JENOPTIK

DIGITAL WORLD

HEALTH

MOBILITY & EFFICIENCY

INFRASTRUCTURE

SECURITY

SHAPING THE MARKETS

ANNUAL REPORT 2015

Key figures of Jenoptik

in million euros	2015	2014	Change in %
Revenue	**668.6**	**590.2**	**13.3**
Domestic	217.8	211.1	3.2
Foreign	450.8	379.1	18.9
EBITDA	**88.8**	**76.1**	**16.7**
EBITDA margin (EBITDA in % of revenue)	**13.3**	**12.9**	
EBIT	**61.2**	**51.6**	**18.7**
EBIT margin (EBIT in % of revenue)	**9.2**	**8.7**	
Earnings before tax	**57.4**	**46.1**	**24.6**
Earnings after tax	**49.9**	**41.6**	**20.0**
EPS (in euros)	**0.87**	**0.73**	**19.0**
Dividend (in euros)	**0.22**	**0.20**	**10.0**
Free cash flow (before income taxes)	**71.8**	**22.5**	**219.1**
Net debt	**43.9**	**92.1**	**−52.4**
Equity ratio (Equity in % of balance sheet total)	**56.6**	**50.1**	**12.9**
Order intake	**636.7**	**589.2**	**8.1**

	31/12/2015	31/12/2014	Change in %
Order backlog (in million euros)	**373.4**	**422.5**	**−11.6**
Employees	**3,512**	**3,553**	**−1.2**

Please not that there may be rounding differences as compared to the mathematically exact amounts (monetary units, percentages, etc.) in this Annual Report.

A portrait of Jenoptik

We are a globally operating integrated photonics group which is present in more than 80 countries. Optical technologies are the basis of our business. Our customers primarily include companies in the semiconductor equipment, automotive and automotive supplier industries, the medical technology, security and defense technology as well as the aviation industries. In 2015, Jenoptik had 3,512 employees.

668.6

Group revenue 2015 in million euros

88.8

EBITDA 2015 in million euros

61.2

EBIT 2015 in million euros

9.2

EBIT margin 2015 in percent

Contents ▲

SHAPING THE MARKETS

At the start of the new fiscal year 2016, we aligned our divisions more closely with our relevant markets and megatrends. The optimized structure will help us to position our products and solutions even closer to the customer in the future. It represents an important element along our path to greater growth and profitability.

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You may find a digital version of our Annual Report on our web page at www.jenoptik.com/annual-report. Our Jenoptik app provides an optimized view of the report on mobile devices running on iOS or Android. The app is available for download inthe App Store and at Google Play.

Contents

Further information on the Internet

Further information in the Annual Report

01

Digital networking has been increasingly central to the needs of customers and consumers.

DIGITAL WORLD

Optical Systems

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MOBILITY & EFFICIENCY

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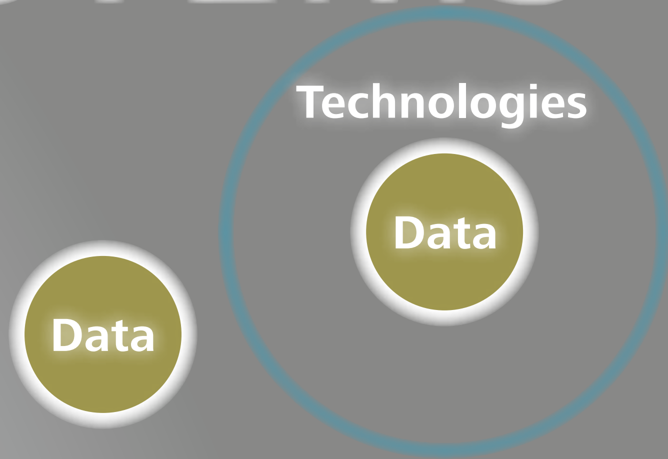
SMART SYSTEMS

We play our part in advancing the advantages of today's digital world.

In our **Optical Systems** division, we are able to improve our position with regard to optical and microoptical systems and precision components for semiconductor equipment. We have also increasingly featured innovative solutions for optical information and communications technology.



4.4

Trillion Gigabytes 2013

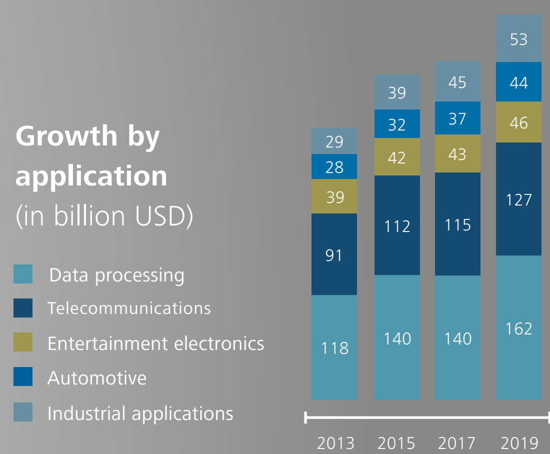
The increase in total data from 2013 to 2020: Converted into individual digital bits, the figure is close to the estimated number of stars in the universe (3.77957122048e^23)

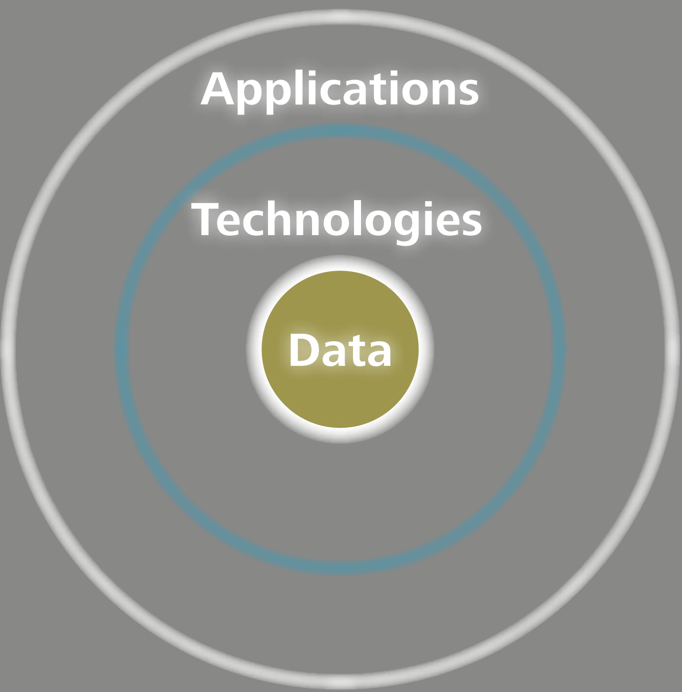
The global semi-conductor market

5.2%

Annual growth 2015 to 2019

Growth by application
(in billion USD)





1.7

Megabytes/minute

Average data volume created per capita, 2014

DIGITAL WORLD

HEALTH

MOBILITY & EFFICIENCY

INFRA-STRUCTURE

SECURITY

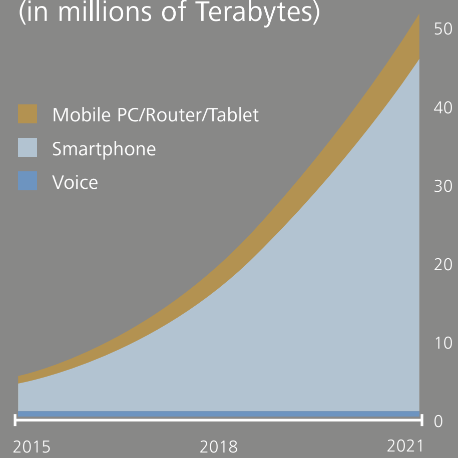
+45%

Annual Ø growth rate of total mobile data traffic

44

Trillion Gigabytes 2020

Monthly global mobile data traffic, 2015 to 2021
(in millions of Terabytes)



90m

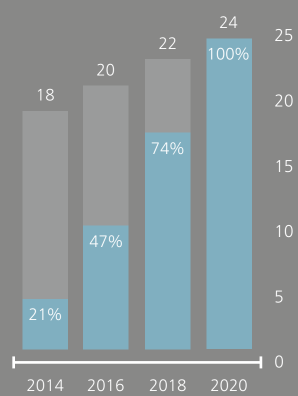
Number of connected cars* projected to be sold in Europe between 2015 and 2020

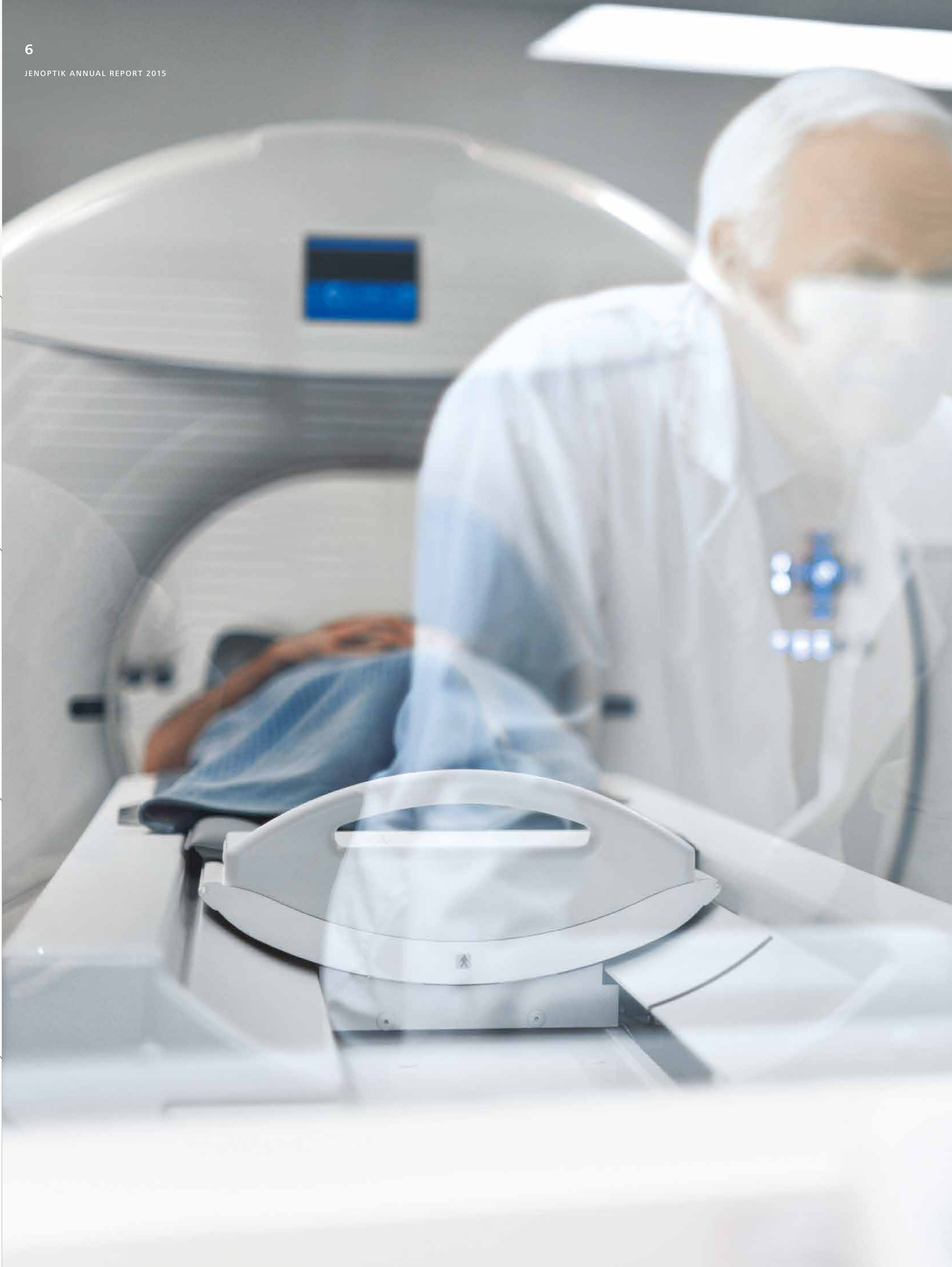
* Carmaker telematics system

Vehicles without carmaker telematics systems

Vehicles with carmaker telematics systems

% Market penetration of telematics equipment in new vehicles





02

Healthcare & Industry

HEALTH

With a growing and prospering population comes the need for greater quality of life and better healthcare.

MOBILITY & EFFICIENCY

INFRA-STRUCTURE

SECURITY

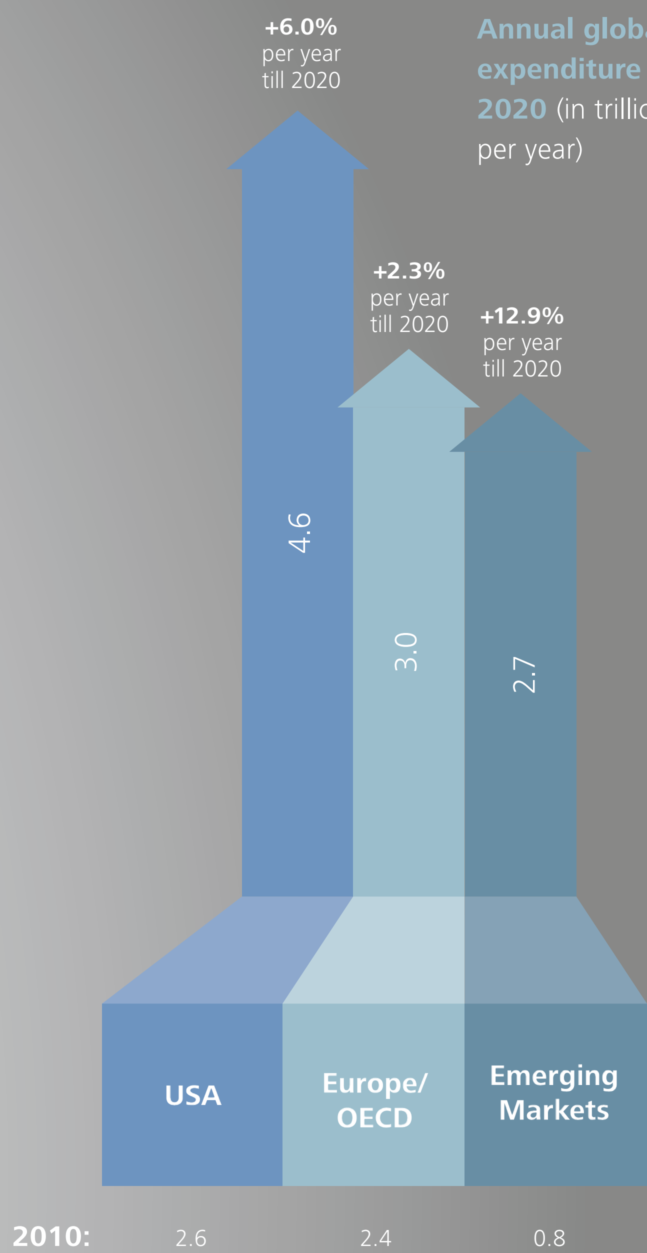
QUALITY

70 ↗ 83

years global life expectancy, 2015

years projected global life expectancy, 2100

Annual global health expenditure 2010 to 2020 (in trillions of USD per year)



We provide our customers in the life-science industry with new diagnostic, analytical, and technical production processes to promote the growth of their enterprises.

We act as strategic partners for the health and life-science industries in our **Healthcare & Industry** division. Jenoptik produces, for example, optoelectronical analysis and processing systems for researchers, for use in hospitals, and for self-diagnosis systems for patients. Areas of application include ophthalmology, DNA analysis, and blood-sugar tests.

OF LIFE

Projected global population growth through 2100:

+55%

7.3 billion
2015

8.5 billion
2030

9.7 billion
2050

11.2 billion
2100

HEALTH

MOBILITY & EFFICIENCY

INFRA-STRUCTURE

SECURITY

+140%

Forecast increase in age-related chronic illnesses, lifestyle illnesses through 2030, using dementia as an example

7x

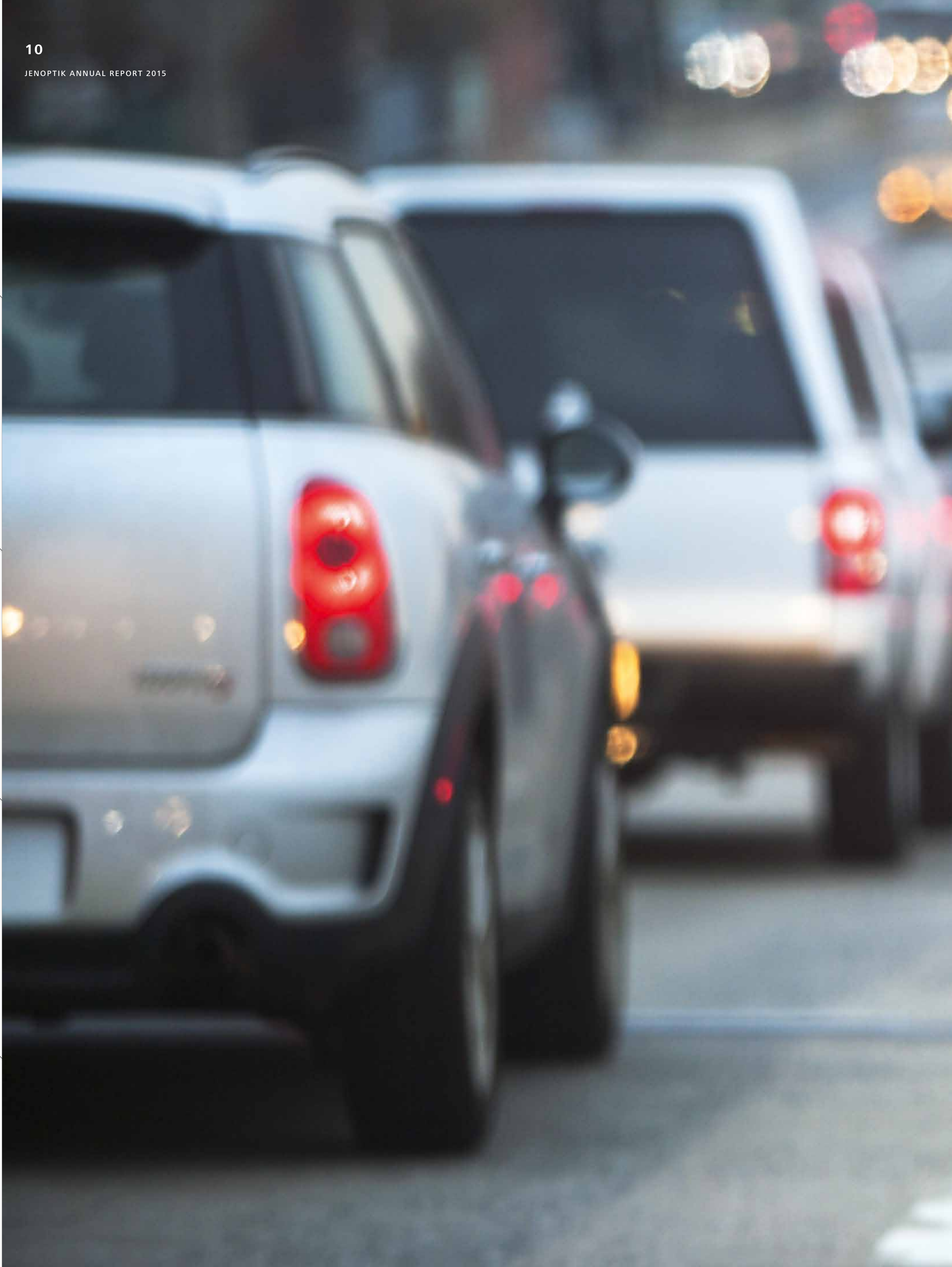
increased chance of healthy aging due to regular physical exercise

0.5µm

The depth precision in laser eye surgery

By comparison: A human hair is approx. 100 microns (µm) in width

1 coffee cup DNA = 100 million hours of HD video



03

Automotive

MOBILITY & EFFICIENCY

Strong competition and environmental concerns increase the pressure on the global automotive industry to increase its efficiency.

