by global trends such as the digital world, health, mobility and efficiency, infrastructure and security. To enable us to continue growing and improving our profitability in the future, we are increasingly focusing on internationalization, innovation and efficient processes. We are positioning ourselves as a reliable technology partner for international customers in order to work together with them to create efficient, forward-looking solutions.

To successfully continue on with our growth strategy,
- we are consistently focusing on the market and customer requirements through our technology and service offering,
- taking a targeted approach to working on the process of internationalization, combined with increased value creation, particularly in the growth regions of the Americas and Asia/Pacific,
- making processes more efficient, streamlining structures as well as optimizing costs and
- boosting our financial strength.

Now and in the future, we want to enhance our organic growth with acquisitions.

Jenoptik made two smaller-scale acquisitions in the 2017 fiscal year, one of which was in the traffic monitoring and public safety sector. The Group also acquired significant process automation expertise, allowing it to exploit new potential for growth in the US market by combining it with the laser machines business.

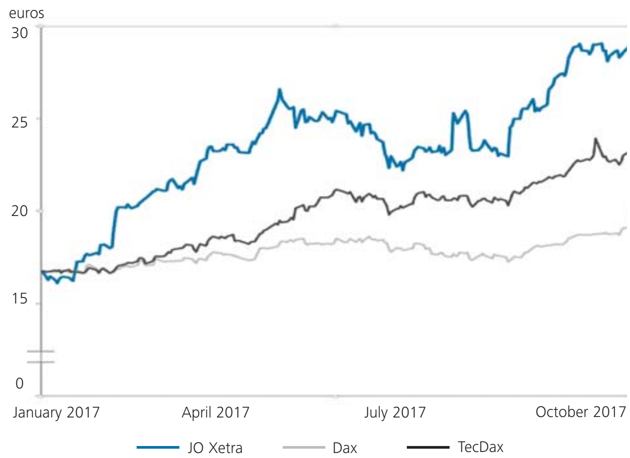
More information on the acquisitions can be found in the Segment Report, on page 12, and in the Notes, on page 25.

As part of its internationalization strategy, Jenoptik invested around 14 million euros in a new location at Rochester Hills, Michigan in the USA, where a modern technology campus for metrology and laser machines, officially opened in June 2017, has been created especially for the customers of the North American automotive market.

For more information on the strategic trajectory of the Jenoptik Group, we refer to the 2016 Annual Report published in March 2017 and the details given in the "Targets and Strategies" section from page 58 on.

The Jenoptik Share

The global stock markets once again posted good gains in the third quarter of 2017, with some of the market indices rising to new record levels. The Dax closed trading at 12,829 points on September 29, 2017, equating to an increase of 10.6 percent in the first nine months. The TecDax performed even



better, reaching 2,434 points on the last day of trading in the third quarter, corresponding to growth of 32.2 percent in the cumulative reporting period from January to September.

In the first nine months of 2017, the Jenoptik share consistently outperformed the market. It started the year with an initial closing price of 16.77 euros and climbed to a temporary high of 26.60 euros on May 4, 2017. In September, the Jenoptik share price continued to increase, closing at 28.04 euros on September 29, 2017, simultaneously recording its highest share price in the first nine months of the year. In the period covered by the report, our share thus grew 67.2 percent in value. Over the nine-month period, the total shareholder return was 68.7 percent (prior year 13.0 percent). By the end of trading on October 30, 2017, the share rose further, to reach a price of 28.91 euros. Jenoptik's market capitalization reached a new all-time high of 1,605.0 million euros at the end of September 2017. As of October 30, the Group's market capitalization increased further to 1,654.5 million euros on the back of good share performance.

In June 2017, J.P. Morgan reduced its stake in Jenoptik from 3.01 percent to 2.97 percent. J.P. Morgan had previously reported the acquisition of a total of 1,720,604 Jenoptik shares in May 2017. In September 2017, Dimensional Holdings Inc. informed us that its shareholding had been reduced from 3.01 percent to 2.99 percent.

In the last twelve months, the liquidity of TecDax shares and consequently also of the Jenoptik share reported a marked improvement. As such, trading on the German stock exchanges (Xetra, German floor exchanges, and Tradegate) in the first nine months of 2017, with an average of 163,856 Jenoptik shares per day, increased by 43.4 percent compared to the same period in the prior year (prior year 114,233). On the TecDax, Jenoptik improved to 16th place (prior year 17th) in terms of free float market capitalization (89.0 percent) as of September 30, 2017. In terms of stock exchange turnover, Jenoptik was in 21st place (prior year 21st).

At the 19th Annual General Meeting in Weimar on June 7, 2017, the shareholders agreed to pay out an increased dividend of 0.25 euros per share (prior year 0.22 euros). On the basis of the total dividend in the sum of 14.3 million euros, the payout ratio to the shareholders came to 25.0 percent based on earnings attributable to shareholders achieved in 2016 (prior year 25.4 percent).

In the first nine months of 2017, the Jenoptik management presented the company to investors and analysts at conferences in Barcelona, Berlin, Frankfurt/Main, Lyon, Madrid, Munich, Warsaw and Zurich and during twelve roadshows at key European financial centers as well as in Chicago and New York.

At present, a total of 13 research companies and banks regularly report on Jenoptik. Following the strong rise in the share price, a number of analysts downgraded the Jenoptik share. At the end of October 2017, four analysts recommended buying the share, seven advised investors to hold their shares and two recommended a sell. The average price target issued by all analysts at this time was 23.46 euros (prior year 15.90 euros).

Earnings per Share

	1/1 to 30/9/2017	1/1 to 30/9/2016
Earnings attributable to shareholders in thousand euros - Group	44,285	39,241
Weighted average number of outstanding shares	57,238,115	57,238,115
Earnings per share in euros - Group	0.77	0.69

Earnings per share are the earnings attributable to shareholders including the discontinued operations divided by the weighted average number of shares outstanding.

Jenoptik Key Share Figures

	1/1 to 30/9/2017	1/1 to 30/9/2016
Closing share price (Xetra) on 30/9/ in euros	28.04	16.27
Highest share price (Xetra) in euros	28.04	16.65
Lowest share price (Xetra) in euros	16.11	11.14
Market capitalization (Xetra) on 30/9/ in million euros	1,605.0	931.3
Average daily trading volume in shares[1]	163,856	114,233

[1] Source: Deutsche Börse

Development of the Economy as a Whole and of the Individual Sectors

The global economy is enjoying an upturn this year. The International Monetary Fund (IMF) reported particular growth momentum in Europe, Japan, China and the US.

In the third quarter of 2017, gross domestic product (GDP) in the US rose by 3.0 percent on the prior quarter, according to the Department of Commerce. The second quarter had seen growth of 3.1 percent. Chief driver of growth was again consumer spending, but corporate investment in equipment also increased significantly.

China's economy grew 6.8 percent in the third quarter of 2017 compared with the same period in the prior year and thus only marginally weaker than in prior quarters. Economists explain this continuing strong growth as being connected to the ongoing high level of lending that is supporting the construction and real estate industry.

The economies in the euro zone have grown more strongly than anticipated for the year to date. Following a figure of 0.5 percent in the first quarter, GDP grew 0.6 percent in each of the next two quarters, according to statistical and economic institutes. Underlying this growth was capital expenditure bolstered by low interest rates, improved credit terms, and consumer spending. Foreign trade experienced a minor slowdown in demand, which economists see as stemming from a loss of competitiveness following the upward revaluation of the euro.

According to the Federal Ministry for Economic Affairs and Energy, the German economy was seeing an upturn driven by consumer spending and higher corporate investment.

To date, the Semiconductor Equipment and Materials International (SEMI) trade association has only published revenue figures in the semiconductor equipment industry for the second quarter 2017: a historic record figure for one quarter, 14.1 billion US dollars, was achieved in this period. Revenue was 8 percent up on the prior quarter and 35 percent above the prior-year quarter. Korea remained the largest market, ahead of Taiwan and China.

The semiconductor industry also saw strong demand. According to the Semiconductor Industry Association (SIA), the industry generated 10.2 percent more revenue in the third quarter of 2017 than in the prior-year period. The amount of 107.9 billion US dollars was the highest value so far achieved in a quarter.

As reported by the Mechanical Engineering Industry Association (VDMA)), the sector saw weak domestic demand for machines. Domestic orders increased only marginally by 2 percent compared with the prior-year period, foreign orders, by contrast, rose by 10 percent thus stabilizing growth in the export markets of the mechanical engineering sector. In total, order intake grew by 7 percent in the course of the year.

Data from the German Association of the Automotive Industry (VDA) shows that the market in China and Western Europe grew in the first nine months, notwithstanding a minor downturn in new registrations in Western Europe in September. In the US, demand for light vehicles was stronger in September than in the prior months, a consequence of the hurricanes affecting the country, but seen as a whole, sales volumes – in this sole principal market – shrank almost 2 percent in the first nine months of the year.