INFRA-STRUCTURE

SECURITY

ON THE MOVE

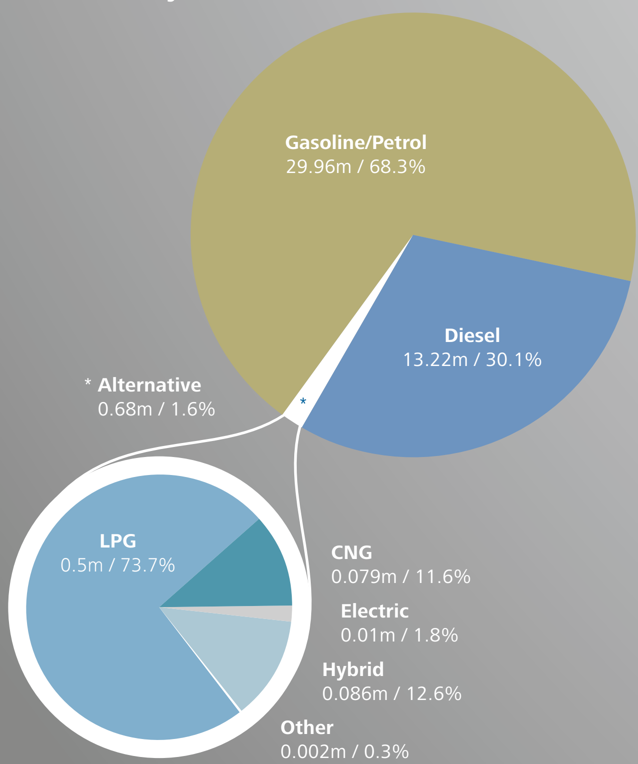
Our components and system solutions serve to boost the efficiency of both products and production processes for the automotive market.

Our **Automotive** division's production measurement technology and laser machines enable our automotive customers to produce sustainable and resource-efficient products. We also support them when it comes to the automation and process optimization of their production lines, resulting in greater flexibility in their value chain.

2.6 Cars/second
Current average global production

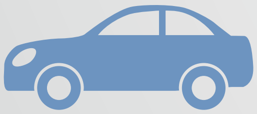
1.8 billion Projected motor vehicles worldwide, 2035

Cars by engine in Germany, 2014



CO_2 emissions by types of transportation:

73 %
Automotive



11 %
Air travel

9 %
Sea travel

2 %
Rail travel

5 %
Other

8 billion tons

Projected annual global CO_2 emissions from motor vehicles, 2050

60 billion tons

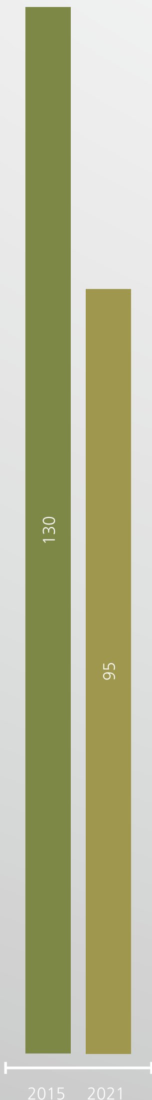
Projected petroleum consumption for personal car use, 1995–2030

MOBILITY & EFFICIENCY

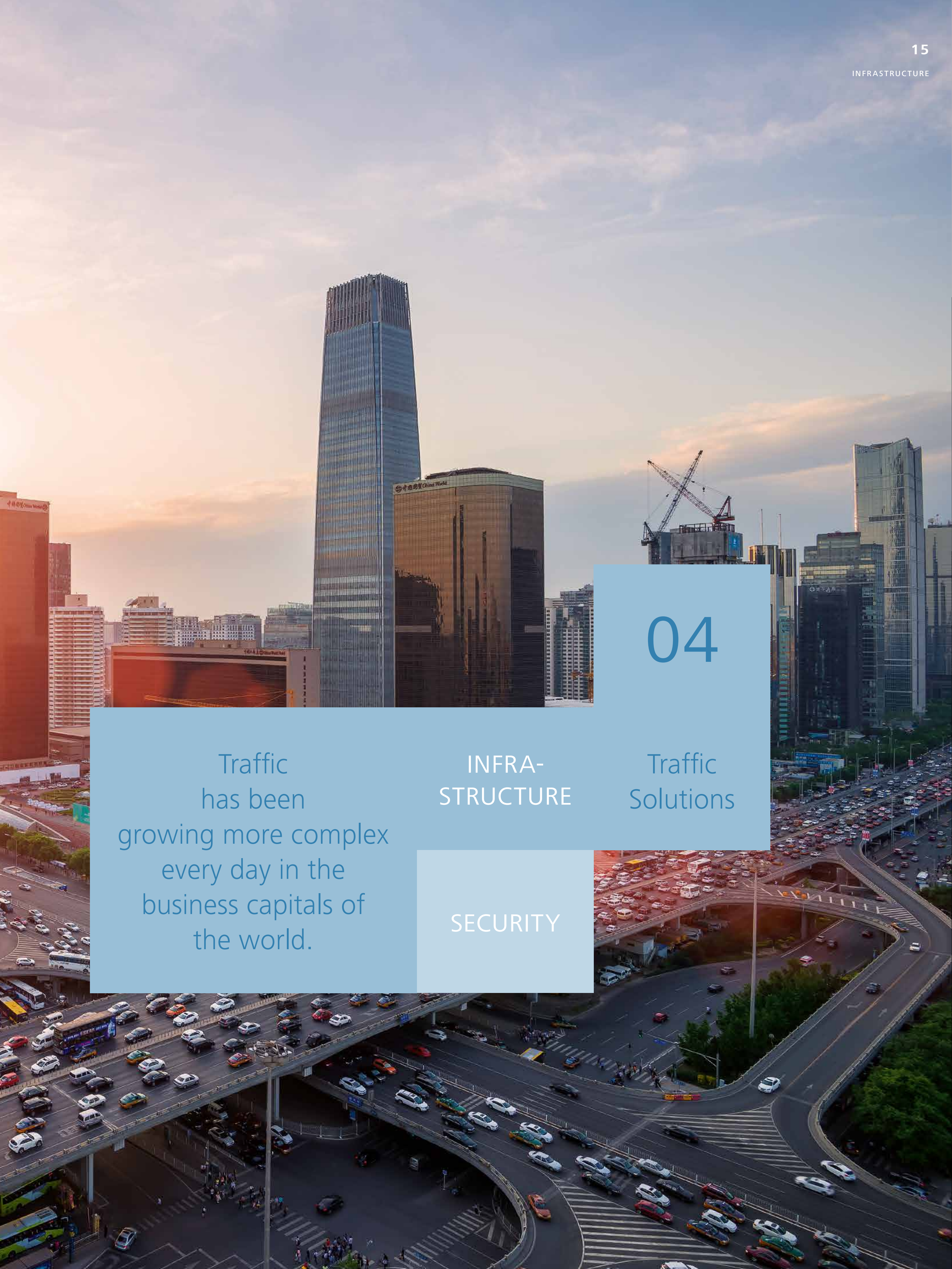
INFRA-STRUCTURE

SECURITY

Emission limits for new vehicles in accordance with EU CO_2 regulations
(CO_2/km)




PICC
DOLCE & GABBANA



04

Traffic has been growing more complex every day in the business capitals of the world.

INFRA-STRUCTURE

Traffic Solutions

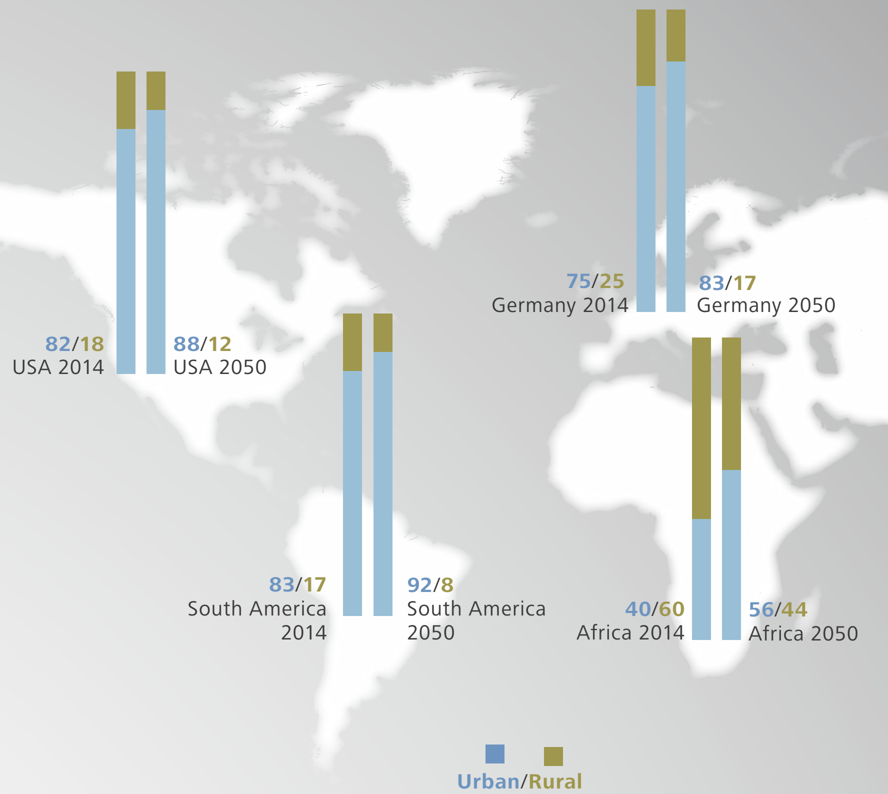
SECURITY

URBA

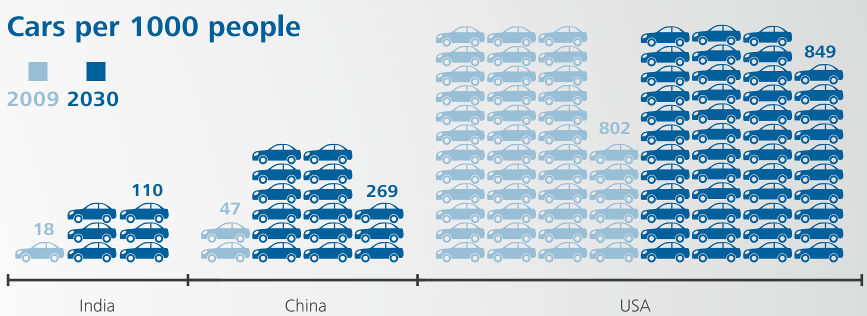
Our solutions provide the basis for our future transportation infrastructure not only remaining manageable into the future but safer as well.

Our **Traffic Solutions** division provides our customers around the world with modern components and systems for more traffic safety. This includes both mobile and stationary traffic monitoring systems. We also provide continual service and support to our customers throughout the entire value chain.

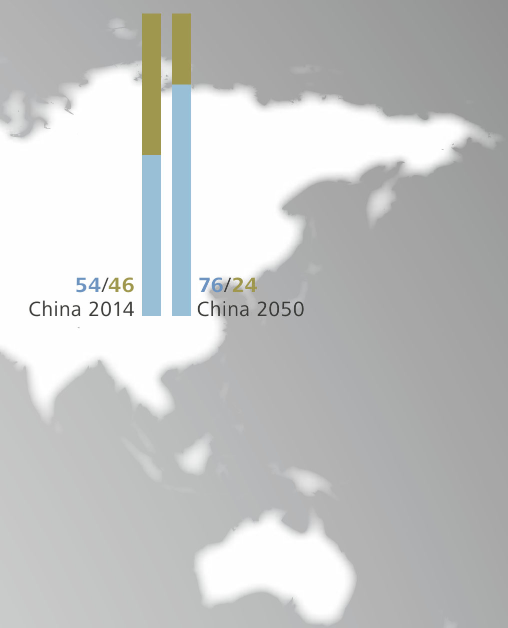
2 out of 3 people around the world will live in cities by 2050. This figure came to only 30% in 1950, and 47% in 2005.



6x There will be six times as many cars in China in 2030 as in 2009



NIZATION



41

Megacities

The number of cities with over 10m inhabitants will rise by 46% through 2030

50+

Number of assistance systems that can be installed in state-of-the-art vehicles today

30 secs.

Every half a minute, someone loses their life in a traffic incident

NO.1

Cause of accidents in the world: Excessive speed

INFRA-STRUCTURE

SECURITY

16%

Decrease in traffic fatalities in Germany between 2011 and 2015. The goal of the German Federal Ministry for Transportation is to reduce fatalities by 40% by 2020

5 for 30

Reducing the **average speed by 5%** can lead to **up to a 30% reduction** in fatal traffic accidents

05

SECURITY

Defense & Civil Systems

Technological advances continue to bring about new applications for civil and state needs.

SAFETY & SECURITY

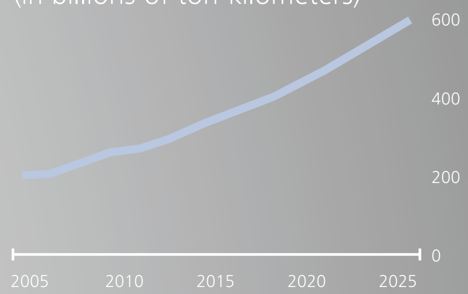
In our solutions, we provide important components for the safe transportation of people and goods both on land and in the air, as well as for defense technologies.

In our **Defense & Civil Systems** division, we support our customers in the security and defense markets and in the air and rail travel segments, with drives and stabilization technology, energy systems, and laser and infrared technology. Our components and systems secure the energy supply and mobility for a wide variety of infrastructures.

1.21

billion euros of damage by fire in Germany

Global growth in air freight traffic
(in billions of ton-kilometers)



6.1%

average annual growth

70%

Growth in European rail transport services by 2025

40 x

safer transportation of hazardous goods by rail than by road

2

Every 2 minutes there is a fire in Germany

~2,500

airports around the world

33m

passenger flights with around

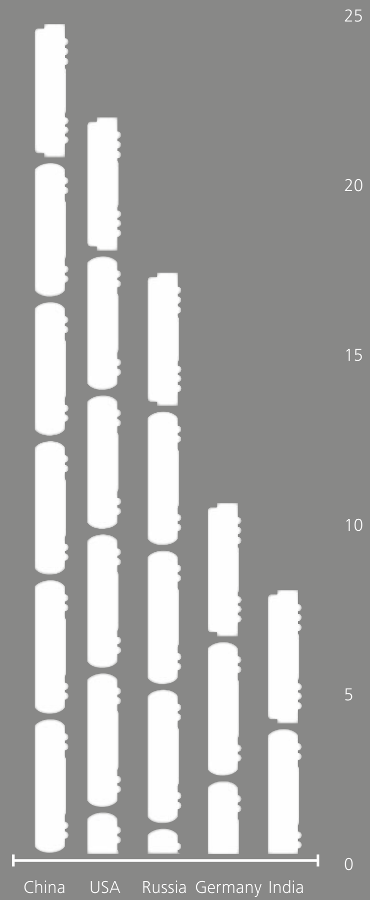
35,000

airline and charter planes

540,000

registered cases of damage due to fire each year

Market volume, average global rail travel (in billion euros)

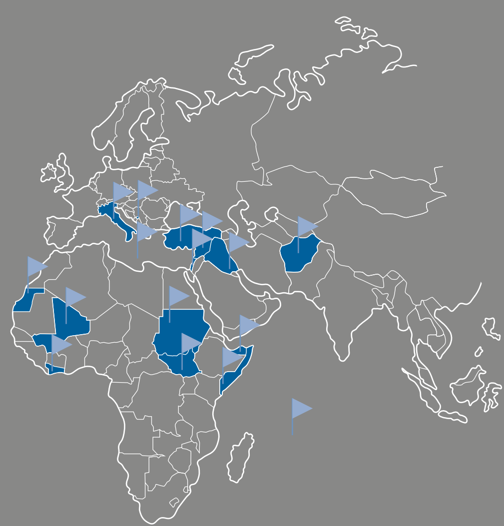


424

conflicts in the world in 2014 of which

- 46 classified as highly violent conflicts and
- 21 as wars

SECURITY



3,000+

Bundeswehr soldiers are currently deployed worldwide

16

current Bundeswehr missions (Nov. 2015)

Dr. Michael Mertin, President & CEO

Hans-Dieter Schumacher, Chief Financial Officer

Foreword by the Executive Board

Dear shareholders, dear clients,
partners and friends of our company,

While both exciting and challenging, this past year has primarily been very successful for Jenoptik: Not only are we back on track in terms of growth, but 2015 saw us report our best year financially in recent company history! We would like to take this opportunity to say a warm thank you: To our employees for their commitment, to the management team for the targeted implementation of the group strategy, to our customers and business partners for relying on our performance, and to all shareholders for the trust they have shown in us by supporting our strategic objectives also over the past year.

After the weaker revenue earned in 2014, our business continued to improve over the year 2015, enabling us to record group revenue of 668.6 million euros for the full year. This represents an increase of more than 13 percent. All three segments contributed to this growth, which also had a broad geographical base: it improved in North America and Asia but also in Europe. The favorable dollar rate also had a positive impact. In addition to the organic growth, one factor influencing positive development in Europe was the acquisition of the British traffic safety technology company Vysionics which continued to develop very well following its integration into our Traffic Solutions division.

Our earnings improved even more strongly than the revenue. The operating result climbed operationally by around 19 percent to 61.2 million euros. Consequently, the EBIT margin of 9.2 percent once again achieved the strategic target corridor, against which we measure our standards. And as was the case in the prior year, in 2015 we also invested in our growth and, with a R+D output of more than 50 million euros, also in our future.

At the same time, we have continued to work intensively on the sound financial structure and on cost management. The equity ratio rose to 56.6 percent, and we were able to reduce the net debt to below 44 million euros thanks to a very good cash flow despite payouts to the last silent real-estate partner. This is one of the lowest figures since the company was founded. We now have an excellent asset position and viable financing structure, via which we can finance even greater growth at any time – both organically and by means of acquisitions.

The encouraging facts are the result of determined work within the Group and close collaboration by all our business units with our partners in the markets – of our strategy that we have been pursuing for years intensely and consistently.

We are working intensively on our strategic development to become a global player, which is developing sustainably and profitably. The success proves that we have taken the right path. For despite a difficult and challenging environment, we have succeeded in achieving a decent profitability and dividend payment, which we want to increase to 22 cents per share for the past fiscal year – subject to approval of the bodies.

From a technology conglomerate that sold individual components out of Germany we are developing via a global seller to a global player. We are increasingly supporting our customers as a systems partner – in the world on site and with competitive products and solutions as well as intelligent business models. We are closer to our customers and our local presence gives us increasingly direct market access.