More and more people are dying on the roads, according to recent statistics from Germany and the US. In the first six months of 2017, 6.2 percent more people lost their lives on Germany's roads than in the prior-year period. According to statistics published by the National Highway Traffic Safety Administration in October 2017, 37,461 people were killed on the roads in the US last year; around 10 thousand of them in high-speed accidents, which increased by 4 percent.

August saw the German government publish its provisional Armaments Export Report on the German security and defense technology industry in the first half-year of 2017. Up to the end of June, individual export licenses for armaments worth 3.5 billion euros were granted, more than 0.5 billion euros less than in the prior-year period.

No important new reports were published for other sectors relevant to Jenoptik at the time these financial statements were prepared. We therefore refer to the details on pages 69 ff. of the 2016 Annual Report and the report on the first half-year 2017.

Earnings, Financial and Asset Position

The tables in the Management Report, which show a breakdown of the key indicators by segment, include the Corporate Center, the Shared Service Center, centrally administered real estate, and consolidation effects under “Other”.

Earnings Position

In the first nine months of the 2017 fiscal year, Jenoptik achieved an increase in revenue of 7.0 percent, to 526.8 million euros (prior year 492.6 million euros). With a figure of 7.7 percent, the third quarter was even more robust, with growth seen in the Optics & Life Science and Mobility segments. This was due to good demand, especially for optical systems in the semiconductor equipment industry, as well as for systems in the healthcare & industry sector and for traffic safety technology.

The share of international revenue increased to 71.3 percent (prior year 65.3 percent). Revenues in the two growth regions of the Americas and Asia/Pacific showed highly positive performance and together increased to 38.2 percent of group revenue (prior year 33.0 percent). All segments, chief among them the Defense & Civil Systems segment, recorded growth in the Americas, therefore revenue in this region saw a marked increase of 34.9 percent compared to the prior-year period, to 120.0 million euros (prior year 89.0 million euros). Revenue in the Asia/Pacific region also increased as a result of higher revenues in the Optics & Life Science and Mobility segments. By contrast, revenue in Germany fell by a total of 11.8 percent to 150.9 million euros (prior year 171.1 million euros). A summary of revenue distribution by region can be found on page 24.

The cost of sales rose at a slower rate than revenue, by 5.0 percent to 335.7 million euros (prior year 319.6 million euros). Due to the positive product mix, there was a consequent improvement in the gross margin to 36.3 percent (prior year 35.1 percent).

Intensified group research and development (R+D) led to an increase in the R+D expenses in the first nine months, to 32.8 million euros (prior year 30.5 million euros). The development costs on behalf of customers included in the cost of sales also rose in the period covered by the report to 14.2 million euros (prior year 12.0 million euros). The R+D output, at 47.8 million euros, was significantly above the prior-year figure (prior year 42.5 million euros) and equated to 9.1 percent of revenue (prior year 8.6 percent). The indicator includes R+D expenses, development costs on behalf of customers, and capitalized development costs that are included in assets.

Selling expenses increased to 60.1 million euros in the first nine months of 2017 (prior year 55.7 million euros), particularly due to the expansion of international sales. The selling expenses ratio was 11.4 percent, virtually unchanged compared to the year prior (prior year 11.3 percent). Administrative expenses in the period covered by the report fell slightly to 42.1 million euros (prior year 42.8 million euros). Both the prior year and the present reporting period include expenses in connection with the change on the Executive Board and the increased valuation of share-based payments (LTI) for the Executive Board and some members of the top management. The administrative expenses ratio was 8.0 percent and thus down on the prior year (prior year 8.7 percent).

While other operating income was at the same level as in the prior year, other operating expenses increased, primarily due to higher currency exchange losses. The account balance from both items amounted to minus 4.1 million euros (prior year minus 0.9 million euros).

Revenue

in million euros	1/1 to 30/9/2017	1/1 to 30/9/2016	Change in %
Group	526.8	492.6	7.0
Optics & Life Science	191.3	164.5	16.3
Mobility	180.6	169.0	6.9
Defense & Civil Systems	155.1	162.2	-4.4
Other	-0.2	-3.2	

R+D Output

in million euros	1/1 to 30/9/2017	1/1 to 30/9/2016	Change in %
R+D Output	47.8	42.5	12.4
R+D expenses	32.8	30.5	7.8
Capitalized development costs	0.7	0.0	
Developments on behalf of customers	14.2	12.0	18.3

The EBIT of continuing operations improved at a faster rate than revenue as a result of a more profitable product mix. Coming in at 52.0 million euros, it exceeded the prior-year figure by 15.9 percent (prior year 44.9 million euros), particularly due to a strong contribution from the Optics & Life Science segment. At 9.9 percent, the EBIT margin was above the prior-year figure (prior year 9.1 percent) and also higher than the figures in the first and second quarters of 2017 (6.7 and 8.4 percent). The EBIT of discontinued operations totaled 0.2 million euros (prior year 2.2 million euros).

In the first nine months of 2017, and for the reasons outlined above, the EBITDA (earnings before interest, taxes and depreciation/amortization, incl. impairment losses and reversals) also increased by 11.6 percent to 72.9 million euros (prior year 65.4 million euros).

The financial result in the period covered by the report came to 2.3 million euros, significantly up on the prior-year figure (prior year minus 2.9 million euros) and essentially due to a clearly positive investment result arising from the profit generated through the disposal of a minority holding abroad. Compared to the prior year, the Group achieved markedly improved earnings before tax (EBT) of 54.3 million euros (prior year 42.0 million euros). Income taxes, including discontinued operations, came to 9.6 million euros (prior year 6.2 million euros), equating to a cash effective tax rate of 17.7 percent (prior year 13.6 percent). The rise in the tax rate is primarily the result of lower tax-exempt income and higher earnings abroad, which also include profits from the disposal of a minority holding. Group earnings after tax (EAT) rose by 13.0 percent to 44.3 million euros (prior year 39.2 million euros). Earnings per share of the continued operations increased to 0.77 euros (prior year 0.62 euros). Group earnings per share totaled 0.77 euros (prior year 0.69 euros).

The Jenoptik Group's order intake came to 576.2 million euros at the end of September 2017, an increase of 5.2 percent on the prior year (prior year 547.7 million euros), with contributions from the Optics & Life Science and Mobility segments. The book-to-bill ratio, that of order intake to revenue, came to 1.09 (prior year 1.11). At 453.0 million euros, the order backlog was 11.8 percent higher than the figure of 405.2 million euros at year-end 2016. Of this order backlog, 44.3 percent is due to be converted to revenue in the present fiscal year and help to support scheduled growth.

There were also frame contracts worth 132.0 million euros (31/12/2016: 160.9 million euros). Frame contracts are contracts or framework agreements where the exact sum and probability of occurrence cannot yet be specified precisely.

Employees & management. As of September 30, 2017, the number of employees in the Jenoptik Group was higher than at year-end 2016, at 3,646 (31/12/2016: 3,539 employees). The number of employees abroad, in particular, grew in the course of the international expansion of business and due to first-time consolidations. At the end of September 2017, 773 people were employed at the foreign locations (31/12/2016: 686 employees).

Jenoptik had a total of 115 trainees as of September 30, 2017 (31/12/2016: 123 trainees). In Germany, the Group had 138 agency employees (31/12/2016: 64 agency employees).

Dr. Stefan Traeger has been the new Chairman of the Executive Board in the Jenoptik Group since May 1, 2017. In September, the JENOPTIK AG Supervisory Board agreed to extend the contract of Chief Financial Officer Hans-Dieter Schumacher by five years until March 31, 2023.

EBIT*

in million euros	1/1 to 30/9/2017	1/1 to 30/9/2016	Change in %
Total	52.0	44.9	15.9
Optics & Life Science	36.9	24.5	50.6
Mobility	8.6	12.7	-32.3
Defense & Civil Systems	12.3	13.2	-7.1
Other	-5.8	-5.6	

* only continuing operations

Order Situation

in million euros	1/1 to 30/9/2017	1/1 to 30/9/2016	Change in %
Order intake	576.2	547.7	5.2
	30/9/2017	31/12/2016	Change in %
Order backlog	453.0	405.2	11.8
Frame contracts	132.0	160.9	-18.0

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

Financial and Asset Position

At the end of the first nine months of 2017, the debt ratio, that of borrowings to equity, came to 0.70 and was only slightly below the figure at the end of 2016 (31/12/2016: 0.71).

Despite payment of a higher dividend, increased capital expenditure and payments for the acquisition of the US company Five Lakes Automation and the British traffic technology specialist ESSA Technology, the net debt remained virtually on a par with the year-end 2016 figure, at minus 16.9 million euros (31/12/2016: minus 17.9 million euros). As a result, Jenoptik remained net debt-free as of September 30, 2017.

In the first nine months of 2017, the Group invested 24.0 million euros in property, plant and equipment and intangible assets, considerably more than in the prior-year period (prior year 18.9 million euros). At 21.8 million euros, the largest share of capital expenditure was on property, plant and equipment (prior year 17.1 million euros). Capital expenditure was made in order to support continued growth, in part for the US site at Rochester Hills, Michigan, to meet new customer orders and in new technical equipment and expansion of production capacities. In particular as a result of the acquisitions, investment in intangible assets, at 2.2 million euros, exceeded the prior-year level as at the end of September 2017 (prior year 1.8 million euros). Scheduled depreciation totaled 20.9 million euros (prior year 20.5 million euros) and was therefore below the figure for total capital expenditure.

Employees (incl. trainees)

	30/9/2017	31/12/2016	Change in %
Group	3,646	3,539	3.0
Optics & Life Science	1,127	1,123	0.4
Mobility	1,299	1,229	5.7
Defense & Civil Systems	904	881	2.7
Other	316	306	3.3

Cash flows from operating activities were mainly influenced by increased payments for the working capital, falling to 50.2 million euros as of September 30, 2017 despite higher earnings before tax (prior year 56.3 million euros).

Cash flows from investing activities amounted to 46.8 million euros as of September 30, 2017 (prior year 11.2 million euros). Over the reporting period, cash outflows were particularly affected by payments for the acquisitions outlined above, by higher capital expenditure for property, plant and equipment, and for cash investments in the context of short-term capital management.

The free cash flow (cash flows from operating activities before interest and taxes, minus expenditure for and proceeds from intangible assets and property, plant and equipment) in the period covered by the report came to 32.2 million euros, in part due to higher expenditure for the working capital and increased capital expenditure, and was thus down on the very good figure in the prior year (prior year 43.1 million euros).

The cash flows from financing activities amounted to minus 12.3 million euros (prior year minus 8.6 million euros) and were positively influenced by proceeds from taking out a loan for the construction of the technology campus in Rochester Hills, Michigan. The payment of a dividend totaling 14.3 million euros in the second quarter, by contrast, had a negative impact (prior year 12.6 million euros).

As of September 30, 2017, the total assets of the Jenoptik Group were up on the 2016 year-end figure, at 852.7 million euros (31/12/2016: 813.1 million euros).

Non-current assets fell to 365.1 million euros (31/12/2016: 371.9 million euros), mainly due to reduced financial assets resulting from the disposal of shares in a foreign minority holding in the US. By contrast, intangible assets and property, plant and equipment both grew, chiefly due to the company acquisitions and higher capital expenditure on property, plant, and equipment.

Current assets saw a rise from 46.5 million euros to 487.6 million euros (31/12/2016: 441.2 million euros). Inventories increased to 189.6 million euros (31/12/2016: 159.3 million euros) and, as in prior year, include order-related prepayments for future revenues. Current financial investments increased as additional short-term cash investments were made. In addition, other current financial assets increased due to the still outstanding receipt of payment resulting from the mentioned disposal of shares in a minority holding. Cash and cash equivalents, however, fell to 82.3 million euros (31/12/2016: 92.0 million euros), essentially due to the cash investments outlined and the acquisition of Five Lakes Automation. Operating receivables reduced marginally to 128.0 million euros (31/12/2016: 129.8 million euros).

Compared with year-end 2016, the working capital increased to 225.3 million euros as of September 30, 2017 (31/12/2016: 209.9 million euros / 30/9/2016: 222.3 million euros), primarily due to increased inventories. The working capital ratio, that of working capital to revenue based on the last twelve months, accordingly rose to 31.3 percent, above the figure at year-end 2016 (31/12/2016: 30.7 percent) but below the figure in the prior-year period (30/9/2016: 33.0 percent).

In particular, the earnings after tax posted at the end of the period covered by the report resulted in equity increasing to 501.8 million euros (31/12/2016: 476.4 million euros). The equity ratio, at 58.8 percent, was slightly above the good level at the end of 2016 (31/12/2016: 58.6 percent).

Compared to the end of December 2016, non-current liabilities fell to 172.3 million euros (31/12/2016: 175.4 million euros). Non-current liabilities primarily include debenture loans placed in 2011 and 2015, totaling 125 million euros and with original terms of five and seven years. There were only minor changes in all items included in non-current liabilities.

Current liabilities increased since year-end 2016 to 178.6 million euros (31/12/2016: 161.3 million euros). With the exception of other current provisions, all the items contained in current liabilities saw growth, in particular current trade accounts payable and tax provisions, which increased due to higher earnings before tax and lower included tax-exempt income. Other current non-financial liabilities increased due to higher accruals for future revenue and liabilities for employee vacation entitlements during the year. Current financial assets also saw an increase. By contrast, other current provisions reduced as a result of the payment of variable salary components to employees.

Purchases and sales of companies: In January, the Jenoptik Group acquired all shares in the British company ESSA Technology (Domestic and Commercial Security Limited). The company was integrated within the Mobility segment.

In August, the Jenoptik Group acquired all shares in the US company Five Lakes Automation LLC, which was also incorporated in the Mobility segment.

More information on the acquisitions of these companies can be found in the Segment Report, on page 12, and in the Notes, on page 25.

There were no other purchases or sales of companies in the first nine months of 2017.

There were also no changes to assets and liabilities not included in the balance sheet; for more information on this, we refer to the details on page 83 of the 2016 Annual Report and the details on contingent liabilities on page 178.

Segment Report

Optics & Life Science Segment

In the first nine months of 2017, the Optics & Life Science segment posted a strong increase in revenue of 16.3 percent to 191.3 million euros (prior year 164.5 million euros). As in the two prior quarters, this development was predominantly driven by a continuation of good business with solutions for the semiconductor equipment industry. Sales in the healthcare & industry sector also showed positive development. Overall, the segment's share of group revenue was 36.3 percent (prior year 33.4 percent). Revenue in Europe (excluding Germany) rose sharpest, coming to 71.6 million euros (prior year 54.7 million euros). In addition to the growth in Germany, Asia/Pacific also reported higher revenues.

Income from operations (EBIT) improved significantly, particularly due to strong demand for optical system solutions and good business in the healthcare & life science sector, by 50.6 percent to 36.9 million euros (prior year 24.5 million euros). Over the nine-month period, the segment thus achieved an EBIT margin of 19.3 percent (prior year 14.9 percent). In the third quarter, the EBIT margin improved to 21.9 percent compares with the same period in the prior year (prior year 19.9 percent). Income from operations before depreciation/amortization (EBITDA) also increased significantly on the prior year, by 40.2 percent to 43.0 million euros (prior year 30.6 million euros).

The order intake rose by 29.4 percent to 222.8 million euros (prior year 172.2 million euros). Both areas, optical systems as well as healthcare & industry reported an increase in new orders. Set against revenue, this results in a book-to-bill ratio of 1.16 (prior year 1.05).

The segment order backlog was above the figure on December 31, 2016, and at the end of September 2017 came to 105.8 million euros (31/12/2016: 80.7 million euros). There were also frame contracts worth 13.5 million euros (31/12/2016: 14.5 million euros).

As a result of the positive course of business and the strong earnings situation, the free cash flow (before interest and taxes) also improved to 24.3 million euros (prior year 15.4 million euros).

The Optics & Life Science Segment at a Glance

in million euros	30/9/2017	30/9/2016	Change in %
Revenue	191.3	164.5	16.3
EBITDA	43.0	30.6	40.2
EBITDA margin in %	22.5	18.6	
EBIT	36.9	24.5	50.6
EBIT margin in %	19.3	14.9	
Capital expenditure	3.6	3.7	-3.5
Free cash flow	24.3	15.4	57.2
Order intake	222.8	172.2	29.4
Order backlog[1]	105.8	80.7	31.1
Frame contracts[1]	13.5	14.5	-7.0
Employees[1]	1,127	1,123	0.4

[1] Prior year's figures refer to December 31, 2016

Mobility Segment

In the first nine months of 2017, revenue in the Mobility segment came to 180.6 million euros, up on the prior year (prior year 169.0 million euros). Both lines of business, applications for the automotive industry and traffic safety technology, saw growth. On a regional basis, revenue particularly increased in the Americas and Asia/Pacific. The segment's share of group revenue amounted to 34.3 percent (prior year 34.3 percent).

Despite good performance in the third quarter, the high start-up costs of the project to develop a toll monitoring system from the first half-year could not be fully offset, such that income from operations (EBIT) over the nine-month period came to 8.6 million euros and was thus 32.3 percent down on the prior-year figure (prior year 12.7 million euros). In the cumulative reporting period, the EBIT margin was therefore 4.8 percent and still considerably lower than in the prior year (prior year 7.5 percent). In the third quarter, however, the EBIT improved in comparison with the prior year, by 11.4 percent to 6.2 million euros (prior year 5.6 million euros). The EBIT margin consequently increased from 9.3 percent to 9.9 percent. In the period covered by the report, income from operations before depreciation/amortization (EBITDA) decreased by 18.4 percent to 15.1 million euros (prior year 18.5 million euros) in part due to acquisition effects.

As the order intake in the Mobility segment was considerably higher than revenue in the reporting period, the book-to-bill ratio in the first nine months of 2017 reached a figure of 1.11 (prior year 1.16). At 200.7 million euros, the order intake was above the prior-year figure (prior year 196.9 million euros). As one example, Jenoptik sold 3D laser machines to leading German car manufacturers and automotive suppliers in the third quarter. These highly efficient, robot-based 3D laser processing machines are used, for example, for contour trimming of so-called structural components also for next-generation electric cars.