We are focusing all our strength on the continued development of Jenoptik. Last year, we consistently aligned our organization to the global megatrends important to us and the corresponding target markets. Beginning this year, we are reporting on the three segments "Optics & Life Science", "Mobility" and – as previously – "Defense & Civil Systems". The realignment particularly concerns the Optical Systems division, as well as the former divisions Lasers & Material Processing and Industrial Metrology. Within these divisions, we have focused our business units more sharply on the global semiconductor equipment, information and communication technologies, life science and automotive markets.

Our intragroup projects will have a positive impact on the future quality of earnings and cash flows, along with the further development of our product portfolio and internationalization within the framework of our strategic agenda.

Our strategic agenda has proven to be the correct choice, to be enduring and will be consistently pursued with the appropriate milestones. More important than ever for the future is that we are able to remain sustainably profitable. We will succeed in this as an integrated Group united under a strong brand, with a global presence and extensive expertise in future technologies and combining them to create intelligent solutions.

The medium-term objectives have remained unchanged: Including smaller acquisitions, we want to increase our revenue by 2018 to 800 million euros and achieve an average EBIT margin of 9 to 10 percent over the cycles. Growth will be further supported by all three segments. At the same time, we are pushing ahead at full speed with our internationalization: Priority regions are the Americas and the Asia/Pacific region, where we intend to expand our share of revenue to more than 40 percent by 2018.

At the end of 2015, our group-wide order intake set a new record. We are cautiously optimistic for the coming year in spite of the prevailing political and economic uncertainties: In terms of revenue, we expect an organic growth to a value between 680 and 700 million euros with an EBIT margin between 9.0 and 9.5 percent.

October 1, 1991 – in just a few months, this date will give give us cause to look back on an extraordinary success story: 25 years of Jenoptik. Particularly in the last ten years, we have emerged from Thuringia and developed into a global corporation. We are now represented in more than 80 countries and contribute our core areas of expertise to companies in a wide variety of industries. And we are on the right path to being a global player, providing our customers with excellent solutions and "Sharing Excellence" in many sectors.

We are proud of what has already been achieved! And we look forward to experiencing what is ahead with you. For it is our hope that Jenoptik may also continue to rely on you in the future: As employees, as partners and as investors.

Jena, March 2016

Michael Mertin

Hans-Dieter Schumacher

Dr. Michael Mertin

President & CEO

Dr. Michael Mertin has been a member of the Executive Board and COO since October 2006 and President & CEO of JENOPTIK AG since July 1, 2007. He is responsible for the operational business as well as for the areas of legal affairs, strategy, business development and innovation management, communication and marketing, quality and processes, procurement and supply chain management, auditing, corporate governance, data protection, Shared Service Center as well as Human Resources Director for HR. He has been appointed until June 30, 2017.

Hans-Dieter Schumacher

Chief Financial Officer

Hans-Dieter Schumacher has been the Chief Financial Officer of JENOPTIK AG since April 1, 2015. He is responsible for the areas of accounting & controlling, treasury, tax, risk management & compliance, mergers & acquisitions, investor relations, the strategic management of the real estate portfolio and the IT department. He has been appointed until March 31, 2018.

Report of the Supervisory Board

Honored Shareholders,

In the past fiscal year, revenue in the Jenoptik Group increased around 13 percent on the prior year, making 2015 the most successful fiscal year in the company's recent history. We achieved this success by resolutely implementing our corporate strategy together, making additional process improvements and continuing to broaden our international reach, a policy which allowed us to further cement our position on the global market. The Supervisory Board has closely supported and advised the Executive Board along this path.

In the year covered by the report, the Supervisory Board stringently fulfilled its duties as stipulated in law, the Articles of Association, the German Corporate Governance Code and the Rules of Procedure. It regularly advised the Executive Board on the management of the company and continually monitored its activities. The Executive Board intensively involved the Supervisory Board in all decisions of fundamental importance to the company at an early stage. The Supervisory Board was also regularly presented with comprehensive information by the Executive Board, both verbally and in written form, on issues pertaining to corporate planning, on business development and profitability trends, on matters involving risk and risk management, on compliance issues and on the general economic position of the company.

The Executive Board also regularly coordinated and discussed the strategic direction of the Group and the status of strategy implementation with the Supervisory Board.

Business events of importance to Jenoptik were presented and discussed in detail in both the meetings of the committees and the Supervisory Board based on detailed reports submitted by the Executive Board. The members of the Supervisory Board fully engaged with the submitted reports and were entitled to put forward their own proposals and suggestions at any time.

On occasions where, in accordance with the provisions of the German Stock Corporation Act (Aktiengesetz [AktG]), the Articles of Association or the Rules of Procedure, the Executive Board required the agreement of the Supervisory Board before undertaking certain actions, the Supervisory Board granted approval after thorough examination and consultation. In the past fiscal year, such occasions included the amendment to the syndicated loan agreement and the debenture loans used for expanding Jenoptik's medium-term financing framework. In the event that the business development deviated from the established plans, the Executive Board notified the Supervisory Board of this, explaining the reasons in detail. The Executive Board completely fulfilled its reporting obligations as stipulated in § 90 of the German Stock Corporation Act and the German Corporate Governance Code.

The Supervisory Board convened five regular meetings and two extraordinary meetings during the reporting year. In one instance, decisions were adopted by means of written consent. No active members of the Supervisory Board attended half or fewer meetings in 2015. Two members of the Personnel Committee attended only half or fewer of its meetings. Information on attendance at meetings can be found in section 11.2 of the Notes.

The Executive Board and Supervisory Board always cooperated in an open and trusting atmosphere. The Chairman of the Supervisory Board and the Chairman of the Audit Committee also maintained regular contact with the Executive Board in between the meetings of the Supervisory Board and the committees. The two Chairmen-in-office of the Supervisory Board consulted with the Executive Board on the current development of business, but also on strategy, planning, the risk situation, risk management and compliance measures within the company. They were also informed by the Executive Board without delay, either verbally in writing, about important events of key relevance to the assessment of Jenoptik's position, development and management, and they notified the Supervisory Board regarding relevant events or topics in good time or at the latest by the date of the next meeting. Between the meetings, all members of the Supervisory Board received regular monthly reports on the company's current business and financial situation.

Particular Subjects Discussed by the Supervisory Board

At all its regular meetings, the Supervisory Board dealt with the detailed reports of the Executive Board on the progress of business, particularly with regard to the current development of revenue and earnings, the position of the company and the financial and risk situation. This included a comprehensive examination and discussion of the corresponding quarterly and monthly reports. Recurrent subjects at many meetings also included the development of the Jenoptik share and current analyst assessments, information on the real estate management and the Market Excellence project launched to align Jenoptik's sales processes and activities more closely with the needs of our customers. From March 2015, the Supervisory Board was informed of the current status of work to prepare for the realignment of the segments and divisions at every meeting held over the year.

By means of written consent, the Supervisory Board approved the Corporate Governance Statement, including the Corporate Governance Report, and adopted its report to the 2015 Annual General Meeting **in February 2015.**

The focus of the **balance sheet meeting on March 25, 2015** was the audit of JENOPTIK AG's Financial Statements, the Consolidated Financial Statements and the Combined Management Report for JENOPTIK AG and the Group for the previous fiscal year 2014. Two representatives of the auditor reported on the results of the audit. After a thorough review, and on the recommendation of the Audit Committee, the Supervisory Board approved the Financial Statements. The Financial Statements were thus adopted. Following in-depth discussions, it approved the Executive Board's proposal for the appropriation of profits, providing for a dividend payment of 0.20 euros per qualifying no-par value share. In addition to reporting on the current development of revenue and earnings, other key topics included the approval of the agenda for the Annual General Meeting on June 3, 2015 and the latest Group Risk and Opportunity Report. The Supervisory Board agreed the settlement of the 2014 target agreements for the members of the Executive Board and approved the new target agreement for the Chairman of the Executive Board in the 2015 fiscal year. An agreement with Mr. Rüdiger Andreas Günther regarding the details of his departure as Chief Financial Officer was also approved. The Executive Board informed the Supervisory Board about the scheduled realignment of the divisions and segments as well as the expansion of the medium-term financing framework of the Jenoptik Group. In addition, the Personnel Committee grew in size from six to eight persons following the new appointment of Ms. Sabine Lötzsch and myself, Mr. Matthias Wierlacher.

In addition to the recurring topics, the Supervisory Board also used its **meeting on June 2, 2015,** to discuss the financial statements on the first quarter, the changes to the German Corporate Governance Code and the Law for the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector. It set the desired levels of provisions for pension schemes for members of the Executive Board according to Point 4.2.3 (3) of the Code, and together with the Executive Board approved an update to the declaration of conformity. The Supervisory Board agreed variable remuneration targets for 2015 with the new Chief Financial Officer, Mr. Hans-Dieter Schumacher, who succeeded Mr. Rüdiger Andreas Günther in this post as of April 1, 2015.

As Messrs. Christian and Rudolf Humer had resigned their seats on the Supervisory Board with effect from June 30, 2015, the Supervisory Board convened an **extraordinary meeting on July 15, 2015,** held as both a face-to-face and conference call meeting, to consider the Nomination Committee's recommendations to appoint two replacement Supervisory Board members by way of court order. Due to the departure from the Supervisory Board of Mr. Rudolf Humer, the post of Chairman of the Supervisory Board also had to be filled. At this meeting, the Supervisory Board appointed me, Mr. Matthias Wierlacher, Chairman for the remaining term of office of the shareholder representatives on the Supervisory Board, i.e. with effect until the end of the 2017 Annual General Meeting.

After Jena district court appointed two new members, Ms. Doreen Nowotne and Mr. Evert Dudok, to the Supervisory Board with effect until the end of the 2016 Annual General Meeting by order of July 22, 2015, I resigned my post as a member of the Audit Committee with effect from August 6, 2015. During an **extraordinary conference call meeting on August 6, 2015,** the Supervisory Board then appointed Ms. Doreen Nowotne as a new member of the Audit Committee.

The **meeting on September 16, 2015** was held at the home of the Industrial Metrology division in Villingen-Schwenningen. Following a factory tour, the Supervisory Board discussed the latest Group Risk and Opportunity Report with the Executive Board in addition to the regular submissions and looked at the current status of the JOE project (Jenoptik One ERP) and Jenoptik's D&O policy. It set a target rate for the Executive Board according to the German "Law for the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector". The objectives for the composition of the Supervisory Board were also subject to modifications. For details of this, see the Corporate Governance Report on page 48 f.

At a separate **strategy day on November 3, 2015,** the Supervisory Board, together with the Executive Board, members of the Executive Management Board and the Head of Strategy, discussed in great depth the group, segment and division strategies. In addition to a long-term analysis of the Group's situation with respect to the market, competition and customers, the meeting also discussed potential areas of growth in each of the business units.

At the final **meeting** in the year covered by the report, **on December 9, 2015,** the Supervisory Board approved the corporate planning for the 2016 fiscal year and the medium-term planning following in-depth discussion. In addition to the recurring topics, further subjects of discussion included IP management and the Jenoptik Innovation Days. The Executive Board also informed the Supervisory Board about plans to adjust the JENOPTIK Laser GmbH business toward new market requirements and the related possibility of personnel adjustments. Fulfilling a stipulation in his service contract, the Supervisory Board agreed to conclude a contract with Mr. Hans-Dieter Schumacher regarding his retirement benefits and, following the September meeting, analyzed the results of an efficiency audit undertaken by the Supervisory Board on the basis of a questionnaire. Together with the Executive Board and following a review of a corporate governance checklist, it also adopted JENOPTIK AG's declaration of conformity according to § 161 (1) of the Stock Corporation Act. In this context, the Supervisory Board decided not to set a fixed limit on the permitted length of membership of the Supervisory Board according to Point 5.4.1 (2) (1) of the Code and thus declared a deviation from § 161 (1) of the Stock Corporation Act. The Supervisory Board adopted a revised version of the Rules of Procedure to bring them in line with the most recent legislative developments and the new version of the Code. With effect from January 1, 2016, Ms. Doreen Nowotne was elected Vice Chairman of the Audit Committee. In accordance with the decision of the Annual General Meeting of June 3, 2015, and on the recommendation of the Audit Committee, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was appointed as auditor and group auditor for the 2015 fiscal year.

Work in the Committees

The Supervisory Board has set up four committees to intensify its work and increase its efficiency. The committees prepare decisions for the Supervisory Board, and may, in individual cases, make decisions in place of the Supervisory Board insofar as this is permitted by law. The committee chairs reported on the content and results of the committee meetings at each following meeting of the Supervisory Board. With the exception of the Audit Committee, chaired by Heinrich Reimitz, the committees are led by the Chairman of the Supervisory Board. An overview of the composition of the individual committees can be found on pages 190 f. of the Annual Report.

During the reporting period, the **Audit Committee** met four times and held one conference call. The auditor's representatives attended the second and third meetings of the year. The primary duties of the Audit Committee were intensive audits of the Financial Statements and the Consolidated Financial Statements, the Combined Management Report of JENOPTIK AG and the Group and discussions of the detailed quarterly and half-yearly reports prior to their publication. In addition, particular attention was paid to the effectiveness and further development of the risk management, the internal control and the compliance management systems as well as to current topics and projects of relevance to Internal Auditing. Other recurrent issues at all meetings of the Audit Committee were the development of the Jenoptik share and recent analyst assessments.

During the conference call in January 2015, the Chief Financial Officer presented the members of the Committee with the preliminary figures for the 2014 Annual Financial Statements, due to be published the following day. As the Supervisory Board had delegated the relevant decision-making powers, the Audit Committee also agreed to proposed measures regarding the planned expansion of Jenoptik's medium-term financing framework.

The main purpose of the balance sheet meeting on March 10, 2015 was the intensive discussion of the Financial Statements and Consolidated Financial Statements, the Combined Management Report and the Executive Board's proposed allocation of profits. As a result, the Audit Committee recommended to the Supervisory Board that the Financial Statements be adopted. Another purpose of the meeting was the recommendation by the Audit Committee to the Supervisory Board that KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, be proposed to the Annual General Meeting as the auditor for the 2015 fiscal year. The Committee also considered the current Group Risk and Opportunity Report and examined the progress made in implementation of the financing measures.

The Interim Financial Statements for the first quarter and the initial forecast for the fiscal year were the priorities at the Audit Committee's May meeting. The Audit Committee also considered a status update to the Risk and Compliance Management and looked at improvements in the financing structure brought about by the new syndicated loan agreement.

At the meeting on August 5, 2015, the Chief Financial Officer discussed the half-year financial statements, the status of the group real estate portfolio, the JOE project and, again, the latest Group Risk and Opportunity Report. The Audit Committee also set out the main points for audit of the Financial Statements in the 2015 fiscal year.

At its last meeting of the year on November 4, 2015, the Audit Committee examined the Interim Financial Statements for the third quarter and the current annual forecast. It prepared the granting of the auditing assignment to the auditor and recommended to the Supervisory Board that KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, be appointed to conduct the audit of the Financial Statements and Consolidated Financial Statements for JENOPTIK AG and the Combined Management Report for JENOPTIK AG and the Group as at December 31, 2015. Other items on the agenda included information on the risk management system, the presentation of key Internal Auditing findings over the past fiscal year and the current status of the real estate portfolio.

The Personnel Committee met three times in the past fiscal year. The purpose of the sessions was the settlement of the target agreements with the members of the Executive Board for 2014 and, in March, the target agreements with the Chairman of the Executive Board for 2015. The March meeting also discussed the key points of an agreement covering the details of Mr. Rüdiger Andreas Günther's departure from the company as of March 31, 2015, and in view of the recommendation set out in Point 4.2.3 (3) of the German Corporate Governance Code, considered the desired levels of provision for pension schemes for members of the Executive Board. The Audit Committee addressed the system used to draw up target agreements for members of the Executive Board at the October meeting.

As Messrs. Christian and Rudolf Humer had resigned their seats on the Supervisory Board with effect from June 30, 2015, the Nomination Committee, comprising only shareholder representatives, sat three times from late April to late June in the past fiscal year. The meetings dealt with suitable proposals for a court order to replace two shareholder representatives. A requirements profile for the new candidates was prepared with the support of an independent, external personnel consultant. After the Nomination Committee had examined the profiles and résumés of several candidates, taking into account the targets approved by the Supervisory Board for its composition, it proposed Ms. Doreen Nowotne and Mr. Evert Dudok to the Supervisory Board as candidates for a court order to replace the departing members. Ms. Nowotne and Mr. Dudok then introduced themselves personally to the Supervisory Board and, at the corresponding request were appointed as shareholder representatives to the Supervisory Board by an order of July 22, 2015 issued by Jena district court.

The Mediation Committee established on the basis of § 27 (3) of the Codetermination Act (MitbestG) did not meet in the year covered by the report as there was no reason for it to do so.

Corporate Governance

Over the past fiscal year the Supervisory Board continued to focus on the principles of good corporate governance and the regulatory changes in the area of corporate governance. At its meeting of June 2, 2015, the desired levels of provision for pension schemes for members of the Executive Board were set, in compliance with Point 4.2.3 (3) of the Code. At this meeting; the declaration of conformity by the Executive Board and Supervisory Board was also updated according to § 161 (1) of the Stock Corporation Act. At its September meeting, the Supervisory Board approved a target proportion of women on the Executive Board to be achieved by June 30, 2017. In December, the Supervisory Board decided not to set a fixed limit on permitted length of membership of the Supervisory Board, as this would not be consistent with the procedure for electing employee representatives to the Supervisory Board according to the Codetermination Act. The declaration of conformity, approved in December, together with prior declarations extending back to 2004, are permanently available to shareholders on the company's website. The latest declaration of conformity can also be found on page 44 ff. of the Annual Report.

In accordance with the Code's recommendations, the Supervisory Board regularly reviews its efficiency using a questionnaire. All members participated in the evaluation carried out in 2015. The responses were assessed at the December meeting, as a result of which the efficiency could be affirmed.

Individual members of the Supervisory Board exercise an executive role at other companies with which Jenoptik has a business relationship. All of these business transactions, which are not of significant interest to Jenoptik, were conducted under the same conditions as would have been maintained with third-party companies. Detailed information on business transactions with related companies can be found on page 186 in Note 8.6. In this past fiscal year, there were no conflicts of interest that would have required reporting to the Annual General Meeting with this report.

Detailed information on corporate governance can be found in the Corporate Governance Report beginning on page 44 of the Annual Report.

Financial Statements and Consolidated Financial Statements

Following comprehensive preliminary research and in accordance with the decision of the Annual General Meeting on June 3, 2015, the Audit Committee recommended to the Supervisory Board that KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, be appointed as auditor. The mandate was finally awarded at the meeting held on December 9, 2015. The auditor undertook its audit according to § 317 of the German Commercial Code (HGB), giving consideration to the generally accepted German audit principles defined by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer [IDW]). The auditor gave its unqualified approval of the Consolidated Financial Statements and Combined Management Report for the 2015 fiscal year, prepared by the Executive Board according to § 315a of the German Commercial Code and based on the International Financial Reporting Standards (IFRS). This also applies to the Financial Statements of JENOPTIK AG prepared according to the rules of the German Commercial Code (HGB). The auditor also reviewed if the Executive Board has adopted suitable measures to ensure that developments which may endanger the continued existence of the company are identified in good time. Immediately upon completion, the audit reports, the Financial Statements, the Consolidated Financial Statements (including the Executive Board's proposed allocation of profits) and the Combined Management Report were sent to the Audit Committee, and then to the full Supervisory Board, where they were examined and discussed in detail at their meetings on March 8 (Audit Committee) and March 21, 2015 (Supervisory Board). Representatives of the auditor reported at the meetings on the major findings of their audits as well as on the services that were provided in addition to those concerning the audit. They were also available for further questions and information. According to the auditor, there were no circumstances that gave rise to a concern of impartiality. No major weaknesses in the risk early warning system or the accounting-related internal control system were reported. The Chairman of the Audit Committee also reported in detail to the Supervisory Board on the examination of the statements carried out by the Audit Committee.