The order backlog in the segment grew by 25.0 percent by the end of the third quarter, to 135.3 million euros (31/12/2016: 108.3 million euros). There were also frame contracts worth 68.9 million euros (31/12/2016: 79.1 million euros).

Capital expenditure in the Mobility segment increased sharply in the first nine months of 2017 to 14.4 million euros (prior year 7.7 million euros). This is mainly attributable to internally manufactured equipment that Jenoptik operates within the framework of a Canadian traffic safety project and the company's investment in a new technology campus at the US site in Rochester Hills, Michigan. Completion of and move-in to the new company building went ahead as scheduled in the second quarter of 2017.

The investments made and the decline in earnings were the main reasons for the decrease in the free cash flow (before interest and taxes) to 0.3 million euros (prior year 4.4 million euros).

In January 2017, the Jenoptik Group strengthened its traffic monitoring and public safety business through the acquisition of ESSA Technology. The company, based in the English town of Saltash, is a specialist in software for traffic monitoring and the associated back-office services, in particular for automatic number plate recognition operated by the police. In August of this year, Jenoptik completed its acquisition of the US company Five Lakes Automation (FLA), securing key expertise in process automation for metal and plastics processing. Jenoptik thus no longer only supplies individual machines for laser processing but, drawing on the expertise of FLA, will be able to offer automated production lines from a single source. The aim is to merge FLA's activities in the field of automated production processes in the automotive industry with Jenoptik's laser machines business. This combination will allow Jenoptik to exploit new potential for growth in the US market.

The Mobility Segment at a Glance

in million euros	30/9/2017	30/9/2016	Change in %
Revenue	180.6	169.0	6.9
EBITDA	15.1	18.5	-18.4
EBITDA margin in %	8.3	10.9	
EBIT	8.6	12.7	-32.3
EBIT margin in %	4.8	7.5	
Capital expenditure	14.4	7.7	87.3
Free cash flow	0.3	4.4	-93.5
Order intake	200.7	196.9	2.0
Order backlog[1]	135.3	108.3	25.0
Frame contracts[1]	68.9	79.1	-12.9
Employees[1]	1,299	1,229	5.7

[1] Prior year´s figures refer to December 31, 2016

Defense & Civil Systems Segment

In the first nine months, the Defense & Civil Systems segment generated revenue in the sum of 155.1 million euros. As expected, this was 4.4 percent down on the same period in the prior year (prior year 162.2 million euros), which posted particularly strong revenues as a result of the invoicing of several major projects in the field of energy and sensor systems. The segment's share of group revenue fell to 29.4 percent (prior year 32.9 percent). The segment achieved significant growth in revenue in the Americas, in particular due to the orders for the Patriot missile defense system. By contrast revenue in Germany came to 68.0 million euros and for project-related reasons was lower than in the same prior-year period (prior year 93.8 million euros).

Income from operations (EBIT) came to 12.3 million euros, down on the prior-year figure (prior year 13.2 million euros), in part due to the development of revenue and significantly higher research and development expenses of 9.3 million euros (prior year 4.9 million euros) – in particular for new projects in the fields of aviation and energy & drive. Over the reporting period, the EBIT margin fell accordingly to 7.9 percent (prior year 8.2 percent). The segment generated income from operations before depreciation/ depreciation (EBITDA) of 15.8 million euros in the first three quarters of 2017 (prior year 16.7 million euros).

In the cumulative reporting period, the Defense & Civil System segment reported a number of major international projects that were recognized in the order intake or in the frame contracts.

As one example, Jenoptik received a follow-up order as part of the Polish program to update Leopard 2 tanks. This in part includes the delivery of auxiliary power units worth around 11 million euros. In the reporting period, Rheinmetall also placed an order for NYXUS BIRD thermal imagers worth around 5 million euros. Nevertheless, the segment had received several major project orders in the same prior-year period, such that the order intake in the present reporting period, at 154.4 million euros, was down 14.8 percent (prior year 181.1 million euros). The book-to-bill ratio was accordingly 1.00, compared with 1.12 in the prior year.

On the basis of an order intake down on the prior year, the segment order backlog also reduced slightly, by 2.9 million euros to 214.9 million euros (31/12/2016: 217.8 million euros). There were also frame contracts worth 49.6 million euros (31/12/2016: 67.4 million euros).

The free cash flow (before interest and taxes) amounted to 17.6 million euros, considerably weaker than in the prior year (prior year 25.3 million euros). This was mainly due to changes in provisions and in working capital arising from the build-up in inventories and the lower reduction in receivables compared to the prior year.

Already in the first half-year 2017, Jenoptik won simultaneous recognition in the Defense & Civil Systems segment from two US customers – Raytheon and Boeing – for outstanding performance as a supplier.

The Defense & Civil Systems Segment at a Glance

in million euros	30/9/2017	30/9/2016	Change in %
Revenue	155.1	162.2	-4.4
EBITDA	15.8	16.7	-5.2
EBITDA margin in %	10.2	10.3	
EBIT	12.3	13.2	-7.1
EBIT margin in %	7.9	8.2	
Capital expenditure	3.0	3.0	-1.9
Free cash flow	17.6	25.3	-30.3
Order intake	154.4	181.1	-14.8
Order backlog[1]	214.9	217.8	-1.3
Frame contracts[1]	49.6	67.4	-26.4
Employees[1]	904	881	2.7

[1] Prior year's figures refer to December 31, 2016

Report on Post-Balance Sheet Events

At the time this report was prepared, there were no events after the balance sheet date of September 30, 2017 that were of significance to the Group or had a significant influence on Jenoptik's earnings, financial or asset positions.

Opportunity and Risk Report

Within the framework of the reporting on the Opportunity and Risk Report, we refer to the details on pages 101 to 110 of the 2016 Annual Report published at the end of March 2017.

There have been no major changes in the opportunities and risks described in the report during the course of the first nine months of 2017.

Forecast Report

Outlook for the Economy as a Whole and the Sectors

The International Monetary Fund (IMF) again raised its forecasts in October, and at present is expecting global economic growth of 3.6 percent in the current year (prior forecast: 3.5 percent). The figures for Great Britain and the US were subject to a minor downward revision compared to the spring forecast due to unchanged tax policies. The IMF sees risks to the global economy in the financial weakness of emerging markets, including credit issues in China, and in a low rate of inflation in industrialized nations.

With a figure exceeding 2 percent, the euro zone is likely to see its strongest economic growth in a decade in 2017.

Following a strong year to date, the German government increased its 2017 growth forecast from 1.5 to 2.0 percent, and is expecting GDP to increase 1.9 percent in 2018. The Federation of German Industries (BDI) is warning of a "hard Brexit", as Great Britain's planned withdrawal from the EU could severely impact the automotive industry, the energy sector, finance and insurance companies, and the logistics industry.

Strong demand is forecast for the semiconductor industry and its equipment manufacturers. IT analyst Gartner is expecting global semiconductor revenues to grow 19.7 percent on the prior year in 2017, to 411.1 billion US dollars, a figure that would represent the strongest growth since the recovery from the financial crisis of 2010. It sees the industry as continuing to grow in 2018, with the possibility of a minor decline in 2019. Gartner is forecasting double-digit growth for the semiconductor equipment sector of 10.2 percent in the current year, but drops of 0.5 percent and 7.0 percent in revenue on prior-year levels for 2018 and 2019 respectively.

Growth Forecast of Gross Domestic Product

in percent / in percentage points	2017	Change to forecast of July 2017	2018
World	3.6	0.1	3.7
USA	2.2	0.0	2.3
Euro zone	2.1	0.2	1.9
Germany	2.0	0.2	1.8
China	6.8	0.1	6.5
Emerging economies	4.6	0.0	4.9

Source: International Monetary Fund, July 2017

With both order intakes and revenues exceeding expectations in the current year, the Mechanical Engineering Industry Association (VDMA) is forecasting record revenue of over 14 billion euros for the robotics and automation segment in Germany. The worldwide boom in robotics is confirmed by the International Federation of Robotics (IFR), which is expecting growth in robot installations of almost 20 percent on a global scale. These are expected to increase to 3 million units by 2023 – compared with 1.8 million in 2016.

The German Association of the Automotive Industry raised its sales forecast for Germany: driven by the "changeover bonus" for older diesel vehicles. Around 3.5 million new vehicles will be registered in 2017, amounting to a year-on-year increase of 4.0 percent. A quota for electric cars is due to come into force in China from 2019 on: car manufacturers will then be obliged to adhere to minimum targets relating to the share of alternative drive systems in production and sales.

Within the field of traffic and public safety, there is strong demand for automatic number plate recognition systems (ANPR). According to the market researchers at Research and Markets, the market will grow by an average 12 percent annually up until 2025. This development will be driven by applications for safety and traffic management, including monitoring and toll solutions.

In the global rail industry, established structures are being shaken by the planned merger of Siemens and French manufacturer Alstom that aims to counter the competition in the industry, primarily from China. As reported by market research company SCI Verkehr, the German rail industry will grow by an average 3.4 percent annually up to 2021 and thus more strongly than the global market. Digitization and the demands of more environmentally-friendly solutions are becoming increasingly important, according to the SCI market survey of September 2017.

Aircraft manufacturers Airbus and Bombardier have announced a partnership for the medium-haul segment. Airbus acquires a 50 percent stake in the Bombardier C-Series, by 2023 taking control of the entire medium-range jet airliner series, which could primarily connect medium-sized cities in major markets such as the US and China.

In December, the EU nations plan to raise cooperation among their armed forces to a new level and agree on a defense fund worth 5 billion euros. This money will be used to develop new armaments technologies and projects. In Germany, the sector is facing a "trend reversal", according to the Defence Industry Compass issued by the German Association for Defence Technology. This year's annual industry survey sees defense industry companies evaluating their business expectations more positively than in prior years, especially for the period following the formation of a government.

No new major forecasts have been issued for the other sectors. We therefore refer to the details on pages 111 ff. of the 2016 Annual Report and the report on the first half-year 2017 published in August.

Medium and Long-term Forecasts

Jenoptik intends to continue on its adopted course of profitable growth. In order to secure this growth in the medium to long term, we will continue to focus on the process of internationalization, innovation and efficient processes as well as on the consistent alignment of our technology portfolio with future-oriented market and customer segments. In this context we also aim to supplement our organic growth with acquisitions and to further improve profitability.

A continuation of the positive development naturally presupposes that the political and economic conditions do not worsen. These include the still unpredictable economic impacts of Brexit, other economic policy regulations at European level, export restrictions, trade protectionism and ongoing developments in Turkey and the US.

For more information on the medium to long-term outlook, we refer to the 2016 Annual Report published in March 2017, in particular the details in the "Targets and Strategies" section from page 58 on and in the Forecast Report from page 111 on, as well as to the reports for the first quarter and the first half-year of 2017.

Future Development of Business

The Jenoptik Group will continue to pursue its objective of ensuring profitable growth in all segments in 2017. This will be aided by an expansion of the international business, the resultant economies of scale, higher margins from an optimized product mix, increasing service business, but also improved cost discipline. Process optimization measures and group development projects will be continued. With the purchase of ESSA Technology, UK, and Five Lakes Automation, US, Jenoptik successfully completed two acquisitions in this fiscal year that are already due to contribute to the Jenoptik Group's profitable growth in 2017 and beyond. Value-adding acquisitions will be very closely scrutinized. A good asset position and a viable financing structure give Jenoptik sufficient room for maneuver to finance both organic and inorganic growth.

Following a positive development of business in the first nine months of 2017 and on the basis of a good order and project pipeline, the Executive Board now expects revenue for the full year to come in at the upper end of the 720 to 740 million euro range published in March 2017 – including the acquisitions even to slightly exceed that range. In the opinion of the Executive Board, the EBIT margin will be at the top end of the forecasted range of between 9.5 and 10 percent. On the basis of business performance to date, the Executive Board, as previously reported in the half-year report, is anticipating EBIT in the Optics & Life Science segment to increase more strongly than originally planned. EBIT in the Mobility segment, by contrast, will remain considerably below expectations.

The Group still expects to achieve its target of annual revenue of around 800 million euros, with an average EBIT margin of around 10 percent, including contributions from smaller acquisitions, by the end of 2018. In order to achieve these objectives the company is aiming for disproportionately strong growth abroad, particularly in the Americas and the Asia/Pacific region.

For details of the outlook for other key indicators for the development of business and the development of the segments in the 2017 and 2018 fiscal years, we refer to the 2016 Annual Report, from page 114 on.

All statements on the future development of the business situation have been made on the basis of current information available at the time the report was prepared. They are given on the assumption that the economic situation develops in line with the economic and sector forecasts stated in this report, in the reports on the first quarter and the first half-year of 2017 and in the 2016 Annual Report from page 114 on.

Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

in thousand euros	1/1 to 30/9/2017	1/1 to 30/9/2016	1/7 to 30/9/2017	1/7 to 30/9/2016
Continuing operations				
Revenue	526,826	492,569	178,432	165,741
Cost of sales	335,668	319,590	110,172	104,538
Gross profit	191,158	172,979	68,261	61,202
Research and development expenses	32,840	30,467	10,714	9,979
Selling expenses	60,087	55,722	20,445	18,055
General administrative expenses	42,145	42,771	13,124	15,574
Other operating income	12,083	12,937	4,065	4,256
Other operating expenses	16,146	12,076	5,153	4,158
EBIT	52,023	44,881	22,889	17,691
Result from other investments	5,412	1,626	5,358	-115
Financial income	1,029	4,047	239	835
Financial expenses	4,147	8,555	1,195	2,195
Financial result	2,294	-2,882	4,402	-1,475
Earnings before tax	54,317	41,999	27,291	16,217
Income taxes	-10,246	-6,302	-5,752	-2,531
Earnings after tax	44,071	35,697	21,539	13,686
Discontinued operations				
Other operating income	200	2,186	50	2,061
EBIT	200	2,186	50	2,061
Financial income	0	1,458	0	1,458
Financial result	0	1,458	0	1,458
Earnings before tax	200	3,644	50	3,519
Income taxes	0	-174	0	-174
Earnings after tax	200	3,470	50	3,345
Group				
Earnings after tax	44,271	39,167	21,589	17,031
Results from non-controlling interests	-14	-74	18	-39
Earnings attributable to shareholders	44,285	39,241	21,571	17,070
Earnings per share in euros – continuing operations	0.77	0.62	0.38	0.24
Earnings per share in euros – discontinued operations	0.00	0.07	0.00	0.06
Earnings per share in euros – Group (diluted = undiluted)	0.77	0.69	0.38	0.30

Comprehensive Income

in thousand euros	1/1 to 30/9/2017	1/1 to 30/9/2016	1/7 to 30/9/2017	1/7 to 30/9/2016
Earnings after tax	44,271	39,167	21,589	17,031
Items that will never be reclassified to profit or loss	199	-416	-36	117
Actuarial gains/losses arising from the valuation of pensions and similar obligations	199	-416	-36	117
Items that are or may be reclassified to profit or loss	-3,818	-4,270	-5,161	-1,233
Available-for-sale financial assets	133	-585	-5,763	-375
Cash flow hedges	4,114	529	770	187
Foreign currency exchange differences	-6,851	-4,053	-1,880	-987
Deferred taxes	-1,213	-161	1,713	-58
Total other comprehensive income	-3,619	-4,686	-5,197	-1,116
Total comprehensive income	40,652	34,481	16,392	15,915
Thereof attributable to:				
Non-controlling interests	4	224	5	52
Shareholders	40,649	34,257	16,387	15,863

Consolidated Statement of Financial Position

Assets in thousand euros	30/9/2017	31/12/2016	Change	30/9/2016
Non-current assets	**365,054**	**371,891**	**-6,837**	**366,726**
Intangible assets	120,207	111,352	8,855	112,171
Property, plant and equipment	159,190	157,882	1,308	153,202
Investment property	4,374	4,444	-70	4,467
Financial investments	3,932	19,034	-15,102	19,265
Non-current trade receivables	1,037	1,923	-886	1,624
Other non-current financial assets	3,648	1,926	1,722	1,880
Other non-current non-financial assets	645	1,108	-463	1,292
Deferred tax assets	72,021	74,223	-2,202	72,825
Current assets	**487,625**	**441,159**	**46,465**	**421,852**
Inventories	189,612	159,324	30,288	176,066
Current trade receivables	127,990	129,821	-1,831	115,086
Other current financial assets	18,466	2,422	16,043	1,543
Other current non-financial assets	7,113	7,091	22	8,155
Current financial investments	62,162	50,540	11,622	778
Cash and cash equivalents	82,282	91,961	-9,679	120,225
Total assets	**852,679**	**813,051**	**39,628**	**788,578**

Equity and liabilities in thousand euros	30/9/2017	31/12/2016	Change	30/9/2016
Equity	**501,777**	**476,379**	**25,398**	**457,022**
Share capital	148,819	148,819	0	148,819
Capital reserve	194,286	194,286	0	194,286
Other reserves	158,999	133,604	25,395	114,618
Non-controlling interests	-327	-330	4	-702
Non-current liabilities	**172,265**	**175,358**	**-3,094**	**172,650**
Pension provisions	36,369	37,630	-1,261	35,812
Other con-current provisions	13,194	12,339	855	11,092
Non-current financial debt	119,803	120,479	-676	120,102
Non-current trade payables	0	680	-680	667
Other non-current financial liabilities	2,623	3,485	-862	2,788
Other non-current non-financial liabilities	0	655	-655	567
Deferred tax liabilities	275	90	185	1,624
Current liabilities	**178,637**	**161,313**	**17,324**	**158,906**
Tax provisions	7,847	3,380	4,467	3,753
Other current provisions	43,696	46,152	-2,456	42,375
Current financial debt	7,772	4,129	3,643	15,799
Current trade payables	54,967	48,402	6,565	42,181
Other current financial liabilities	7,015	5,642	1,373	4,267
Other current non-financial liabilities	57,340	53,609	3,731	50,530
Total equity and liabilities	**852,679**	**813,051**	**39,628**	**788,578**