Following its own comprehensive examination and discussion, the Supervisory Board concurred with the results submitted by the auditor and raised no reservations about the results of the audit. It approved the Financial Statements and Consolidated Financial Statements submitted by the Executive Board, thus adopting the Financial Statements in accordance with § 172 (1) of the German Stock Corporation Act. The Supervisory Board discussed in detail with the Executive Board the proposal for appropriation of accumulated profits, providing for an increase in the dividend to 0.22 euros per no-par value share and also agreed to this following its own review and consideration of the company's financial position.

Composition of the Executive Board and Supervisory Board

Following the sale of shares by ECE Industriebeteiligungen GmbH in March 2015, Messrs. Christian and Rudolf Humer resigned their seats on the Supervisory Board with effect from June 30, 2015. We thank both of them, in particular Mr. Rudolf Humer, who for many years held the position of Chairman of the Supervisory Board, for their valuable support and the lasting benefits they contributed to the company. As of July 15, 2015, I, Mr. Matthias Wierlacher was appointed Chairman of the Supervisory Board as the successor to Mr. Humer. By an order issued by Jena district court on July 22, 2015, Ms. Doreen Nowotne and Mr. Evert Dudok were appointed members of the shareholder representatives. They will be put forward for election at the 2016 Annual General Meeting.

With effect from March 31, 2015, Mr. Rüdiger Andreas Günther left the Executive Board at his own request. The Supervisory Board appointed Mr. Hans-Dieter Schumacher a member of the Executive Board and Chief Financial Officer as successor to Rüdiger Andreas Günther as of April 1, 2015.

The Supervisory Board would like to thank the members of the Executive Board and all the employees for their exceptional performance and great commitment throughout the fiscal year, as well as our shareholders for the trust they have shown in us.

Jena, March 2016

On behalf of the Supervisory Board

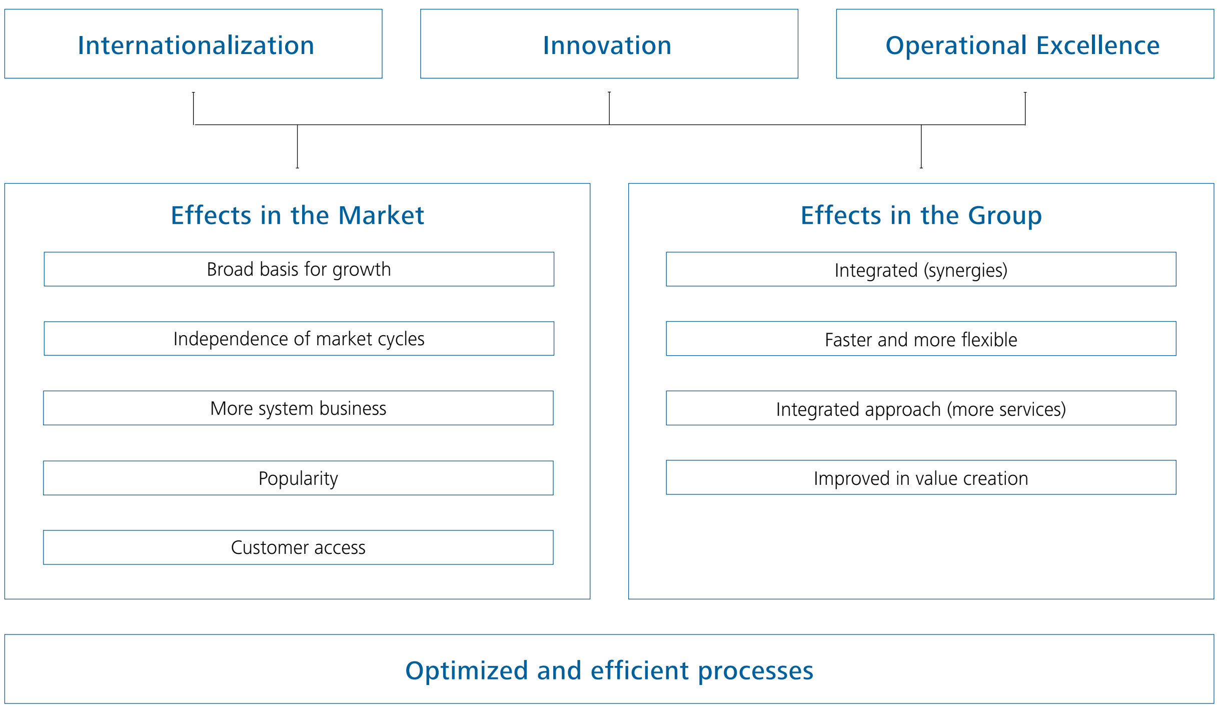
Matthias Wierlacher
Chairman of the Supervisory Board

Status Report 2015

2015 was a successful year for the Jenoptik Group. With revenue coming to around 669 million euros and an EBIT of 61.2 million euros, we achieved new records. We are proud of this, especially in view of the challenging underlying conditions that prevailed throughout the year. We met our targets and energetically pushed on with our corporate development. We are on the right strategic path and, in view of current business forecasts, intend to continue on our scheduled course of profitable growth in 2016. In delivering a return to growth, our business model has proven to be both robust and highly flexible: we are in a position not only to finance our organic growth but also generate appropriate dividend potential for our shareholders. We took advantage of our record revenue and earnings in the 2015 fiscal year to bolster our financial health. A good asset position and viable financing structure give Jenoptik not only stability but also sufficient room for maneuver in terms of both future organic growth and new acquisitions.

"From good to great" – our mission statement for the medium-term served to boost our internationalization strategy as well as foster improvements in our processes and systems in the last year, thus also increasing our operational efficiency. This includes the group-wide "Market Excellence" program launched in 2015 that aims to optimize our sales and distribution organization and its processes. We cannot afford to stand still here if we want to advance from being a "global seller" to become a "global player". We want to make considerable headway in this and our solutions and systems expertise in 2016. In particular, we want to leverage the opportunities thrown up by pending technological changes, e.g. in the semiconductor equipment industry, in information and communication technology, in the area of life science or the automotive industry, to achieve lasting and profitable corporate development.

G 01
THE GROWTH MODEL



Jenoptik in 2016 – Closer to the Customer

The Jenoptik Group is now represented in over 80 countries worldwide and maintains several sites in Germany. Our key markets primarily include the machine construction/automotive, the semiconductor equipment, the aviation/traffic, medical technology and security and defense technology industries.

As of January 1, 2016, Jenoptik aligned its structure more closely with global trends from which our target markets and fields of activity are derived. This reflects the rising requirements of our customers as well as megatrends such as the digital world, healthcare, mobility, security and infrastructure. This realignment process particularly concerns the former Optical Systems, Lasers & Material Processing and Industrial Metrology divisions. The business units in these divisions have now been reorganized to better serve the relevant strategic growth markets.

Since the launch of a divisional structure in 2008, Jenoptik has been transformed from a technology-driven to a customer-oriented company. In the interim, the Group has streamlined its product portfolio, considerably strengthened its financial footing and successfully extended its international reach.

New CFO and Changes in the Supervisory Board

With effect from April 1, 2015, Hans-Dieter Schumacher assumed the role of Chief Financial Officer at our company, succeeding Rüdiger Andreas Günther, whose contract expired as of March 31, 2015. Mr. Schumacher is not only a proven expert in the fields of finance and controlling but can also draw on wide-ranging experience in international plant and machinery engineering, as well as medical technology.

In mid-July, Matthias Wierlacher was elected Chairman of the Supervisory Board of JENOPTIK AG, of which he has been a member since 2012. He has been Chairman of the Board at Thüringer Aufbaubank since 2002. the bank has an 11 percent indirect stake in JENOPTIK AG via Thüringer Industriebeteiligungs GmbH & Co. KG, which is thus its largest single shareholder.

Financial Strength Offers Scope for Growth Strategy

Further highlights in the 2015 fiscal year included a level of net debt that has been reduced to its lowest figure in the company's recent history. Thanks to good cash flows, it fell to under 44 million euros at the end of 2015. In the year covered by the report, we also exploited an extremely favorable capital market environment and reorganized our long-term group financing. We extended and increased the existing syndicated loan, refinanced outstanding installments of the debenture loans on favourable terms and scaled up our debenture loan program. Our strengthened financial footing gives us the opportunity to achieve renewed success on our core strategic themes of internationalization, innovation and operational excellence.

Internationalization

We are convinced that a steady process of internationalization is the key lever in our growth strategy of going "from good to great". In the past fiscal year, we focused on growing our market coverage in the established regions and continued to invest in the international expansion of sales structures. Alongside organic growth, we remain interested in external opportunities and will use them for our growth wherever we see worthwhile prospects.

In November 2014, we acquired a 92 percent stake in Vysionics, a leading supplier of traffic safety technology in the United Kingdom, and successfully integrated the company within our group structure in 2015.

The share of group revenue generated abroad in the past year rose from 64.2 percent to 67.4 percent.

Innovation for a Bright Future

Photonics is a key, cross-section technology of considerable importance to many industries. An enabling technology, it already occupies a central role in the new and ongoing development of products and solutions in a wide range of sectors. Photonics also greatly contributes to increasing the efficiency of technological processes. Our expertise in systems development is helping us to achieve increased customer loyalty and a greater share of added value with systems partnerships.

We want to benefit from this development even more in the future. In 2015, a key part of our research and development work was devoted to laser-based material processing, micro-optics and the development of high-end objective lenses for semiconductor production. We also developed and launched a new generation of products for optical shaft metrology that can be efficiently integrated in the automated production processes used in automobile manufacturing. We pressed ahead with the transfer of technical expertise from military applications to civil scenarios begun in the Defense & Civil Systems segment.

We see ourselves as a high-tech company and are increasingly acknowledged as such by our customer base. This is both a challenge and an incentive.

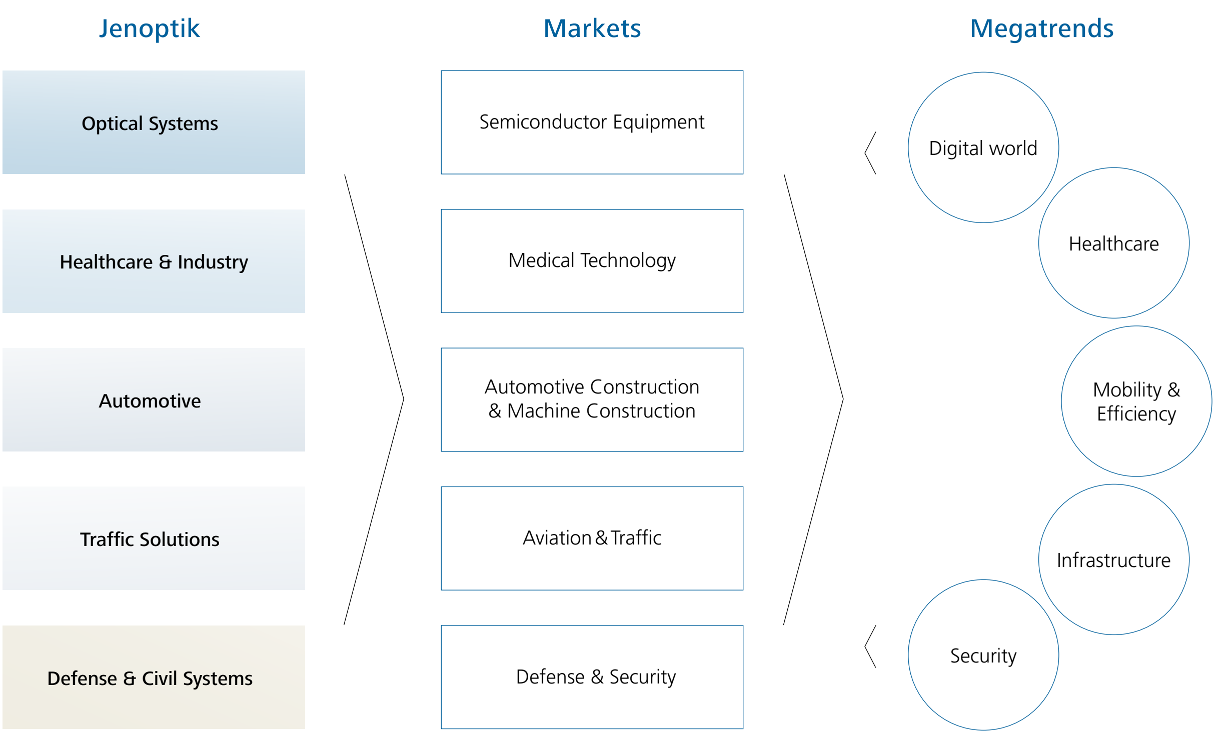
In the reporting year, we invested more than 50 million euros in research and development, slightly exceeding the prior-year figure. With 58 patent registrations over the year, we were particularly able to boost our competitive position not only in Germany but also in our international target markets. In 2016, our capital expenditure in research and development shall again be substancial.

Operational Excellence

Go-Lean, Global Sourcing and the other group development programs have shown good success in the past and, moving forward, will continue to help free up funds that can be used to penetrate the markets.

In 2015, successful progress was made on the initiatives for harmonized and excellent processes launched over four years ago, both in the operating business and in systems and commercial processes (JEP – Jenoptik Excellence Program). In the JOE project (Jenoptik One ERP), which aims to efficiently standardize processes and settlement systems across all organizational units in the Group, essential analysis of the already implemented SAP systems as well as preparations to establish the database-supported business warehouse were made. We will continue to push ahead with our successful excellence programs in 2016. We also succeeded in further optimizing our purchasing activities in 2015. Key initiatives here are the Global Sourcing Project, the Purchasing Academy and Material Group Purchasing, which is being further centralized. The strategic and operational purchasing structures in Asia and the US were further expanded over the last year.

G 02
INTELLIGENTLY MEETING MARKET DEMAND



Implementation of the Go-Lean program, geared toward integrated process improvements and an increase in operational performance, also made good progress: we achieve marked improvements in both our cost structures and processes, reflected in the quality of earnings for 2015. Go-Lean concerns organizing our production with greater efficiency: it cuts operating costs, shortens manufacturing lead times, improves quality and, by optimizing processes, leverages synergy. Since 2013, over 750 employees have received training at the Lean Campus and become local multipliers.

Since early 2015, the "Market Excellence" program has been a central part of group-wide efforts to optimize the sales organization and its processes. It consolidates key projects in sales, after-sales service and pricing, and aims to ensure that the organization is consistently geared toward market requirements. The "Market Excellence" program will in part provide standards for operational sales and ensure the transfer of best practices of established methods and tools in sales and service.

Consistent Growth Strategy in a Challenging Environment

An excellent course of business especially at the end of 2015 allows us to look to 2016 with optimism, underscored by a good order intake, long-term order backlog and an encouraging number of potential customer projects.

At the same time, we will have to deal with many trends and developments, both old and new, in the year ahead. The possibly continuing persistence of weak markets in the BRIC countries – especially China – would have global consequences, especially as weak demand in European countries outside Germany has not yet been overcome and current economic development in the US is threatening to lose momentum, which in turn could serve to strengthen the value of the euro.

Our operating performance in the reporting year and progress made in the strategic evolution of our company show that Jenoptik remains competitive and strong in challenging circumstances and is still in a position to further strengthen this.

In 2016, the Jenoptik Group will continue to pursue its strategic agenda with the aim of achieving sustainably profitable growth in all its segments. Revenue growth, the resulting economies of scale, cost discipline and higher margins from the growing systems and service business are due to lead to lastingly improved earnings.

Our operational focuses remain on expanding sales structures, further internationalization, ongoing development of our product range and optimization of internal processes.

We want to continue on our path of growth in the 2016 fiscal year. In view of uncertain underlying conditions around the world, our outlook is cautiously optimistic. Based on current economic forecasts and a solid order and project pipeline, the Executive Board is anticipating moderate organic growth in revenue and earnings for 2016.

Our medium-term planning remains unchanged: by 2018, we aim to increase revenue to around 800 million euros – including smaller acquisitions – and achieve an average EBIT margin of around 9 to 10 percent over the market cycles. The share of revenue in our focus regions of the Americas and Asia/Pacific combined will then grow to more than 40 percent of group revenue.

G 03
OUR MEDIUM-TERM TARGETS

Internationalization / Innovation / Operational Excellence

800
approx. 800 million euros revenue in 2018

9/10
9 to 10 percent EBIT margin
over the market cycles

Jenoptik 2015 – Selected Events

Jenoptik Group

Hans-Dieter Schumacher is New Chief Financial Officer

The Supervisory Board of JENOPTIK AG appoints Hans-Dieter Schumacher as the company's new Chief Financial Officer with effect from April 1, 2015. He succeeds Rüdiger Andreas Günther in this position.

ECE Industriebeteiligungen GmbH Sells Shares

Longstanding major shareholder ECE Industriebeteiligungen GmbH sells its near 10.5 percent stake in JENOPTIK AG, the entire remainder of its shareholding, in late March. Demand for the 6.0 million shares in JENOPTIK AG is strong among institutional investors in European countries outside Germany.

Long-Term Financing Reorganized

Utilizing new capital instruments, Jenoptik secures further financial room for maneuver and flexibility to implement its growth strategy in March and April. The existing syndicated loan is extended and increased from 120 to 230 million euros. Jenoptik also places additional debenture loans with terms of five and seven years. The total value of the debenture loans thereby increases to 125 million euros.

Matthias Wierlacher is New Chairman of the Supervisory Board

In July, the Supervisory Board appoints the Chairman of the Executive Board at Thüringer Aufbaubank, Matthias Wierlacher, as its new Chairman. It also welcomes two further new members: business consultant Doreen Nowotne and Airbus manager Evert Dudok assume their duties up to the 2016 Annual General Meeting as successors to prior ECE representatives Rudolf and Christian Humer.

Lasers & Optical Systems segment

High Performance at the Leading Photonics Trade Fair

At SPIE Photonics West 2015 in February, Jenoptik presents precision optics for the semiconductor industry, improved light modulators and a powerful ultrashort pulse laser. As a main sponsor, JENOPTIK AGain supports the SPIE Startup Challenge, a contest in which young entrepreneurs can present their innovations and business ideas in the field of optical technologies.

Free-form optics by Jenoptik enable almost all types of distribution and intensity of light.

Supplier Award in China

In March Jenoptik receives the "Yanfeng Supplier Quality Award", a recognition of the company's excellent supply quality and reliability by the Chinese automotive supplier. Since 2002, Yanfeng has already acquired several large laser machines from Jenoptik, used to produce breaking points in airbag covers.

Changes to Laser Business in Jena

In view of the ongoing consolidation in the laser industry, Jenoptik decides to adapt its Jena-based laser business to match changed market requirements in December. The restructuring of the business unit is coupled with changes to the product range.

Metrology segment

Improved Safety with Section Control

Jenoptik, as a technical service provider, has been supporting the nationwide “section control” pilot project in Lower Saxony since March. It has installed a system from the TraffiSection product line on highway 6 south of Hannover that measures the average speeds of vehicles passing a section of road just under three kilometers long.

Section control has already proved highly effective in Austria and Switzerland. To extend the section control network, Jenoptik concludes a new framework agreement with the Austrian motorways and expressways financing corporation (ASFINAG) in September. The aim is to increase traffic safety at critical points such as roadwork sites and tunnels and regulate traffic congestion.

New Metrology for the Automotive Industry

Jenoptik presents the latest generation of its OPTICLINE C-series at Control 2015 in May. Optical shaft metrology is used directly for quality assurance in production and, thanks to its robustness, is specifically suitable for harsh manufacturing environments. The optical heart of the measuring system supplies high-precision results of form, position and dimension measurements within a few seconds.

New generation of optical shaft metrology for the automotive industry is presented.

Order for Better Traffic Safety in Saudi Arabia

Jenoptik receives an order to supply speed monitoring systems to Saudi Arabia in late June. These systems can differentiate between various vehicle types, but their categorization of cars and trucks represents a particular challenge in this case: the Jenoptik devices must be upgraded with the magnetic field sensors and associated sensors and antennas typically used in Saudi Arabia.

Defense & Civil Systems segment

Major Order to Equip Patriot System

In April, Jenoptik receives a new order from the US-based company Raytheon to supply mobile power generating units for the Patriot missile defense system. The units supply electrical energy to the Patriot system’s radar and launchers. Patriot is used to defend against aircraft, tactical ballistic missiles and cruise missiles.

200th Radome for Eurofighter Typhoon

Jenoptik reports delivery of the 200th radome for the Eurofighter Typhoon in May. The 2.30-meter nose of the combat aircraft is delivered from the Wedel site to the British company BAE Systems. Jenoptik is the consortium leader for the development and manufacture of this radome and has been mass-producing it for BAE Systems since 2002.

Jenoptik delivers the 200th radome for the Eurofighter.

Three Orders for Railway Technology in the Single-digit Million Euro Range

Starting in the fall, Jenoptik equips over one hundred locomotives and e-locomotives with alternators and, in part, power generating units. This work is carried out on the basis of framework agreements worth a combined total of some six million euros that were concluded by Jenoptik and three European rolling stock manufacturers in summer. The power systems are developed and manufactured at the Altenstadt site.

Volume Production Order from US Navy

Jenoptik receives a volume production order from a logistics division of the US Navy to supply generator controllers for helicopters in August. The company is thus building on a development order from 2010. The generator controller will be used in the entire fleet of CH–53E transport helicopters.

More press releases of the Jenoptik Group under www.jenoptik.com/press

The Jenoptik Share

STOCK MARKET TRENDS

The stock markets were volatile in 2015. At the start of the year, they initially responded positively to the European Central Bank's expansion of its bond-buying program. At the same time, however, tough credit negotiations with Greece and growing fears of a fall in Chinese growth contributed to an inconsistent mood on the capital markets. Despite this, all key indices rose to new record levels at the start of the second quarter. The stock markets then moved sideways up to the middle of the year. In addition to global terrorist attacks and the emissions scandal, a range of other economic and financial policy factors also influenced investor sentiment. The depreciation of the euro in the light of the ongoing expansionary monetary policy, the drop in prices of commodities and expectations of an imminent turnaround in the US base rate all produced marked correction phases in the second half of the year. The German Dax and TecDax indices, in particular, developed in different ways. The Dax started 2015 at 9,765 points. Within a brief period, it passed the ten-thousand, eleven-thousand and even the twelve-thousand threshold to reach a new record high of 12,375 points on April 10. On September 24, the Dax sunk to its lowest level in 2015 at 9,428 points a few days after the emission scandal came to light. At 10,743 points on December 30, Germany's benchmark index ended the year with an increase of 10.0 percent. The German technology index developed considerably better. The TecDax opened trading on January 2 at 1,382 points and, following steady rises throughout the year, reached its annual high on December 2, with 1,874 points. The TecDax closed at 1,831 points on the last trading day of the year, equivalent to an increase of 32.5 percent.

JENOPTIK SHARE TRENDS

Jenoptik began 2015 with a closing price of 10.60 euros on the first day of trading. The share hit its lowest closing price in the reporting period, 10.22 euros, on January 7. In the further course of the first quarter, the share managed to pass the 13-euro mark. It could not, however, maintain this level, particularly as a longstanding major investor sold its entire stake in the company in late March. Over the April to August period, Jenoptik's share price displayed a largely sideways trend. Only in the third quarter, on announcement of the half-year results, did the share experience a stable upward trend, reaching its annual high of 15.01 euros on November 6. The positive news contained in the publication of the nine-month results and the firming up of annual guidance in November produced a period of profit taking, which resulted in extraordinarily high turnover and brought the share back down to a level well under 14 euros. The share recovered in the following period. Jenoptik ended trading with a closing price of 14.39 euros on December 30. In the period covered by the report, the Jenoptik share price thus increased 35.8 percent (prior year minus 15.0 percent). Total shareholder return, i.e. share price appreciation and dividends paid in the fiscal year, even came to 37.6 percent in 2015 (prior year minus 13.4 percent). At the start of the new year – January and February 2016 – the mood on the international capital markets was still dominated by worries about the Chinese economy and ongoing geopolitical events. This resulted in extremely turbulent trading, especially at the very beginning of the year, at times bringing the Dax back down below 10,000 points. Jenoptik, too, could not escape the turbulences and the share price fell to 12.15 euros on February 29, 2016. In the first two months of 2016 the Jenoptik share thus lost 16.7 percent of its value. All figures are Xetra closing prices. G 04 G 05

T 01

JENOPTIK SHARE INFORMATION

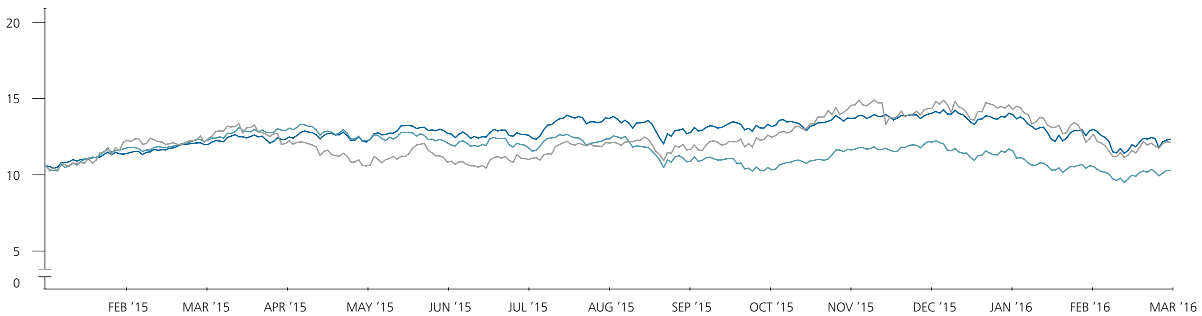
ISIN DE0006229107 – WKN 622910 – Ticker symbol JEN – Reuters Xetra JENG.DE – Bloomberg JEN GR

Listed in the following indices:

TecDax – CDax – HDax – Dax International Mid 100 – Prime All Share – Technology All Share – MIDCAP Market – different Dax sector and subsector indices

G 04

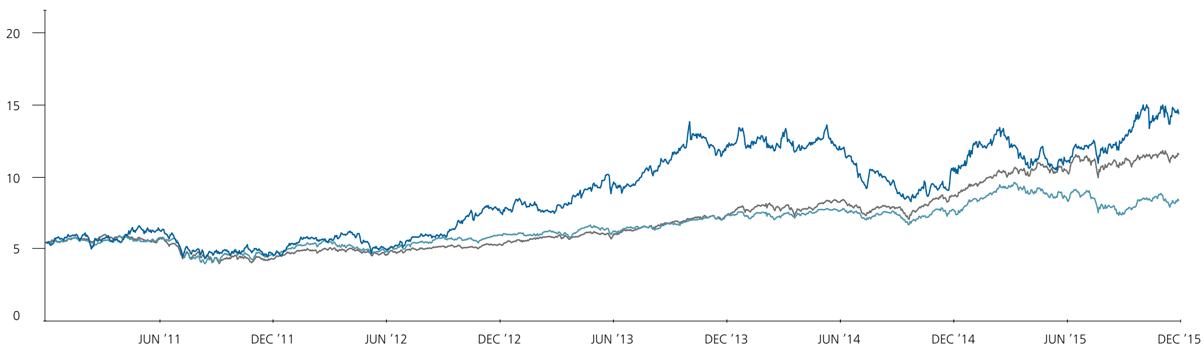
JENOPTIK SHARE PRICE DEVELOPMENT – JANUARY 2, 2015 TO FEBRUARY 29, 2016 (in euros)



Jenoptik Xetra TecDax (indexed) Dax (indexed)

G 05

JENOPTIK SHARE PRICE DEVELOPMENT 2011 TO 2015 (in euros)



Jenoptik Xetra TecDax (indexed) Dax (indexed)

T 02

JENOPTIK SHARE KEY FIGURES

	2015	2014	2013	2012	2011
Closing price (Xetra end-year) in euros	14.39	10.37	12.35	7.38	4.56
Highest/lowest price (Xetra) in euros	15.01/10.22	13.61/8.26	13.84/7.46	7.99/4.50	6.58/4.30
Performance absolute in euros/relative in percent	3.79/35.8	–1.83/–15.0	4.64/60.3	2.72/58.4	–0.87/–16.0
Issued no-par value bearer shares (31/12) in millions	57.24	57.24	57.24	57.24	57.24
Market capitalization (Xetra end-year) in million euros	823.7	593.6	706.9	422.5	261.0
Average daily trading volume (shares)[1]	224,488	167,876	135,827	121,486	120,407
P/E ratio (based on highest price/based on lowest price)	17.25/11.75	18.64/11.32	16.88/9.10	9.09/5.12	10.61/6.93
Operating cash flow per share in euros	1.60	0.90	1.17	1.41	1.07
Group earnings per share in euros	0.87	0.73	0.82	0.88	0.62

1) Source: Deutsche Börse; all German stock exchanges

For more information, see the Notes in the Equity chapter and the Investors/Share/Voting rights announcements section of www.jenoptik.com

Good share price performance in the 2015 fiscal year resulted in a concomitant rise in market capitalization of 216.9 million euros, based on the 57,238,115 issued shares. It came to 823.7 million euros at the end of the year (prior year 593.6 million euros).

Growing interest in Jenoptik and large-scale trading by institutional investors in the past year were also reflected in the development of stock turnover. In 2015, the average number of Jenoptik shares traded per day on all the German stock exchanges was 224,488. The turnover thus improved considerably in comparison with the prior year, by 33.7 percent (prior year 167,876 shares). In the TecDax ranking compiled by Deutsche Börse, the Jenoptik share improved to 18th place in terms of free float market capitalization, up from 21st in the prior year. In terms of stock turnover, the company fell one place to 23nd. T 01 T 02

SHAREHOLDER STRUCTURE

At the end of the first quarter 2015, ECE Industriebeteiligungen GmbH sold its approximately 10.5 percent stake in JENOPTIK AG. On March 31, the 6.0 million shares were sold entirely to institutional investors primarily located in other European countries in an accelerated book building process. The company's free float share thus increased from around 75 percent to 89 percent over the year.

Throughout 2015, we also received several voting right notifications from institutional investors on the purchase or sale of larger stock positions; these were published by the company. G 06

ANNUAL GENERAL MEETING

Over 350 shareholders, representing around 47 percent of nominal capital, and numerous guests were on hand for the JENOPTIK AG Annual General Meeting on June 3, 2015 in Weimar. The Executive Board reported on the past fiscal year and gave an outlook for the current year and the company's ongoing strategic development. By a large majority, the shareholders formally approved the actions of the Executive Board and Supervisory Board and agreed to payment of a dividend and all the remaining agenda items.

DIVIDEND

The Jenoptik management aspires to a policy of dividend reliability and continuity in which shareholders – as in the last four years – receive payment of a dividend in line with the company's success. At the same time, sufficient cash and cash equivalents to finance the operating business, a robust equity position and the use of acquisition opportunities to secure the lasting growth of the company are also in the interests of the shareholders. The Executive and Supervisory Boards of JENOPTIK AG therefore review their dividend

G 06

SHAREHOLDER STRUCTURE – AS OF FEBRUARY 29, 2016 (in %)

recommendation with considerable prudence every year. In the past fiscal year, Jenoptik paid a dividend of 0.20 euros per share (prior year 0.20 euros) to its shareholders for 2014. In the new year, too, the Executive Board and Supervisory Board will maintain their policy of a steady dividend payout. Particularly in view of very successful growth, the two Boards will propose an increased payment of 0.22 euros per share to the 2016 Annual General Meeting. Subject to agreement at the Annual General Meeting, a dividend payment of 12.6 million euros will produce a payout ratio of 25.4 percent related to earnings attributable to shareholders (prior year 27.5 percent). T 03

CAPITAL MARKET COMMUNICATION

We provide all stakeholders with frank and reliable information as a matter of course. We publish comprehensive and up-to-date information on the development of our business, while also seeking an active exchange with others. One of our central concerns is to increase transparency and boost trust in the company by engaging in ongoing dialog.

A key component of our investor relations work not least involves personal contact with important multipliers in the market. As one example, in October 2015 the management took advantage of the 5th Capital Market Days to set out the growth potential, the organizational realignment and the scheduled strategic development of the Group and its segments to around 25 analysts and investors from Germany, Belgium, the Netherlands and the United Kingdom. The participants also used the opportunity of a factory tour to acquire a detailed and real-world picture of new products at the Group's production site in Jena.

In the 2015 fiscal year, we attended a total of 13 capital market conferences at international financial centers such as Boston, Frankfurt/Main, London, New York and Zurich. The company also held ten roadshows at other financial centers in Austria, Denmark, Finland, France, Luxembourg, Italy, Switzerland and the United Kingdom. Jenoptik held two analyst conferences in Frankfurt/Main to mark the reporting of its annual and half-year figures. The publication of annual and quarterly financial statements was also followed by both conference calls and numerous individual conversations between the management and institutional investors, analysts and journalists to explain the development of business, key figures and strategy. An increasing number of investors also took the opportunity to tour Jenoptik's production facilities.

Sixteen analysts published regular recommendations on the Jenoptik share in 2015: Baader Helvea, Bankhaus Lampe, Berenberg Bank, Deutsche Bank, DZ Bank, equinet, fairesearch, HSBC, Independent Research, Kepler Cheuvreux, LBBW, M.M.Warburg, Montega, Oddo Seydler Bank and Steubing Equity. A new analyst in 2015 is Bankhaus Metzler. An already good level of share coverage thus improved further in the past fiscal year. According to analyst assessments on December 31, 2015, the average target price was 14.72 euros. G 07

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For further information please refer to Events after the Reporting Date

For the latest information on the Jenoptik share and the development of the Jenoptik Group please refer to www.jenoptik.com or twitter.com/Jenoptik_Group

Our financial reports can also be viewed using the "Jenoptik App for Corporate Publications" available for download in the App Store or at Google Play

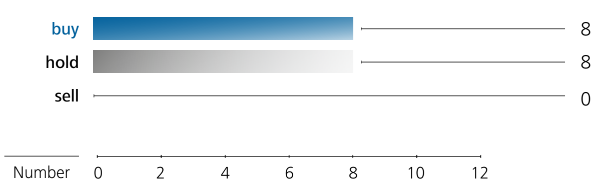
T 03

DIVIDEND KEY FIGURES

	2015	2014
Dividend per share in euros	0.22	0.20
Payout amount in million euros	12.6	11.4
Dividend yield on year-end price in %	1.53	1.93
Pay out ratio in %	25.4	27.5

G 07

ANALYST RECOMMENDATIONS (AS OF FEBRUARY 29, 2016



Corporate Governance

For us as an international Group, excellent corporate governance is an essential prerequisite to the sustainable success of our business. Therefore, Jenoptik explicitly affirms its commitment to responsible, transparent corporate management and control which is oriented towards long-term value creation. Good corporate governance strengthens the confidence which our shareholders, business partners and employees as well as the financial markets place in our company.

Point

3.10

of the Corporate Governance Code:
Corporate Governance Report

Corporate Governance Report

In the following Corporate Governance Report, the Executive Board and Supervisory Board are reporting in accordance with Point 3.10 of the German Corporate Governance Code ("Code") in the version dated May 5, 2015. We also consider the "Remuneration Report" (from page 53) to be a part of the Corporate Governance Report.

For the Corporate Governance Statement and the current declaration of conformity along with those of previous years please refer to www.jenoptik.com/investors/corporate-governance

The Corporate Governance Statement in accordance with § 289 a of the German Commercial Code [Handelsgesetzbuch (HGB)] is an unaudited part of the Combined Management Report. It contains the declaration of conformity in accordance with § 161 of the German Stock Corporation [Aktiengesetz (AktG)], information on methods of corporate governance, a description of the functions of the Executive Board and Supervisory Board, the structure and function of the committees of the Supervisory Board, as well as the determination of the target figures for the proportion of women in the company. The Corporate Governance Statement can be found on our website at www.jenoptik.com under the category Investors/Corporate Governance.

CORPORATE GOVERNANCE

The JENOPTIK AG Executive Board and Supervisory Board affirm their commitment to the principles of responsible and values-based corporate governance. They see this as the basis for a sustained increase in the company value. This includes, at its core, a sound corporate governance system throughout all of the Group's business units. This promotes trust in Jenoptik on the part of shareholders, business partners, employees and the general public, and allows for the appropriate management of risks. The President & Chairman of the Executive Board of JENOPTIK AG, Dr. Michael Mertin, was appointed to the Government Commission for the German Corporate Governance Code in 2013. As a member of the Commission, he places particular importance on intensive dialog with politicians, members of society as well as the management of other corporations on topics of good corporate governance.

Jenoptik structures its policies to adhere to the recognized standards and supports the recommendations of the Code. While doing so, we support the statement of the Code in its preamble that a well-founded deviation from a recommendation made by the Code may definitely be in the interest of good corporate governance.

During the past fiscal year, the Executive Board and Supervisory Board of JENOPTIK AG have updated the declaration of conformity as, at its meeting of June 2, 2015, the Supervisory Board defined the desired contribution level for the members of the Executive Board, and consequently the Code recommendation in Point 4.2.3 (3) has been complied with from this date.

The Executive and Supervisory Boards issued the current declaration of conformity in adherence with § 161 of the German Stock Corporation Act (AktG) on December 9, 2015. It is permanently accessible along with those of previous years on our website at www.jenoptik.com under the category Investors/Corporate Governance. Jenoptik has also followed the majority of the suggestions contained in the Code. If changes should arise in the future, the declaration of conformity will be updated also during the year.

Over the past fiscal year, the Executive Board and Supervisory Board have been occupied with the further development of corporate governance, with particular reference to the objective for the composition of the Supervisory Board and the Act for equal Participation by Women and Men in Leadership Positions in the Private and Public Sector (see Corporate Governance Report page 49).