Consolidated Statement of Cash Flows

in thousand euros	1/1 to 30/9/2017	1/1 to 30/9/2016	1/7 to 30/9/2017	1/7 to 30/9/2016
Earnings before tax – continuing operations	54,317	41,999	27,291	16,217
Earnings before tax – discontinued operations	200	3,644	50	3,519
Earnings before tax	54,517	45,643	27,341	19,736
Financial income and expenses	3,118	3,050	956	-98
Non-operating income from investments	0	-1,693	0	0
Depreciation and amortization	20,936	20,479	7,404	6,791
Impairment losses and reversals of impairment losses	180	78	26	113
Profit/loss from asset disposals	-5,617	-1,661	-5,403	-1,737
Other non-cash income/expenses	1,003	-676	277	-4
Operating profit before adjusting working capital and further items of the statement of financial position	74,137	65,221	30,601	24,800
Change in provisions	-3,187	-348	3,324	6,315
Change in working capital	-15,401	-5,770	-12,601	-880
Change in other assets and liabilities	-316	2,715	-5,765	-1,771
Cash flows from operating activities before income tax	55,233	61,817	15,559	28,465
Income tax expense	-4,992	-5,487	-1,393	-1,546
Cash flows from operating activities	50,242	56,330	14,166	26,919
thereof discontinued operations	200	800	125	675
Proceeds from sale of intangible assets	10	52	0	27
Capital expenditure for intangible assets	-2,202	-1,803	-807	-798
Proceeds from sale of property, plant and equipment	982	157	494	17
Capital expenditure for property, plant and equipment	-21,812	-17,133	-5,266	-6,108
Proceeds from sale of financial investments	1,510	2,630	540	1,128
Capital expenditure for financial investments	-263	-269	-88	-87
Proceeds from sale of consolidated companies	0	1,212	0	1,212
Capital expenditure for the acquisition of consolidated companies	-13,916	-195	-8,827	-195
Proceeds from financial assets within the framework of short-term disposition	22,736	0	14,736	0
Capital expenditure for financial assets within the framework of short-term disposition	-34,196	0	-13,992	0
Proceeds from non-operating income from investments	0	1,693	0	0
Interest received	355	2,476	57	2,292
Cash flows from investing activities	-46,795	-11,180	-13,153	-2,513
thereof discontinued operations	0	2,670	0	2,670
Dividends paid	-14,310	-12,592	0	0
Proceeds from issuing bonds and loans	4,617	8,577	749	8,036
Repayments of bonds and loans	-934	-795	-433	-290
Payments for finance leases	-86	-27	-41	-10
Change in group financing	639	-1,673	956	-217
Interest paid	-2,257	-2,069	-392	-203
Cash flows from financing activities	-12,331	-8,578	839	7,316
Change in cash and cash equivalents	-8,884	36,572	1,852	31,722
thereof discontinued operations	200	3,470	125	3,345
Effects of movements in exchange rates on cash held	-883	-171	-331	-25
Change in cash and cash equivalents due to changes in the scope of consolidation	89	0	0	0
Cash and cash equivalents at the beginning of the period	91,961	83,824	80,761	88,528
Cash and cash equivalents at the end of the period	82,282	120,225	82,282	120,225

Consolidated Statement of Changes in Equity

in thousand euros	Share capital	Capital reserve	Retained earnings	Available-for-sale financial assets	Cash flow hedges
Balance at 1/1/2016	148,819	194,286	111,508	802	-399
Changes in the scope of consolidation			-154		
Dividends			-12,592		
Measurement of financial instruments				-585	370
Measurement of pension obligations					
Foreign currency exchange differences					
Earnings after tax			39,241		
Balance at 30/9/2016	148,819	194,286	138,003	217	-29
Balance at 1/1/2017	148,819	194,286	155,016	515	-1,577
Dividends			-14,310		
Measurement of financial instruments				133	2,901
Measurement of pension obligations					
Foreign currency exchange differences					
Earnings after tax			44,285		
Other adjustments			-944		
Balance at 30/9/2017	148,819	194,286	184,047	648	1,324

	Cumulative exchange differences	Actuarial effects	Equity attributable to shareholders of JENOPTIK AG	Non-controlling interest	Total	in thousand euros
	9,273	-28,076	436,213	-1,081	435,132	Balance at 1/1/2016
			-154	154	0	Changes in the scope of consolidation
			-12,592		-12,592	Dividends
			-215		-215	Measurement of financial instruments
		-416	-416		-416	Measurement of pension obligations
	-4,363	10	-4,353	299	-4,054	Foreign currency exchange differences
			39,241	-74	39,167	Earnings after tax
	4,910	-28,482	457,724	-702	457,022	Balance at 30/9/2016
	8,108	-28,457	476,710	-331	476,379	Balance at 1/1/2017
			-14,310		-14,310	Dividends
			3,034		3,034	Measurement of financial instruments
		199	199		199	Measurement of pension obligations
	-7,035	166	-6,869	18	-6,851	Foreign currency exchange differences
			44,285	-14	44,271	Earnings after tax
			-944		-944	Other adjustments
	1,073	-28,092	502,104	-327	501,777	Balance at 30/9/2017

Segment Report

January 1 to September 30, 2017

in thousand euros	Optics & Life Science	Mobility	Defense & Civil Systems	Other	Consolidation	Group
Revenue	191,322	180,612	155,072	28,012	-28,193	526,826
	(164,469)	(169,017)	(162,248)	(25,993)	(-29,157)	(492,569)
thereof intragroup revenue	2,976	13	111	25,093	-28,193	(0)
	(4,851)	(61)	(304)	(23,941)	(-29,156)	(0)
thereof external revenue	188,346	180,598	154,962	2,920	0	526,826
	(159,618)	(168,955)	(161,944)	(2,052)	(0)	(492,569)
Germany	37,199	42,944	67,977	2,819	0	150,939
	(30,518)	(44,797)	(93,774)	(1,987)	(0)	(171,076)
Europe	71,643	47,707	32,604	0	0	151,954
	(54,663)	(46,664)	(43,263)	(0)	(0)	(144,590)
Americas	34,281	47,733	37,996	2	0	120,012
	(33,852)	(41,244)	(13,874)	(2)	(0)	(88,972)
Middle East / Africa	8,971	4,854	9,037	0	0	22,861
	(9,168)	(3,154)	(2,105)	(0)	(0)	(14,427)
Asia / Pacific	36,252	37,361	7,349	99	0	81,060
	(31,417)	(33,096)	(8,929)	(63)	(0)	(73,505)
EBITDA	42,964	15,070	15,843	-947	2	72,933
	(30,649)	(18,468)	(16,708)	(-397)	(-68)	(65,360)
EBIT	36,932	8,588	12,311	-5,816	8	52,023
	(24,524)	(12,692)	(13,248)	(-5,515)	(-68)	(44,881)
Investment result	-232	20	0	5,623	0	5,412
	(-76)	(1,693)	(0)	(9)	(0)	(1,626)
Research and development expenses	10,565	12,460	9,271	571	-26	32,840
	(10,649)	(14,697)	(4,899)	(375)	(-153)	(30,467)
Free cash flow (before interest and income taxes)	24,267	285	17,621	-9,912	-50	32,212
	(15,434)	(4,358)	(25,288)	(-1,951)	(-39)	(43,091)
Working capital[1]	69,200	68,238	91,659	-3,661	-89	225,347
	(56,563)	(64,668)	(93,514)	(-4,717)	(-111)	(209,917)
Order intake	222,769	200,730	154,358	27,914	-29,571	576,200
	(172,178)	(196,885)	(181,123)	(25,978)	(-28,513)	(547,651)
Frame contracts[1]	13,467	68,887	49,614	0	0	131,968
	(14,480)	(79,054)	(67,408)	(0)	(0)	(160,942)
Total assets[1]	222,769	252,485	186,269	708,816	-517,660	852,679
	(190,624)	(225,286)	(176,851)	(718,487)	(-498,198)	(813,051)
Total liabilities[1]	47,468	169,831	125,033	200,639	-192,070	350,902
	(48,058)	(146,245)	(129,538)	(193,311)	(-180,479)	(336,672)
Capital expenditure	3,603	14,432	2,967	2,127	0	23,128
	(3,735)	(7,703)	(3,025)	(1,538)	(0)	(16,001)
Scheduled depreciation and amortization	6,058	6,482	3,533	4,869	-6	20,936
	(6,125)	(5,776)	(3,459)	(5,118)	(0)	(20,479)
Number of employees on average	1,091	1,248	837	307	0	3,482
without trainees	(1,113)	(1,184)	(822)	(282)	(0)	(3,401)

Prior year figures are in parentheses

[1] Prior year figures refer to December 31, 2016

Notes to the Interim Consolidated Financial Statements for the First Nine Months of 2017

Parent Company

The parent company of Jenoptik Group 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 listed on the German Stock Exchange in Frankfurt and, among others, included in the TecDax index.