DECLARATION OF CONFORMITY BY THE EXECUTIVE BOARD AND SUPERVISORY BOARD OF JENOPTIK AG IN THE 2015 FISCAL YEAR

According to § 161 (1) (1) of the German Stock Corporation Act (AktG), the Executive and Supervisory Boards of a stock-listed company are required to issue a declaration once a year that the recommendations of the "Government Commission on the German Corporate Governance Code" as published by the Federal Ministry of Justice in the official section of the Federal Gazette [Bundesanzeiger] have been and are complied with, or to indicate which recommendations have not been or are not applied, and why not.

The Executive and Supervisory Boards of JENOPTIK AG support the recommendations of the "Government Commission on the German Corporate Governance Code," and state that pursuant to § 161 (1) (1) of the German Stock Corporation Act (AktG):

Since the last update of the declaration of conformity, dated June 2, 2015, all recommendations of the "Government

Commission on the German Corporate Governance Code" in the version dated June 24, 2014 have been followed with the following exceptions stated under 1. to 3., and will be followed in the future in the version dated May 5, 2015 with the following exceptions stated under 1. to 4.:

1. Under Point 4.2.3 (2) (6) of the Code, the remuneration of the Executive Board shall be capped both overall and in respect of its variable components.

This recommendation, which was added to the May 13, 2013 version of the Code, **has not been followed and will not be followed in the future.** The functioning of variable remuneration for the members of the Jenoptik Executive Board is described in the Remuneration Report on pages 33 to 36 of the 2014 Annual Report. The variable remuneration is capped. To ensure a long-term incentivizing effect, half is payable in the form of so-called virtual shares, which are only paid out after a holding period of four years. This ensures that it is highly consistent with the interests of the shareholders in a sustainable development of the company and the share price. The system has proven itself successful and will continue to be adhered to in the future. The conversion of the portion of variable remuneration granted in the form of virtual shares is calculated on the volume-weighted average price of the Jenoptik share over the last quarter of the year before last. Therefore, in the event of a rise in the share price, there is a theoretical possibility that, on the allocation date, the value of the total variable remuneration will exceed the cap. However, as a rule, this will require a high level of target attainment and a positive development of the share price. A negative share performance results in the opposite effect. The Executive and Supervisory Boards are of the opinion that referring to a price from the year before last is appropriate as this price is the basis for assessing the share price development of the subsequent year relevant for remuneration. In this respect, the Executive Board also participates in share price development like each shareholder. There is no cap on the payment of virtual shares. The Executive and Supervisory Boards are of the opinion that with such a limit disincentives would be set with respect to the share price development, and that by applying a volume-weighted average annual rate "windfall profits" are avoided when determining the amount to be paid.

2. In accordance with Point 4.2.3 (4) of the Code, care should be taken in concluding Executive Board contracts to ensure that payments made to a member of the Executive Board upon premature termination of his/her contract including fringe benefits do not exceed the value of two years' compensation (severance payment cap) and compensate for no more than the remaining term of the contract. The severance payment cap shall be calculated on the basis of the total compensation for the past full fiscal year and, if appropriate, the expected total remuneration for the current fiscal year as well.

With reference to the Chairman of the Executive Board appointed on October 1, 2006 as a member of the Executive Board, this recommendation **has not been followed and will not be followed in the future;** in this respect, it the status quo was upheld. It has been found that this type of regulation on severance payments contradicts the principle of concluding the contracts with members of the Executive Board regularly for the full term of their office which has been applied by Jenoptik in accordance with the German Stock Corporation Act (AktG). The premature termination of an employment contract normally requires a serious cause. In such a case, no severance payment will be made. Except in the event of a change of control, the employment contract for the Chairman of the Executive Board does not provide for a severance payment with a defined amount due to premature termination of the contract. Therefore, in the event of termination of the employment contract without serious cause, a mutual agreement must be reached. In this event, it would be difficult for the company to unilaterally enforce a severance payment cap included in the contract of employment; it could also not be ensured that the specific circumstances for the premature termination would be taken into account to a sufficient extent. The idea behind the regulation of Point 4.2.3 (4) of the Code will be taken into account by ensuring that the compensation will be appropriate in the event of premature termination of the contract by mutual agreement. In contrast, employment contracts with other members of the Executive Board have and will continue to take into account the recommendation.

3. In accordance with Point 5.4.6 (2) (2) of the Code, the remuneration of the members of the Supervisory Board shall be oriented toward sustainable growth of the enterprise if they are promised performance-related remuneration.

This recommendation **has not been followed and will not be followed in the future.** The Executive Board and Supervisory Boards take the view that the performance-related remuneration as stipulated in the Articles of Association is appropriate. Accordingly, members of the Supervisory Board will only receive performance-related remuneration in the amount of 10,000 euros or 20,000 euros if group earnings before tax exceed 10 percent or 15 percent of the group equity at the end of the fiscal year. If the return on equity is lower than 10 percent, there is no entitlement to remuneration beyond the fixed remuneration.

The Code does not define what is meant by sustainable corporate development. If the term was to be interpreted according to § 87 (1) (2) and (1) (3) of the German Stock Corporation Act, performance-related remuneration components for Supervisory Board members should always have a calculation base which is several years in length. As this is not the case at Jenoptik and due to the clarity of the definition, we disclose a deviation from Point 5.4.6 (2) (2) of the Code as a precautionary measure. The members of the Supervisory Board are obliged to serve exclusively the interests of the company and are not affected in their decision-making process by the opportunity for variable remuneration and its amount. Just as the members of the Executive Board, employees and shareholders, they profit from a generally sustainable development of the company. The return on equity of 10 percent or 15 percent respectively which triggers payment of the variable remuneration is ambitious enough and was decided by the Annual General Meeting in June 2012 with almost 98 percent of the votes.

www.jenoptik.com/annual-general-meeting

4. In accordance with Point 5.4.1 (2) (1) of the Code the Supervisory Board shall specify a regular limit of length of membership in the Supervisory Board when specifying concrete targets regarding its composition.

This recommendation **will not be followed in the future.** The Supervisory Board has decided, not to specify a regular limit regarding the length of membership in the Supervisory Board applicable to all members. It is not consistently compatible with the process provided by the Codetermination Act for election of employee representatives to the Supervisory Board.

December 9, 2015
JENOPTIK AG

On behalf of the Executive Board

Dr. Michael Mertin, President & CEO

On behalf of the Supervisory Board

Matthias Wierlacher, Chairman of the Supervisory Board

Page 38 ff.

For further information on our investor relations activities please refer to the section "The Jenoptik share"

SHAREHOLDERS AND THE ANNUAL GENERAL MEETING

JENOPTIK AG shareholders exercise their rights at the Annual General Meeting which takes place at least once a year. They may either participate directly in the Annual General Meeting, or exercise their voting rights via a company-nominated proxy who is bound by the shareholder's instructions, via postal voting, or by authorizing a person of their choice. The shareholders are adequately supported by the company in this process. Each JENOPTIK AG share is accorded one vote. The reports, documents and information required by law for the Annual General Meeting are available for inspection at the company's premises or on our website www.jenoptik.com under the category Annual General Meeting. Following the Annual General Meeting, the attendance figures, voting results and the speech by the Executive Board are also published here.

TRANSPARENT INFORMATION

In order to guarantee the greatest possible transparency, Jenoptik follows the principle of providing equal, continual, prompt and comprehensive information in its communication with participants in the capital market as well as interested members of the general public. We use the annual and interim reports to explain in detail the Group's earnings, assets and finances. In addition, important events and current developments are reported in ad-hoc announcements and press releases. A further information platform is the Jenoptik website which has been completely redesigned in the last fiscal year. Press releases, reports, presentations and other information can be found in German and English under the categories Investors and Press at www.jenoptik.com. Shortly after publication of the financial reports, we also hold conference calls with journalists, analysts and investors. To mark the publishing of our annual and half-yearly financial statements, analyst conferences as well as an annual balance sheet press conference are also held.

In accordance with the German Securities Trading Act [Wertpapierhandelsgesetz (WpHG)], inside information is published immediately insofar as JENOPTIK AG is not, in individual cases, exempt from this obligation. A working group established for this purpose evaluates individual facts for their ad-hoc relevance on a monthly basis and in event of specific concerns. We want to ensure that any potential inside information is identified in good time and handled according to legal requirements. Significant obligations and responsibilities on the part of board members and employees concerning the law on inside information, ad-hoc publicity, market manipulation and directors' dealings are regulated by a group guideline regarding compliance with the regulations of the German Securities Trading Act (WpHG). There is a directory which lists the people authorized to have access to inside information.

Jenoptik immediately publishes major changes to its shareholder structure when it is informed that reportable voting rights thresholds have been reached, fallen below or exceeded. All publications are available on our website under the category Investors/Share/Voting rights announcements. Further information can also be found in the Notes in section 5.12 Equity.

Jenoptik also publishes reportable securities transactions ("Directors´ Dealings") by the members of the Executive Board and Supervisory Board in accordance with § 15a of the German Securities Trading Act (WpHG). We received no such reports in the 2015 fiscal year.

As of December 31, 2015 the Jenoptik Group maintains securities-oriented incentive plans in the form of virtual shares for the members of the Executive Board and parts of senior management. The principles of the system for allocation and issue of the virtual shares are chiefly identical for the Executive Board and members of senior management, and are described in the Remuneration Report for the Executive Board.

As of December 31, 2015, no shares or derived financial instruments were held by the members of the Executive Board.

The members of the Supervisory Board held a combined total of 41,207 shares and derived financial instruments and thus less than 1 percent of the shares issued by the company as of December 31, 2015.

ACCOUNTING AND AUDITING

The Consolidated Financial Statements as well as all Consolidated Interim Financial Statements are compiled in accordance with the International Financial Reporting Standards (IFRS), as they are to be used in the European Union. JENOPTIK AG's Financial Statements are compiled in accordance with the requirements of the German Commercial Code (HGB). The Consolidated Financial Statements and the Financial Statements, including the Combined Management Report, are examined by the auditor. KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin ("KPMG AG") was selected as the auditor for the 2015 fiscal year by the Annual General Meeting on June 3, 2015.

The auditor informs the Supervisory Board Chairman of any grounds for bias or disqualification, as well as of all important events and findings that emerge during the audit. This includes occasions when facts are discovered during the audit that point to inaccuracies in the declaration of conformity submitted by the Executive Board and Supervisory Board in accordance with § 161 of the German Stock Corporation Act.

Before submitting the proposal for the election of the firm to the Annual General Meeting, the Supervisory Board received a declaration of independence from the auditing firm, stating that there were no employment, financial, personal or other links between KPMG AG, its board members and audit managers on the one side, and the company and its board members on the other, that could give rise to doubts about the independence of the auditor. KPMG AG also reported in its declaration on the degree to which it provided Jenoptik with other services over the past fiscal year, especially in terms of consulting, and which services have been contractually agreed for the current year. It is also established that none of the auditors involved in the audit had exceeded the seven-year overall limit for authorizing the issue of audit certificates. The position of responsible auditor for the auditing of the Consolidated Financial Statements and the Financial Statements as well as the Combined Management Report 2015 was held by Ms. Antje Strom. A tender for appointment of auditors will be held for the audit of the 2016 Financial Statements and the Consolidated Financial Statements and the proposed choice of the Executive and Supervisory Boards will be presented to the Annual General Meeting in 2016 for approval.

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INTERNAL AUDITING, RISK AND OPPORTUNITY MANAGEMENT, COMPLIANCE

With the objective of improving business processes, Internal Auditing at Jenoptik provides independent and objective auditing and consulting services for the Executive Board.

The continual and responsible evaluation of opportunities and risks which may result from entrepreneurial activity is for Jenoptik one of the basic principles of responsible com-

www.jenoptik.com/voting-rights-announcements

Directors' Dealings reports from prior years can be found at www.jenoptik.com/investors/corporate-governance

Page 53 ff., Page 189 ff.
For further information on the incentive systems please refer to the Remuneration Report and the Notes

Page 110 ff.
For detailed information on opportunity and risk management and on internal auditing please refer to the Risk and Opportunity Report

pany management. The goal of our risk and opportunity management is to formulate a strategy and define objectives for creating an optimum balance between growth and return targets on the one side and the associated risks on the other, thereby ensuring that the value of the Jenoptik Group systematically increases on a sustainable basis for its shareholders and the other stakeholders.

Compliance with nationally and internationally recognized compliance requirements is an integral part of risk prevention and the processes of Jenoptik's risk management system. In order to improve employee awareness, special training courses on subjects relevant to compliance, such as anti-corruption and anti-trust law, are regularly held at both the German and foreign business units. The aim of this is to achieve company-wide uniform understanding of our compliance standards. Introduced at the beginning of 2014, all employees worldwide complete an online compliance training course. To date, more than 2,600 employees around the world have already taken part in this course on the principles of compliance and the Jenoptik code of conduct. Employees can use the intranet as well as a help desk for all questions relating to risk or compliance issues at Jenoptik.

For the code of conduct see www.jenoptik.com/investors/corporate-governance

Page 76 ff.
For further information on the Jenoptik corporate values please refer to the "Employees" section

In accordance with international standards, a supplier code of conduct requires Jenoptik's suppliers to comply with a number of different compliance requirements. Furthermore, a project was begun in 2014 for uniform group-wide handling of so-called conflict minerals, which also extends across the entire supply chain. The purpose of a centralized business partner screening process is to ensure that Jenoptik cooperates only with those business partners that meet all of its compliance requirements.

Page 80 ff.
For further information on compliance and supplier management please refer to the section "Quality management and sustainability"

The corporate guidelines implemented within the Jenoptik Group with regard to important company processes are continually being reexamined, expanded and updated. They are published on the intranet. Jenoptik therefore has a system of regulations, processes and controls which enable it to identify any possible deficits in the company and to minimize or eliminate them using appropriate measures at an early stage.

CODE OF CONDUCT

Jenoptik views the pursuit of sustainable economic and social activity while observing prevailing legislature as a top priority and a major part of its corporate culture. Trust, respect, fairness, honesty and integrity in all its dealings with employees, business partners, shareholders and the general public are therefore essential criteria. The most important principles of conduct are compiled in a code of conduct. This is equally binding for all employees at all levels of the Jenoptik Group. It sets out minimum standards and serves as a yardstick to ensure a high level of integrity, as well as guaranteeing ethical and legal standards within our company.

Each new employee receives a copy of the code of conduct when hired. Furthermore any employee may lodge a personal complaint or draw attention to circumstances which are indicative of violations of the code of conduct or of statutes and guidelines. In the interests of the company and all its employees, any possible violations are investigated and their causes eliminated. In addition, our six corporate values – performance, responsibility, change, integrity, trust and openness – form the basis for the development of a uniform Jenoptik corporate culture.

OBJECTIVES FOR COMPOSITION OF THE SUPERVISORY BOARD

In accordance with Point 5.4.1 of the German Corporate Governance Code, the Supervisory Board of JENOPTIK AG is composed in such a way that, as a whole, it is endowed with the knowledge, ability and experience necessary to carry out its tasks in an orderly manner. Taking into consideration the size of the company, its purpose and the international orientation of the Jenoptik Group, the Supervisory Board has laid down objectives for its future composition which take into consideration the idea of diversity and has adapted this in the prior fiscal year.

So the Board will ensure that, at all times, it includes members who particularly fulfill the criterion of internationality, such as foreign citizens or those with relevant experience abroad. In addition, the members of the Supervisory Board will play neither an advisory nor an executive role with customers, suppliers, creditors, or other business partners of JENOPTIK AG, inasmuch as this is the basis of a significant and not merely temporary conflict of interest. One of the objectives for the composition of the Supervisory Board is also that at least half of the shareholder representatives on the Supervisory Board have an independent status. No persons are to be considered who, at the time of election, have already reached the age of 70. The Supervisory Board will recommend the best possible candidates, from its point of view, to the Annual General Meeting, taking into account their expertise and personal integrity.

The Supervisory Board will also ensure that at least four seats are held by women, thereby fulfilling the quota required by the Act for Equal Participation by Women and Men in Leadership Positions in the Private and the Public Sector.

With regard to the length of service on the Supervisory Board, the Board has decided not to establish a regular limit applicable to all members as it is not consistently compatible with the process provided by the Codetermination Act for election of employee representatives to the Supervisory Board.

The composition of the Supervisory Board on December 31, 2015 is in line with the previously described objectives which are also to be adhered to in the future. There are currently four female members of the Supervisory Board. At least four members of the Board can call on extensive international experience. The Supervisory Board is also characterized by a wide variety of professional expertise, reflecting the broad scope of its members' career backgrounds. It is the view of the Board that all current shareholder representatives are independent in the sense of the regulations of the Code. Although individual members do exercise an executive role at other companies with which Jenoptik has a business relationship. However all of these business transactions which are not of significant interest to Jenoptik are conducted under the same conditions as would have been maintained with third-party companies and which, in the opinion of the Supervisory Board, do not negatively impact upon the independence of the members.

SPECIFICATIONS FOR THE QUOTA OF WOMEN

The target quota proposed by the Supervisory Board for the Executive Board is maintenance of the status quo up until June 30, 2017, i.e. a zero quota. For the first management level below the Executive Board, the JENOPTIK AG Executive Board has decided on a target of 16.7 percent with a deadline for implementation as of June 30, 2017. This target also maintains the current status. A target for the second management level has not been set because JENOPTIK AG is purely a holding company with flat management structures and therefore has no continuous second management level.

Additional information on the Executive Board and Supervisory Board, especially on their work procedures and their members' other responsibilities can be found in the Supervisory Board Report, in the Notes and in the Corporate Governance Statement published on the Internet.

For further information on the targets please refer to the Corporate Governance Statement at www.jenoptik.com/investors/corporate-governance

Information and Notes relating to Takeover Law

REPORTING ON § 289 (4), § 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB) ACCORDING TO THE TAKEOVER DIRECTIVE IMPLEMENTATION ACT

This information is part of the Combined Management Report.

1. Composition of the Share Capital

As of the balance sheet date on December 31, 2015, the share capital totaled EUR 148,819 thousand (prior year EUR 148,819 thousand). It is divided into 57,238,115 no-par value bearer shares (prior year 57,238,115). Each share is therefore worth 2.60 euros of the share capital.

The same rights and obligations apply to all the shares of the company. Each share represents one vote in the General Meeting and is the determining factor for the shareholders' proportion of company profits (§ 58 (4), § 60 of the Stock Corporation Act (AktG)). The shareholders' rights also include the subscription right to shares in the event of increases in capital (§ 186 of the Stock Corporation Act). In addition, the shareholders are entitled to administrative rights, e.g. the right to participate in the Annual General Meeting and the authority to put forward questions and motions and to exercise their right to vote. The shareholders' additional rights and duties are defined in the Stock Corporation Act, in particular in § 12, 53 et seq., 118 et seq. Under § 4 (3) of the Articles of Association, any claim by a shareholder to the securitization of his/her shares is excluded.

2. Restrictions Relating to Voting Rights or the Transfer of Shares

In accordance with § 136 (1) of the Stock Corporation Act, legal restrictions affecting voting rights exist with respect to votes for annual approval of actions regarding shares which are held directly or indirectly by members of the Executive and/or Supervisory Boards.

3. Direct or Indirect Participations in the Capital Exceeding 10 Percent of the Voting Rights

Information on direct or indirect investments in capital which exceed 10 percent of the voting rights can be found in the Group Notes under item 5.12, "Equity", from page 168 on.

4. Holders of Shares with Special Rights Conferring Controlling Powers

There are no shares of JENOPTIK AG that entail special rights.

5. Form of Controlling Voting Rights if Employees own Shares and do not directly exercise their Control Rights

There are no employee shareholdings and therefore no resultant control of voting rights.

6. Statutory Regulations and Provisions of the Articles of Association relating to the Appointment and Dismissal of Executive Board Members and Changes to the Articles of Association

The appointment and dismissal of Executive Board members is carried out exclusively according to the statutory regulations of §§ 84, 85 of the Stock Corporation Act and § 31 of the Codetermination Act (MitbestG). In accordance with this, the Articles of Association stipulate in § 6 (2) that the appointment of members to the Executive Board, the revocation of their appointment and the conclusion, modification and termination of contracts for services with members of the Executive Board shall be carried out by the Supervisory Board. In accordance with § 31 (2) of the Codetermination Act, a majority of at least two thirds of the members of the Supervisory Board is required for the appointment of Executive Board members. Revocation of appointment as a member of the Executive Board is only possible for serious due cause (§ 84 (3) of the Stock Corporation Act).

§ 6 (1) (1) of the Articles of Association stipulates that the Executive Board of JENOPTIK AG must comprise at least two members. In the absence of a required Executive Board member, in urgent cases the court must appoint the member on the application of a stakeholder (§ 85 (1) (1) of the Stock Corporation Act). The Supervisory Board can appoint a Chairman of or Spokesperson for the Executive Board (§ 84 (2) of the Stock Corporation Act, § 6 (2) (2) of the Articles of Association).

In accordance with § 119 (1) (5), § 179 (1) (1) of the Stock Corporation Act, changes to the content of the Articles of Association are passed by the Annual General

Meeting. However, changes relating purely to the wording of the Articles of Association can be passed by the Supervisory Board in accordance with § 179 (1) (2) of the Stock Corporation Act in connection with § 28 of the Articles of Association. This also includes the corresponding change to the Articles of Association following the utilization of the authorized capital 2015 and of the conditional capital 2013. Under § 24 (1) of the Articles of Association, resolutions by the Annual General Meeting require a simple majority of the votes cast unless stipulated otherwise by law. In those cases in which the law requires a majority of the nominal capital represented for a resolution to be passed, a simple majority of the nominal capital represented is sufficient, unless specified otherwise by the law.

7. Authority of the Executive Board to issue and buy back Shares

The Executive Board is authorized through June 2, 2020, with the consent of the Supervisory Board, to increase the share capital of the company by up to 44.0 million euros through one or multiple issues of new, no-par value bearer shares against cash contributions or contributions in kind ("authorized capital 2015"). The Executive Board is authorized, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders (a) for fractional amounts; b) in the event of capital increases against contributions in kind, in particular also as part of corporate mergers or for the acquisition of companies, parts of companies or investments in companies (including an increase in existing investment holdings) or other depositable assets related to such an acquisition project, including claims against the company; (c) in the event of capital increases in return for cash contributions, to the extent that the percentage of the share capital attributable to the new shares, taking into account resolutions at the Annual General Meeting and/or the utilization of other authorizations to exclude the subscription right in direct or corresponding application of § 186 (3) (4) of the Stock Corporation Act since the effective date of such authorization, neither exceeds a total of ten percent of the share capital at the time the authorized capital is registered, nor exceeds a total of ten percent of the share capital in existence at the time the new shares are issued and the issuance price of new shares is not significantly below the stock exchange price; (d) for the issuance to employees of the company and in companies in which Jenoptik has a majority interest.

All aforementioned authorizations to exclude subscription rights are limited to a total of 20 percent of the share capital existing at the effective date of this authorization– or, if this value is lower, to 20 percent of the share capital at the time this authorization is exercised. This limit of 20 percent includes shares that (i) are sold for the purpose of servicing option and/or convertible bonds that were or could still be issued during the period of validity of authorized capital to the exclusion of subscription rights or (ii) are sold by the company as treasury shares during the period of validity of authorized capital under exclusion of subscription rights. Decisions on the details of the issuance of new shares, in particular their conditions and the content of rights of the new shares, are taken by the Executive Board, with the consent of the Supervisory Board.

The share capital of the company is conditionally increased by up to 28.6 million euros through the issuance of up to 11,000,000 new no-par value bearer shares ("conditional capital 2013"). The conditional capital increase will only be executed to the extent that

- the creditors/holders of option certificates or conversion rights issued up to June 3, 2018 by the company or a domestic or foreign corporation in which the company has a direct or indirect majority interest, exercise their options or conversion rights pursuant to the resolution of the Annual General Meeting dated June 4, 2013, and/or

- the creditors of the issued convertible bonds obliged to exercise their conversion rights, which were issued by the company or a domestic or foreign corporation in which the company has a direct or indirect majority interest, on the basis of the resolution of the Annual General Meeting on June 4, 2013, fulfill their conversion obligation by June 3, 2018

and neither treasury shares are used nor payment is made in cash. The Executive Board is authorized to define further details regarding the execution of the conditional capital increase.

Under a resolution passed by the Annual General Meeting on June 12, 2014, the Executive Board is authorized up to June 11, 2019 to purchase up to ten percent of the no-par value shares of the share capital at the time of the resolution for purposes other than trading in its own shares. The treasury shares purchased, together with shares that the

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For detailed information on the authorized capital 2015 and the conditional capital 2013 please refer to the Group Notes.

company has already purchased and still owns (including shares to be attributed according to § 71a et seq. of the Stock Corporation Act), may not exceed 10 percent of the share capital of the company. The authorization may be exercised in whole or in part, on a single occasion or several times and for one or more authorized purposes. The purchase and sales of treasury shares may be exercised by the company or, for specific authorized purposes, by dependent companies, by majority-owned companies or by third parties for its or their account. At the decision of the Executive Board, purchase is by buying, subject to compliance with the principle of equal treatment (§ 53a of the Stock Corporation Act), on the stock exchange or by means of a public offering or a public invitation to the shareholders to submit an offer for sale. As of December 31, 2015, the company had no treasury shares.

Further details regarding the buyback of shares see invitation to the Annual General Meeting, accessible at www.jenoptik.com/investors/annual-general-meeting

8. Key Agreements in the Event of a Change of Control Resulting from a Takeover Bid

There are clauses that apply in the event of a change of control in the ownership structure of JENOPTIK AG as the result of a takeover bid exist with regard to a joint venture which has since been terminated and financing agreements with a total utilized volume of approximately 138.6 million euros (prior year 158.0 million euros).

The conditions for accepting a change of control are formulated differently in each of the loan agreements. For the debenture loans with a total utilized volume of 125 million euros, a change of control gives the lenders the right to extraordinary termination of the loan in the amount corresponding to their share of the loan and to demand the immediate repayment of this capital sum plus the interest accumulated up to the repayment date. For two installments of these debenture loans with a total utilized volume of 22 million euros, a change of control applies if one or more persons acting in concert, with the exception of the existing main shareholders on the date the contract is concluded, acquire more than 30 percent of the outstanding share capital or more than 30 percent of the voting rights, directly or indirectly at any time. Regarding the other installments of the debenture loans, this is only the case if the figure exceeds 50 percent of the share capital or voting rights.

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For detailed information on the compensation schemes please refer to the Remuneration Report

Under the revolving syndicated loan, every change in the current shareholder base of JENOPTIK AG, under which at least 50 percent of the shares or voting rights are held by one or several persons acting in concert as described in § 2 (5) of the Securities Acquisition and Takeover Act (WpÜG), results in the possibility of refusing further disbursements and immediate termination of loan commitments in full or in part within up to 15 banking days following notification of the change of control and any disbursements executed becoming due, in full or in part, with an execution period of 16 banking days (including subsidiary credit lines and accrued interest). The syndicated loan has a total volume of 230 million euros, of which 13.6 million euros were utilized by December 31, 2015 (prior year 68.0 million euros).

There is a framework agreement in place with one joint venture partner that grants Jenoptik direct access to a comprehensive basis of patents, technological expertise and components that the partner possesses in the field of fiber laser development and manufacture and which contains the special agreements described below: in the event of a change of control in a competitor of the joint venture partner within a specific period, Jenoptik's right of use is limited to the manufacture and distribution of the product portfolio manufactured with the help of the rights of use granted on the date on which the change of control takes effect. The right granted to Jenoptik to purchase components for a specific period expires at the end of a transitional period. Although the joint venture has been in liquidation since mid–2011, the rights of use granted continue to exist and the rules relating to the consequences of a change of control therefore also remain in force.

9. Compensation Agreements by the Company with Executive Board Members or Employees in the Event of a Takeover Bid

In the event of a change of control through acquisition of at least 30 percent of voting rights by a third party, the members of the Executive Board are authorized to terminate their contract of service. There are no comparable agreements with employees of the company.

Remuneration Report

REMUNERATION FOR THE EXECUTIVE BOARD

The Remuneration Report below sets out the basic principles of the remuneration system for the members of the Executive Board and Supervisory Board and gives details of the total remuneration for the individual members.

This information is part of the Combined Management Report.

EXECUTIVE BOARD REMUNERATION SYSTEM

The criteria for defining the appropriateness of the remuneration for the Executive Board of Jenoptik are primarily the tasks of the members of the Executive Board, their personal performance, the economic situation, the success of the company and its future prospects. Standard practice within the comparative environment and in relation to established comparative groups within the company is another factor in the remuneration. The remuneration for the Executive Board of Jenoptik consists of non-performance-related and performance-related components. The non-performance-related components include the fixed remuneration, fringe benefits and pension benefits. Half of the performance-related bonus is paid in cash within the framework of the regular salary payment, the other half in the form of virtual shares. The long-term incentive component (LTI) incentivizes the long-term approach and promotes the sustainable development of the company.

Following preparation by the Personnel Committee, the Supervisory Board is responsible for defining the structure of the remuneration system and the composition of the remuneration for the individual Executive Board members. The contractual provisions of the contracts of employment with both members of the Executive Board are essentially identical, unless specified otherwise below. The contracts of employment with the two members include an agreement for a regular review of the total remuneration.

Rüdiger Andreas Günther's employment contract came to an end on March 31, 2015. An agreement relating to Mr. Günther's entitlements in connection with his departure from the company was concluded in March 2015; its content is set out separately on page 53. The contractual conditions of his tenure, valid through the end of March 2015, can be found in the Remuneration Report of the Annual Report 2014.

Fixed remuneration

The non-performance-related basic salary is paid on a pro rata basis each month. It is currently EUR 600 thousand p.a. for Dr. Michael Mertin and EUR 400 thousand p.a. for Hans-Dieter Schumacher, payable respectively in twelve equal installments at month-end.

Variable remuneration

The members of the Executive Board are entitled to a bonus payable half in cash and half in the form of virtual shares. It is based on personal target agreements to be concluded in the first quarter of each calendar year by JENOPTIK AG, represented by the Supervisory Board, and the respective member of the Executive Board, and is settled in the following year. The target agreement is oriented towards the company's sustainable business development. The bases for this are the group EBIT, operating free cash flow, group net income for the year, share price-related, strategic and operating targets for the corresponding year and of a long-term nature as well as an individual performance assessment. The variable remuneration has an upper limit of a total of 150 percent of target attainment. With 100 percent target attainment, Dr. Mertin receives EUR 1,000 thousand and Hans-Dieter Schumacher EUR 400 thousand. The actual amount of the variable remuneration is dependent upon the attainment of the targets set out in the target agreement. For the first nine months of his work, from April 1 to December 31, 2015, agreement was reached with Hans-Dieter Schumacher that his pro rata bonus would not fall below the amount corresponding to an 80 percent level of target attainment. Other than this agreement, no guaranteed minimum bonuses have been agreed in either of the two contracts of service for the Executive Board.

50 percent of the total bonus is linked to financial targets, 25 percent to short and medium-term operational targets and 25 percent to medium and long-term strategic objectives. The half of the variable remuneration payable in cash is due on adoption of the respective Financial Statements of JENOPTIK AG and the final auditing and approval of the Consolidated Financial Statements by the Supervisory Board.

The allocation of the virtual shares granted as a long-term incentive is carried out within the context of determining the level of target attainment. Their number is based on the volume-weighted average closing price of the Jenoptik share in the fourth quarter of the calendar year before last ("conversion rate"). The conversion rate for the virtual shares allocated for 2015 is 9.094 euros. Payment is made at the end of the fourth subsequent year after allocation, based on the volume-weighted average closing price of the Jenoptik share in the full fourth subsequent year. The subsequent year is the calendar year following the calendar year for which the target agreement was concluded. This means that, in 2016, Dr. Michael Mertin will receive payment for the virtual shares allocated to him in 2011 on the basis of the volume-weighted average price of the Jenoptik share in 2015. Payment of the virtual shares allocated to the members of the Executive Board in 2016 (for the 2015 year) will be made, on condition of continuing employment, in 2020.

Dividend payments made to shareholders of JENOPTIK AG in the interim are taken into account by additional virtual shares being granted in the equal amount of the dividends.

In the year in which the contract of employment with the member of the Executive Board expires, the bonus is paid pro rata temporis, based on the actual target attainment and without division into cash bonus and virtual shares. Payment for virtual shares allocated at the time of the termination of employment, for which the fourth subsequent year has not yet expired, is made at the value based on the average share price over the last twelve months prior to the date of termination of employment. The employment contracts of the members of the Executive Board contain provisions for the potential consequences of certain circumstances, in particular conversion and capital measures on the virtual shares granted.

Under Point 4.2.3 (2) (6) of the German Corporate Governance Code ("Code"), there are to be maximum limits to the total remuneration for the members of the Executive Board and in respect of their variable portions. In the declaration of conformity dated December 9, 2015, Jenoptik gave an explanation for a deviation from these recommendations with reference to possible effects from calculating the number of virtual shares and their value development; this explanation and the reasons for it are given from page 50 on of the Annual Report.

Agreements relating to **occupational retirement benefits** were concluded with both members of the Executive Board. The pension commitment is based on a pension fund reinsured by a life insurance policy. This is a defined contribution scheme within the framework of a provident fund. The annual and the long-term costs for Jenoptik are clearly defined. On reaching retirement age, the payments will no longer affect Jenoptik. The contribution for the provident fund in 2015 totaled EUR 240 thousand for Dr. Michael Mertin and EUR 120 thousand for Hans-Dieter Schumacher (for 9 months).

Fringe Benefits

Fringe benefits exist in the form of an occupational indemnity insurance for Dr. Michael Mertin and accident insurance for both Dr. Mertin and Hans-Dieter Schumacher. Executive Board members are also entitled to the private use of a company vehicle. There is a directors and officers liability insurance for the members of the Executive Board with the contractual obligation to pay a deductible amounting to 10 percent of the loss per claim, however up to a maximum sum of 150 percent of the fixed salary of the Executive Board member in question for all claims per year.

If the contract of service with Dr. Michael Mertin is not extended beyond the end of its regular term of June 30, 2017, he shall with effect from this date have an entitlement to **bridging payments** in the sum of 80 percent of one annual salary, to be paid monthly for twelve months. Emoluments resulting from freelance and/or employed activity, in particular as a member of a management and supervisory body of another company, as well as any compensation for a non-competition clause, will be offset against the bridging payments. Bridging payments are not payable if the non-renewal of the service contract is attributable to serious breaches of duty by the Executive Board member, in the event of extraordinary termination of the employment relationship, or if the Executive Board member rejects an extension of the service contract on equivalent or enhanced terms.

Under Point 4.2.3 (4) of the German Corporate Governance Code, when concluding contracts for members of the Executive Board, care should be taken to ensure that payments to a member of the Executive Board on premature termination of his/her service to the Executive Board without good reason do not exceed the equivalent of two years' remuneration (settlement cap) and that payment does not extend beyond the remaining period of the contract of employment. In the declaration of conformity dated December 9, 2015, Jenoptik gave an explanation for a deviation from this recommendation for the employment contract of the Chairman of the Executive Board; this explanation and the reasons for it are given from page 50 on of the Annual Report.

In the event of a change of control at JENOPTIK AG, a change-of-control clause will come into force for the members of the Executive Board with effect from the acquisition of a controlling interest in accordance with §§ 29, 35 (1) (1) of the Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz [WpÜG]), i.e. an acquisition of at least 30 percent of the voting rights in JENOPTIK AG, granting them the right to give notice of termination within a specified period following the change of control. In the event of notice of termination being issued, the Executive Board member will be entitled to payment of a settlement in the maximum sum of 36 (Dr. Michael Mertin) or 24 (Hans-Dieter Schumacher) months' salary plus the variable remuneration on a pro rata basis depending upon the residual period of his/her contract of employment plus the period for which bridging payments are granted. In addition, pension contributions will continue to be paid up until the normal expiry of the respective contract of employment, limited to three (Dr. Michael Mertin) or two (Hans-Dieter Schumacher) years.

A post-contractual non-competition clause was agreed with Dr. Michael Mertin for a period of one year following the end of his contract of employment. Dr. Michael Mertin will be paid 50 percent of one annual salary as compensation for the non-competition clause. Prior to the end of his contract of employment, Jenoptik is also entitled to waive the post-contractual non-competition clause by means of a written declaration.

Agreement with Rüdiger Andreas Günther on his Departure from the Company

Rüdiger Andreas Günther's contract of employment ended on March 31, 2015. An agreement finalizing his remuneration entitlements was concluded in March 2015, and included a fixed bonus worth EUR 131.0 thousand for the first quarter of the year. In addition, his target agreement for 2014 was settled, according to which Rüdiger Andreas Günther received variable remuneration of EUR 236.6 thousand in cash and 19,176 virtual shares. The value of the virtual shares to be paid to Rüdiger Andreas Günther according to the provisions of his contract of employment for the years 2012 to 2014 was calculated as EUR 733.6 thousand. He also received payment of EUR 55.7 thousand in settlement of untaken leave in the years 2014 and 2015. There was no compensation for the agreed post-contractual non-competition clause, as Jenoptik had effectively waived it.

TOTAL REMUNERATION FOR THE INDIVIDUAL MEMBERS OF THE EXECUTIVE BOARD

The tables below contain a list of the remuneration components granted to the members of the Executive Board, Dr. Michael Mertin, Hans-Dieter Schumacher and Rüdiger Andreas Günther, in the past fiscal year. The summaries differentiate between five components – the fixed remuneration, fringe benefits, one-year variable remuneration, multi-year variable remuneration and the pension contributions.

Following agreement with the Personnel Committee, but subject to the consent of the Supervisory Board, Dr. Michael Mertin's variable remuneration for the 2015 fiscal year comes to EUR 631.2 thousand in cash and 69,408 virtual shares, Hans-Dieter Schumacher's to EUR 194.0 thousand in cash and 21,329 virtual shares. Further details on the share-based remuneration in the form of virtual shares can be found in section 5.17 in the Notes from page 174 on. We also consider this to be an integral part of this Remuneration Report.

REMUNERATION SYSTEM FOR THE SUPERVISORY BOARD

The remuneration for the Supervisory Board comprises a fixed and a performance-related component. The fixed annual remuneration is EUR 20 thousand. The Chairman of the Supervisory Board receives double and his deputy one-and-a-half times this amount. The fixed remuneration is payable on expiry of the fiscal year. In addition, each member of a committee receives an annual remuneration in the sum of EUR 5 thousand per year. The Chairman of the committee receives double this amount. The annual remuneration for members of the Audit Committee, whose duties are particularly labor- and time-intensive, is EUR 10 thousand. The Chairman of the Audit Committee receives double and his deputy one-and-a-half times this amount. Members of committees which have not met during the fiscal year receive no remuneration.