Accounting in accordance with International Financial Reporting Standards (IFRS)

The accounting policies applied in preparing the 2016 consolidated financial statements were also applied in preparing the interim consolidated financial statements as at September 30, 2017, 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 the International Financial Reporting Standards (IFRS) as adopted by the European Union. These policies were published and individually described in detail in the Notes to the 2016 Annual Report. The Annual Report is available on the internet under www.jenoptik.com using the path Investors/Reports and Presentations.

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 to present a true and fair view of the Group's business performance in the period under review.

The following IFRS have been applied for the first time in fiscal year 2017:

Amendment to IAS 12 "Recording of deferred tax claims for non-realized losses". The amendment makes it clear that an entity must consider whether tax laws restrict the sources for future taxable income, against which it can use deductions from the reversal of the corresponding, deductible temporary differences. In addition, the amendment contains guidelines on how an entity has to determine future taxable income and explains the circumstances in which future taxable income can include amounts arising from the realization of assets above their carrying amount. This amendment became effective as of January 1, 2017 and has no material impact on the consolidated financial statements.

Changes to IAS 7: Disclosure initiative. The amendment to IAS 7 "Cash Flow Statements" is part of the IASB's disclosure initiative and obligates entities to provide information that enables addressees of financial statements to keep track of the changes to the debts arising from financing activities. When applying the amendments for the first time, entities do not have to give any comparison information for prior periods. This amendment became effective as of January 1, 2017. As a result of applying the amendments the Group will provide the additional notes required in the Annual Report 2017.

Regarding the statements in the annual report 2016 about the IFRS to be applied starting with fiscal year 2018 there were no new information on their influence on the consolidated financial statements, with the exception of IFRS 15 "Revenue from Contracts with Customers".

In the course of the implementation of IFRS 15 and the ongoing analysis, customer orders were identified that qualify as customer-specific series production with a future revenue recognition over time. This results in revenues being recognized earlier and a slight increase in equity at initial adoption. The expected overall effect of IFRS 15 on equity at the transition date is still estimated to be a reduction by a mid single-digit million amount.

The Group of Entities Consolidated

The consolidated financial statements of JENOPTIK AG contain 35 fully consolidated subsidiaries (31/12/2016: 32). Thereof 12 (31/12/2016: 12) have their legal seat in Germany and 23 (31/12/2016: 20) abroad. The companies to be consolidated within the Jenoptik Group still contain one joint operation.

On signing the agreement on January 19, 2017 Jenoptik acquired 100 percent of the shares in Domestic and Commercial Security Limited (in the following: ESSA Technology), Saltash (Great Britain) via the British entity JENOPTIK Traffic Solutions UK Ltd. ESSA Technology specializes in software for traffic monitoring and associated back office solutions, particularly automatic number plate recognition (ANPR) applications for the police. The acquisition expands the Jenoptik Group's traffic safety portfolio and promotes its ongoing transformation into a supplier of integrated solutions for public safety and "smart cities".

As Jenoptik holds 94.64 percent of the shares in the acquiring entity JENOPTIK Traffic Solutions UK Ltd., 5.36 percent of the results of ESSA Technology have been attributed to non-controlling interests from the time of the acquisition.

The information below is based on provisional figures. Their provisional nature concerns determination of the acquired net assets and determination of the purchase price with regard to finalization of the completion accounts. The initial consolidation will be finalized by the end of the measurement period.

The purchase price comprises a fixed cash component of 4,610 thousand pounds sterling (5,354 thousand euros). In turn, we acquired the following identified net assets at the point of first-time consolidation:

in thousand euros	Additions
Non-current assets	1,528
Current assets	1,117
Non-current liabilities	264
Current liabilities	402

The acquired assets include receivables with a gross value of 808 thousand euros, corresponding to the full fair value. There is no expectation that the acquired receivables will be unrecoverable. Cash and cash equivalents amounting to 265 thousand euros are also included in the acquired assets.

In connection with the acquisition of shares in ESSA Technology, the main items identified as intangible assets were a customer base, technologies, trademark rights and an order backlog. The intangible assets are depreciated over periods of between three and ten years. Goodwill in the sum of 3,376 thousand euros was also recorded for the acquisition of skilled personnel and synergy effects arising from the expansion of the range of services through to integrated solutions. The goodwill is to be allocated to the cash-generating unit Traffic Solutions and is not tax-deductible.

Contingent liabilities were not recognized in the acquisition.

Costs of 46 thousand euros (prior year 148 thousand euros) were incurred for the acquisition of ESSA Technology in the 2017 fiscal year and are included in the other operating expenses.

On signing the agreement on July 27, 2017 and on fulfillment of the condition precedent on August 21, 2017, Jenoptik acquired a 100 percent stake in Five Lakes Automation LLC, Novi (MI), USA, through its US company JENOPTIK Automotive North America LLC. The entity acquired is a young company specializing in production automation for car manufacturers and automotive suppliers. Jenoptik thus no longer only supplies individual machines for laser processing but, drawing on the expertise of Five Lakes Automation, will in the future be able to plan and implement automated production lines from a single source.

The information below is based on provisional figures. The provisional nature concerns determination of the acquired net assets, valuation of the intangible assets identified in the process of purchase price allocation, and determination of the purchase price with a view to finalizing the completion accounts. The first-time consolidation will be finalized by the end of the valuation period.

The purchase price (13,550 thousand US dollars, 11,450 thousand euros) comprises a cash component in the amount of 10,550 thousand US dollars (8,932 thousand euros) and a conditional component in the amount of 3,000 thousand US dollars (2,518 thousand euros), which is based on the attainment of defined budget targets for existing customer projects. The conditional component was recognized as a liability using the most likely amount.

In turn, we acquired the following identified net assets at the point of first-time consolidation:

in thousand euros	Additions
Non-current assets	4,637
Current assets	5,372
Non-current liabilities	0
Current liabilities	3,372

The acquired assets include receivables with a gross value of 2,899 thousand euros, corresponding to the full fair value. There is no expectation that the acquired receivables will be unrecoverable. Also included in the acquired assets are cash and cash equivalents amounting to 20 thousand euros.

In connection with the acquisition of shares in Five Lakes Automation LLC, the main items identified as intangible assets were a customer base, order backlog, and non-compete agreements. The intangible assets are depreciated over periods of between six months and nine years. Goodwill in the sum of 4,736 thousand euros was also recorded for the acquisition of skilled personnel and synergies arising from the expansion of the range of services, which extend all the way to automated production lines. The goodwill is to be allocated to the "Automotive" group of cash-generating units and is fully tax-deductible.

No contingent liabilities were recognized in the acquisition.

The ongoing employment of a member of the management board is assessed as a separate transaction and will be recorded over the period of the management performance to be accomplished.

Costs of 460 thousand euros for the acquisition of Five Lakes Automation LLC arose in the 2017 fiscal year and were shown in other operating expenses.

The interim financial statements as of June 30, 2017 contain revenue amounting to 1,047 thousand euros and earnings after tax amounting to 75 thousand euros resulting from the incorporation of ESSA Technology. Resulting from the consolidation of Five Lakes Automation the interim financial statements include revenue amounting to 1,855 thousand euros and earnings after tax amounting to minus 6 thousand euros. The earnings after tax include in both cases expenses for the scheduled amortization of intangible assets identified during the purchase price allocation.

In case the acquisition would have taken place on January 1, 2017 the group revenue would have been 539,209 thousand euros and the earnings after tax would have amounted to 44,704 thousand euros. In order to prepare this information we assumed that the fair values of the intangibles assets identified during the purchase price allocation are identical with those identified at time of initial consolidation. These pro forma figures were prepared exclusively for the purpose of comparison. These figures do not provide information neither on the operating result that would have been achieved in case the acquisition would have taken place on January 1, 2017 nor future results.

Since January 1, 2017, JENOPTIK India Private Limited, Bangalore, India, was included in the consolidated financial statements for the first time. The interim financial statements contain revenues of 447 thousand euros and earnings after tax amounting to minus 98 thousand euros for the newly consolidated company JENOPTIK India.

In addition, with effect from January 1, 2017 the non-consolidated JENOPTIK KATASORB GmbH, Jena, Germany, was merged with the fully-consolidated JENOPTIK Automatisierungstechnik GmbH, Jena, Germany. This merger has no material effect on the consolidated statement of income because the revenue generated by the company was almost exclusively on an intra-group basis and, as a result of being included in the tax group for income tax purposes, the company was subject to the transfer of profits to JENOPTIK Automatisierungstechnik.

At the time of first-time consolidation of JENOPTIK India and the merger of JENOPTIK Katasorb the following assets and liabilities were included:

in thousand euros	Additions
Non-current assets	88
Current assets	601
Non-current liabilities	0
Current liabilities	490

No companies were sold.

Material Transactions

A dividend payment of 0.25 euros per share was agreed at the JENOPTIK AG Annual General Meeting on June 7, 2017. The payment of the dividend led to a reduction of 14,310 thousand euros in cash flows from financing activities.

The new technology campus for metrology and laser machines at the US site of Rochester Hills, Michigan, was completed in the second quarter of 2017 after a period of construction of about one year. The total investment for this project amounted to 13,969 thousand euros, of which 2,180 thousand euros was attributable to the acquisition of the land and 11,790 thousand euros to the construction of the building. Cash flow from investing activities took a negative hit in the reporting period in the sum of 5,173 thousand euros.

In the course of the acquisition of a US company, a minority holding in this company acquired by Jenoptik in 2011 legally passed to the purchaser in the second quarter of 2017. On the basis of the consideration offered for the shares, the carrying amount was revalued and the resultant income amounting to 5,739 thousand euros so far recognized as other equity outside of profit or loss. In the third quarter of 2017, all significant opportunities and risks passed to the purchaser, such that the income was shown through profit or loss in the investment income. Payment is expected to be received by the end of the year.

For a customer-specific project in the Mobility segment, an increase in the planned project costs was identified in the first half-year 2017 as part of the regular project assessment. In the second quarter of 2017 this resulted in a revaluation of the project progress and a negative impact on the EBIT in the mid single-digit million range.

Beyond this, transactions with a significant influence on the interim consolidated financial statements of Jenoptik in the third quarter or cumulative up to September 30, 2017 did not occur.

Classification of Material Financial Statement Items

Property, plant and equipment

in thousand euros	30/9/2017	31/12/2016
Land and buildings	92,135	84,396
Technical equipment and machines	38,840	39,730
Other equipment, operating and office equipment	21,227	21,546
Payments on-account and assets under construction	6,988	12,210
Total	159,190	157,882

Inventories

in thousand euros	30/9/2017	31/12/2016
Raw materials, consumables and supplies	66,354	54,924
Unfinished goods and work in progress	99,114	84,400
Finished goods and merchandise	21,595	18,738
Payments on-account made	2,549	1,261
Total	189,612	159,324

Current trade receivables

in thousand euros	30/9/2017	31/12/2016
Trade receivables from third parties	120,750	124,608
Receivables from construction contracts	6,429	4,419
Trade receivables from unconsolidated associates and joint operations	236	562
Trade receivables from entities in which investments are held	575	232
Total	127,990	129,821

Non-current financial debt

in thousand euros	30/9/2017	31/12/2016
Non-current bank liabilities	119,370	120,434
Non-current liabilities from finance leases	433	45
Total	119,803	120,479

Current financial debt

in thousand euros	30/9/2017	31/12/2016
Bank liabilities	7,658	4,088
Liabilities from finance leases	114	41
Total	7,772	4,129

Current trade payables

in thousand euros	30/9/2017	31/12/2016
Trade payables towards third parties	54,602	48,020
Trade payables towards unconsolidated associates and joint operations	343	293
Trade payables towards entities in which investments are held	23	89
Total	54,967	48,402

Other current non-financial liabilities

in thousand euros	30/9/2017	31/12/2016
Liabilities from advance payments received	36,791	29,461
Liabilities to employees	9,613	12,816
Accruals	5,176	3,295
Liabilities from other taxes	3,477	4,183
Miscellaneous current non-financial liabilities	2,283	3,854
Total	57,340	53,609

Financial instruments

The carrying amounts listed below for cash and cash equivalents, available for sale financial assets, contingent liabilities and derivatives with and without hedging relations correspond to their fair value. The carrying amounts of the remaining items represent an appropriate approximation of their fair value. In the following presentation the non-current and current portion of each item of the statement of financial position was aggregated.

Financial assets

in thousand euros	Valuation category according to IAS 39 1)	Carrying amounts 30/9/2017	Carrying amounts 31/12/2016
Financial investments			
Securities	LAR	61,235	49,746
Shares in unconsolidated associates and investments	AFS	2,811	16,598
Available-for-sale financial assets	AFS	1,034	1,656
Loans granted	LAR	734	1,294
Financial assets held to maturity	HTM	280	280
Trade receivables	LAR	129,027	131,745
Other financial assets			
Receivables from lease agreements	-	468	845
Derivatives with hedging relations	-	2,626	43
Derivatives without hedging relations	FVTPL	2,022	1,599
Miscellaneous financial assets	LAR	16,998	1,862
Cash and cash equivalents	LAR	82,282	91,961

1) LAR = Loans and receivables
HTM = Held to maturity
AFS = Available for sale
FVTPL = Fair value through Profit & Loss

Financial liabilities

in thousand euros	Valuation category according to IAS 39 1)	Carrying amounts 30/9/2017	Carrying amounts 31/12/2016
Financial debt			
Liabilities to banks	FLAC	127,028	124,521
Liabilities from finance lease agreements	-	547	86
Trade payables	FLAC	54,967	49,082
Other financial liabilities			
Contingent liabilities	FVTPL	3,793	1,284
Derivatives with hedging relations	-	352	2,770
Derivatives without hedging relations	FVTPL	639	567
Miscellaneous financial liabilities	FLAC	4,855	4,506

1) FLAC = Financial liabilities at cost
FVTPL = Fair value through Profit & Loss

As part of capital management, new cash investments are regularly made and payments are collected on scheduled due dates. In the course of these transactions, securities increased in value by a total of 11,489 thousand euros over the reporting period.

As of the reporting date, the other financial assets include a receivable arising from the above-mentioned transfer of shares in the minority holding to a US company.

The classification of fair values is shown in the following overview of financial assets and liabilities measured:

in thousand euros	Carrying amounts 30/9/2017	Level 1	Level 2	Level 3
Available-for-sale financial assets	1,034 (1,656)	647 (1,295)	0 (0)	387 (361)
Derivatives with hedging relations (assets)	2,626 (43)	0 (0)	2,626 (43)	0 (0)
Derivatives without hedging relations (assets)	2,022 (1,599)	0 (0)	2,022 (1,599)	0 (0)
Contingent liabilities	3,793 (1,284)	0 (0)	0 (0)	3,793 (1,284)
Derivatives with hedging relations (liabilities)	352 (2,770)	0 (0)	352 (2,770)	0 (0)
Derivatives without hedging relations (liabilities)	639 (567)	0 (0)	639 (567)	0 (0)

Prior year figures are in parentheses.

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

Fair values of available-for-sale financial assets are determined on the basis of stock exchange prices (level 1), respectively, discounted cash flows (level 3).

The fair values of all derivatives are determined using the generally recognized measurement methods. In this context, the future cash flows determined via the agreed forward rate or interest rate are discounted using current market data. The market data used in this context is taken from leading financial information systems, such as, for example, Reuters. If an interpolation of market data is applied, this is done on a straight-line basis.

The fair value of contingent liabilities was measured by taking the expected and discounted payment outflows at the reporting date into consideration. As part of the acquisition of the Vysionics Group the agreed put option for acquiring the remaining non-controlling interests was recorded with the present value of the estimated exercise price amounting to 1,251 thousand euros using a discount rate of 0.47 percent. In connection with the acquisition of Five Lakes Automation LLC, contingent liabilities were agreed with the sellers and accounted for at the most likely value of 2,541 thousand euros. Payments are due to be made in 2018 and 2019. Discounting for the long-term component was not applied on grounds of materiality.

The development of financial assets and liabilities 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	Contingent liabilities
Balance at 1/1/2017	**361**	**1,284**
Additions	263	2,518
Gains and losses recognized in operating result	0	-37
Gains and losses recognized in financial result	-232	5
Currency effects	0	23
Balance at 30/9/2017	**387**	**3,793**

Related Party Disclosures

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

German Corporate Governance Code

The current statement 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 has been made permanently available to shareholders on the Jenoptik website www.jenoptik.com using the path Investors/Corporate Governance. Furthermore, the statement can also be viewed on site at JENOPTIK AG.

Litigations

JENOPTIK AG and its group entities are involved in several court or arbitration proceedings. Provisions for litigation risks, respectively litigation expenses, were set up in the appropriate amounts in order to meet any possible financial burdens resulting from any court decisions or arbitration proceedings. In case of a material impact on the economic situation of the Group these litigations are described in the Annual Report 2016. As at September 30, 2017 no further litigations arose that based on current assessment could have a material effect on the financial position of the Group.

Events after the Reporting Period

There were no events after the balance sheet date of September 30, 2017 that were of significance to the Group or had a significant influence on Jenoptik's earnings, financial or asset positions at the time this report was prepared.

Responsibility Statement by the Legal Representative

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, November 7, 2017

Dr. Stefan Traeger
President & CEO

Hans-Dieter Schumacher
Chief Financial Officer

Dates

February 6, 2018
Publication of the preliminary results for the fiscal year 2017

March 22, 2018
Publication of the financial statements for the fiscal year 2017

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