If group earnings before tax exceed 10 percent of group equity at the end of the fiscal year, each member of the Supervisory Board will receive a performance-related annual payment of EUR 10 thousand. The performance-related annual payment is increased to EUR 20 thousand, provided that group earnings before tax exceed 15 percent of group equity at the end of the fiscal year. The Chairman of the Supervisory Board receives double and his deputy one-and-a-half times this amount. The Consolidated Financial Statements for the corresponding fiscal year are definitive for the calculation of earnings before tax and equity. The annual performance-related remuneration is payable after the Annual General Meeting which ratifies the actions of the Supervisory Board for the past fiscal year, i.e. normally after the Annual General Meeting of the following fiscal year.

Group earnings before tax for the year 2014 exceeded the above mentioned figure of 10 percent of group equity at the end of the fiscal year 2014, consequently the members of the Supervisory Board each received a performance-related remuneration payment following the Annual General Meeting in June 2015. There is also a performance-related remuneration payment for 2015, which will be paid after the 2016 Annual General Meeting.

Members of the Supervisory Board who have only served on the Supervisory Board or a committee for part of the fiscal year receive a pro rata payment.

The members of the Supervisory Board are paid a meeting allowance of EUR 1 thousand for attending a meeting. Half of the agreed meeting allowance is paid on participation in conference calls. The same applies from the second meeting on any day on which several meetings are convened. Verified expenses incurred in connection with the meeting are reimbursed in addition to the meeting allowance; the reimbursement for travel and overnight accommodation costs in connection with a meeting held in Germany is limited to EUR 0.6 thousand. JENOPTIK AG also reimburses the members of the Supervisory Board for any sales tax applicable to the payment of their expenses.

In the 2015 fiscal year, EUR 356.7 thousand (net) was set aside as a provision for the fixed remuneration of the Supervisory Board and its committees, to be paid in January 2016, and EUR 123.54 thousand (net) for the variable remuneration to be paid after the Annual General Meeting in June 2016. Jenoptik did not pay any other remuneration or benefits to the members of the Supervisory Board for services rendered personally by them, in particular consulting and intermediary services.

Rudolf Humer, Chairman of the Supervisory Board up until June 30, 2015, issued a written statement to the Executive Board waiving all his claims to remuneration as Chairman of the Supervisory Board and Committee member to which he was entitled for his activities from April 1, 2011. This also applies to any meeting allowances and any performance-related remuneration.

Information on the total remuneration for individual members of the Supervisory Board can be found in the Group Notes on page 192.

T 04

REMUNERATION OF THE EXECUTIVE BOARD – BENEFITS GRANTED (in thousand euros)

	Dr. Michael Mertin (President & CEO)				
	2014	2015			
		Actual	Min.	100%	Max.
Fixed remuneration	600.0	600.0	600.0	600.0	600.0
Fringe benefits	46.5	46.7	46.7	46.7	46.7
Total	**646.5**	**646.7**	**646.7**	**646.7**	**646.7**
One-year variable remuneration	529.0	631.2	0.0	500.0	750.0
Multi-year variable remuneration*	579.4	682.0	50.8	550.8	800.8
Thereof LTI 2015 (term until 2020)*	0.0	631.2	0.0	500.0	750.0
Thereof LTI 2014 (term until 2019)*	529.0	0.0	0.0	0.0	0.0
Thereof dividends on LTI tranches outstanding	50.3	50.8	50.8	50.8	50.8
Total*	**1,754.9**	**1,959.9**	**697.5**	**1,697.5**	**2,197.5**
Retirement benefits	240.0	240.0	240.0	240.0	240.0
Total remuneration*	**1,994.9**	**2,199.9**	**937.5**	**1,937.5**	**2,437.5**

* each plus/less development of value of the newly granted LTI compared to the share price taken as basis for allocation

Development of share price LTI 2015	0.0	230.9	0.0	182.9	274.4
Development of share price LTI 2014	−78.0	0.0	0.0	0.0	0.0

** including settlement for untaken leave

T 05

REMUNERATION OF THE EXECUTIVE BOARD – INFLOW (in thousand euros)

	Dr. Michael Mertin (President & CEO)		Hans-Dieter Schumacher (Member of the Executive Board since April 1, 2015)		Rüdiger Andreas Günther (Member of the Executive Board until March 31, 2015)	
	2014	2015	2014	2015	2014	2015
Fixed remuneration	600.0	600.0	0.0	300.0	380.0	150.7*
Fringe benefits	46.5	46.7	0.0	8.2	13.6	3.4
Total	**646.5**	**646.7**	**0.0**	**308.2**	**393.6**	**154.1**
One-year variable remuneration	600.6	529.0	0.0	0.0	390.4	367.6
Multi-year variable remuneration	312.7	471.4	0.0	0.0	0.0	733.6
Thereof LTI 2013 (term until 2019)	0.0	0.0	0.0	0.0	0.0	212.5
Thereof LTI 2012 (term until 2018)	0.0	0.0	0.0	0.0	0.0	290.6
Thereof LTI 2011 (term until 2017)	0.0	0.0	0.0	0.0	0.0	230.5
Thereof LTI 2010 (term until 2016)	0.0	0.0	0.0	0.0	0.0	0.0
Thereof LTI 2009 (term until 2015)	0.0	471.4	0.0	0.0	0.0	0.0
Thereof LTI 2009 (term until 2014)	312.7	0.0	0.0	0.0	0.0	0.0
Total	**1,559.8**	**1,647.1**	**0.0**	**308.2**	**783.9**	**1,255.4**
Retirement benefits	240.0	240.0	0.0	120.0	80.0	20.0
Total remuneration	**1,799.8**	**1,887.1**	**0.0**	**428.2**	**863.9**	**1,275.4**

* including settlement of untaken leave

	Hans-Dieter Schumacher (Member of the Executive Board since April 1, 2015)					Rüdiger Andreas Günther (Member of the Executive Board until March 31, 2015)				
	2014	2015				2014	2015			
		Actual	Min.	100%	Max.		Actual	Min.	100%	Max.
	0.0	300.0	300.0	300.0	300.0	380.0	150.7**	150.7**	150.7**	150.7**
	0.0	8.2	8.2	8.2	8.2	13.6	3.4	3.4	3.4	3.4
	0.0	**308.2**	**308.2**	**308.2**	**308.2**	**393.6**	**154.1**	**154.1**	**154.1**	**154.1**
	0.0	194.0	120.0	150.0	225.0	236.6	131.0	0.0	105.0	157.5
	0.0	194.0	120.0	150.0	225.0	246.5	0.0	0.0	0.0	0.0
	0.0	194.0	120.0	150.0	225.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	236.6	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	9.8	0.0	0.0	0.0	0.0
	0.0	**696.1**	**548.2**	**608.2**	**758.2**	**876.7**	**285.1**	**154.1**	**259.1**	**311.6**
	0.0	120.0	120.0	120.0	120.0	80.0	20.0	20.0	20.0	20.0
	0.0	**816.1**	**668.2**	**728.2**	**878.2**	**956.7**	**305.1**	**174.1**	**279.1**	**331.6**
	0.0	71.0	0.0	54.9	82.3	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	–34.9	0.0	0.0	0.0	0.0

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Combined Management Report

In delivering a return to growth, Jenoptik's business model proved to be robust and could be expanded in a challenging fiscal year. With revenue of around 668.6 million euros and an operating result of 61.2 million euros, we not only achieved new records but also set benchmarks in free cash flow and net debt that are unique in the company's recent history. We are in good strategic and financial position and, in view of current business forecasts, plan to continue on our path of profitable growth in 2016.

9.2

EBIT margin (in percent from revenue)

General Group Information

GROUP STRUCTURE

Legal and Organizational Structure

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Please refer to investment holdings of the Jenoptik Group

As the holding company and corporate center of the Group, JENOPTIK AG, based in Jena, performs top-level functions for the entire Group including strategic corporate development and innovation management as well as key tasks in controlling, human resources, real estate, investor relations, mergers & acquisitions, accounting, legal, auditing, risk & compliance management, treasury, taxes, corporate communications and corporate marketing.

Up to the end of 2015, the Group's operating business was divided into three segments: Lasers & Optical Systems, Metrology and Defense & Civil Systems. Realignment of the business, effective from the beginning of January 2016, is now allowing Jenoptik to focus more strongly on growth markets and megatrends. Within the segments, the operating business remains spread over five divisions. In the future, three former divisions (Optical Systems, Lasers & Material Processing and Industrial Metrology) will increasingly concentrate on their target markets semiconductor equipment, medical technology and automotive. The Traffic Solutions and Defense & Civil Systems divisions have already taken clear steps to align their businesses with their markets and megatrends. The underlying cornerstone of the operating business remains the globally established Shared Service Center (SSC), in which the central functions IT, human resources, strategic purchasing, safety, occupational health and safety, environmental protection and building management are organized.

From 2016, Jenoptik will be reporting on the Optics & Life Science, Mobility and Defense & Civil Systems segments. Alongside its core business of semiconductor equipment, the Optical Systems division will focus more strongly on optical communication technologies. The former laser business will be combined with the Optoelectronic Systems business unit in the new Healthcare & Industry division. In order to serve the automotive market more effectively and leverage the megatrends of mobility and efficiency, the laser machines business will be merged with the former Industrial Metrology division in the new Automotive division. The Traffic Solutions and Defense & Civil Systems division will continue to target the traffic safety, security/defense technology and aviation/railway engineering markets. The strategic and operational planning process was adapted to the new structure in force as of January 2016. Future segment reporting will reflect the Group's new organizational structure.

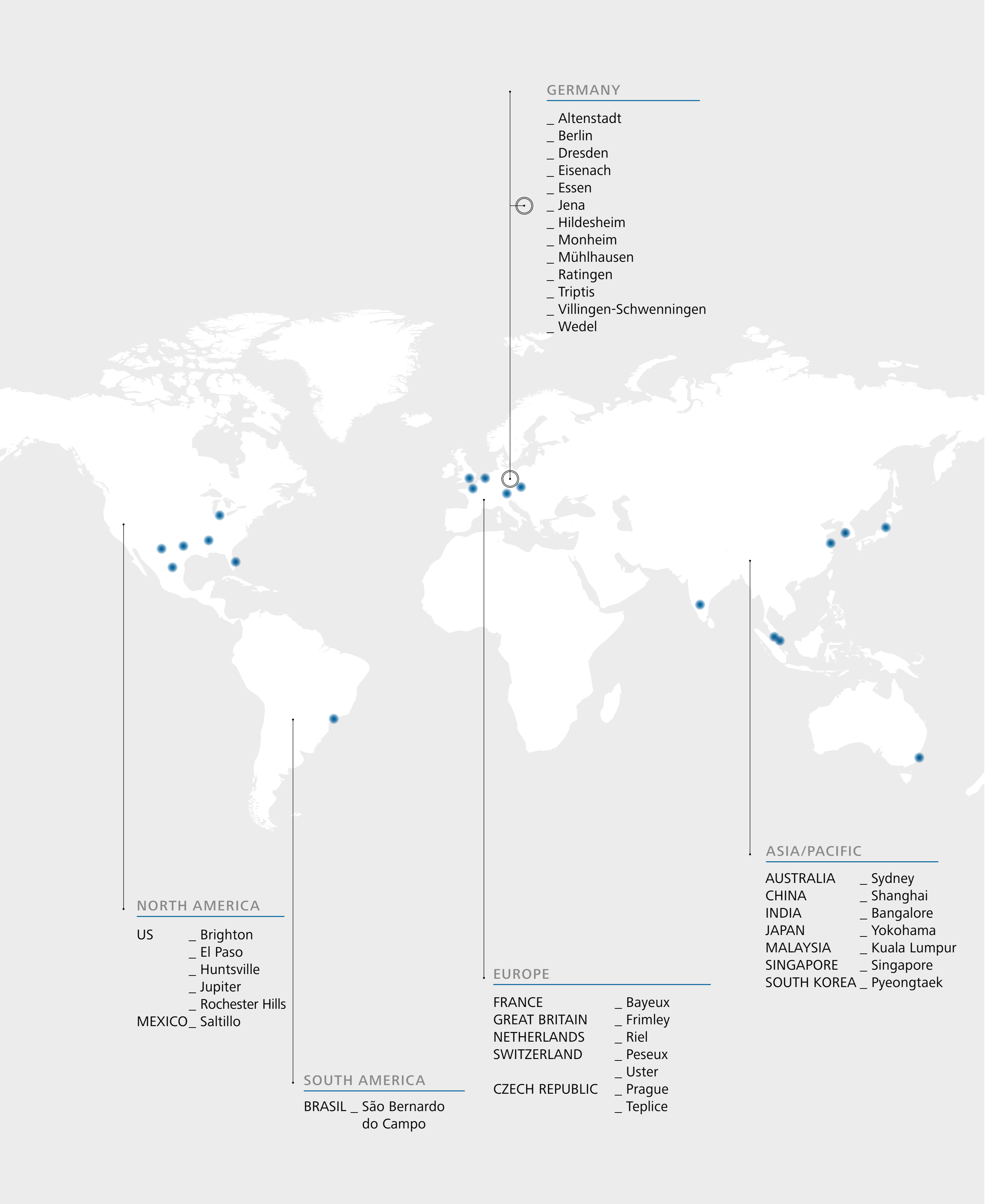
Jenoptik has significantly expanded its international structures in the last few years. Most recently, in addition to the acquisition of the British traffic technology company Vysionics, this included the establishment of an Asian holding company in Singapore, under the aegis of which the Group is consolidating all its business in Asia to centrally support the development of business in the region and provide resources for top-level processes such as shared services, business development, finance and marketing. The US holding company at the Jupiter location in Florida, US, has lead coordination of the Group's overall strategy, financial activities and shared services for the American market. In 2015, all American business in the Healthcare & Industry, Automotive and Defense & Civil Systems divisions was amalgamated in Rochester Hills.

Key Locations

Jenoptik is represented in over 80 countries worldwide, with a direct presence in 18 of these, e.g. through its own companies or participations. The majority of the Group's products are manufactured in Germany, followed by the US. The Jena headquarters is primarily home to optoelectronic operations, covering all aspects of Optics & Life Science. Other major sites in Germany are at Wedel near Hamburg, Essen and Altenstadt (Defense & Civil Systems), Monheim near Düsseldorf (Traffic Solutions), Villingen-Schwenningen (Automotive), Triptis and Dresden (Optical Systems) and Berlin (Healthcare & Industry).

Outside Germany, Jenoptik maintains production and assembly sites in the US, France, the UK, China and Switzerland. In addition, the Group is represented by subsidiaries in Australia, Brazil, the Czech Republic, India, Japan, Korea, Malaysia, Mexico, the Netherlands and Singapore. G 08

G 08
JENOPTIK: KEY LOCATIONS (AS AT DECEMBER 2015)



GROUP OPERATIONS

Business Model

Page 99 ff.

For detailed information on the course of business in the segments please refer to the Segment Report

Jenoptik is a globally operating integrated photonics group and a supplier of high-quality and innovative capital goods. The Group is thus primarily a partner for industrial companies. Its customers also include the public sector, in part indirectly via system integrators. Our range of products comprises OEM or standard components, modules and subsystems through to complex systems and production lines for various sectors. It further includes total solutions and full-service operator models. Research and development occupy a key position in our work, and cooperations arrangements and developments on behalf of customers are often the beginning of partnerships and business relationships along the value chain.

Segments

Since January 2016, Jenoptik's business has been organized in five divisions – Optical Systems, Healthcare & Industry, Automotive, Traffic Solutions and Defense & Civil Systems – each of which is subdivided into several business units. The three segments are made up of the five divisions. G 09 G 10

Optics & Life Science

This segment pools the activities and laser applications in the Healthcare & Industry and Optical Systems businesses. Jenoptik's Optical System division is one of only a few global manufacturers producing precision optics and systems designed to meet the most stringent quality requirements. The division is a development and production partner for optical and micro-optical components – made of optical glass, quartz glass and crystal, infrared materials and plastics – and possesses superb expertise in the

G 09

ORGANIZATIONAL STRUCTURE OF THE JENOPTIK GROUP UP TO DECEMBER 31, 2015

Corporate Center

Segment	Lasers & Optical Systems		Metrology		Defense & Civil Systems
Division	Lasers & Material Processing	Optical Systems	Industrial Metrology	Traffic Solutions	Defense & Civil Systems

Shared Service Center

G 10

NEW STRUCTURE OF THE JENOPTIK GROUP FROM JANUARY 1, 2016

Corporate Center

Segment	Optics & Life Science		Mobility		Defense & Civil Systems
Division	Optical Systems	Healthcare & Industry	Automotive	Traffic Solutions	Defense & Civil Systems

Shared Service Center

development and manufacture of micro-optics for beam shaping that are used in the semiconductor industry and for laser material processing. The portfolio also includes optical systems and components for information and communication technologies as well as security and defense technology. Jenoptik occupies a prominent market position in the Optical Systems division. In 2015, the range of integrated system solutions was further expanded, thereby increasing the share of added value. We have also considerably boosted our presence in the market for infrared optics. This has enhanced Jenoptik's established role as a development and production partner for leading companies.

The Healthcare & Industry division is a global partner to the healthcare and life science industries. On the basis of its core competencies ranging from laser and LED based beam sources through optical components and modules up to sensors, digital image processing and system integration, the division is a leader in developing OEM system solutions and products. The division's industry arm produces high-performance polymer optical and optoelectronic modules and components that are used in automotive engineering, medical technology and diagnostics and in the lighting sector. In this division, Jenoptik also manufactures beam sources for industrial laser material processing, including semiconductor lasers, diode lasers and solid-state lasers such as disk and fiber lasers, and is an acknowledged global provider of quality solutions in the laser area. Jenoptik is also a market leader for high-power diode and disk lasers used in ophthalmology.

Key sales regions of the segment are in Europe and North America, and increasingly also in Asia. Our core markets are the semiconductor equipment, medical technology, information and communication technologies, show and entertainment, automotive and defense and security technology industries.

Mobility

In the Automotive division, Jenoptik is a leading manufacturer of measurement technology and laser machines for production processes in the automotive industry. The Metrology portfolio includes high-precision production metrology for pneumatic, tactile and optical inspection of roughness, contour, form and the determination of dimensions at every stage of the production process and in the metrology room. A wide range of services such as in-depth advice, training, service and long-term maintenance agreements are also all provided. Jenoptik develops laser machines that are integrated into customer production lines as part of process optimization and automation. They are used to machine plastics, metals and leather with maximum efficiency, precision and safety. The product range is completed by energy-efficient and environmentally friendly waste gas cleaning systems to remove the pollutants that accrue during laser machining and other industrial processes.

In its Traffic Solutions division, Jenoptik develops, manufactures and sells components, systems and services that make the world's roads safer. Our product portfolio includes comprehensive systems covering all aspects of road traffic, such as speed and red light monitoring systems plus OEM products (Original Equipment Manufacturer) and custom solutions for identifying other traffic violations. In the services business, the division covers the entire supporting process chain – in compliance with all relevant legal requirements – from system development, construction and installation of the monitoring infrastructure, to capturing images of traffic violations and their automatic processing, through to sending out the penalty notices.

The acquisition of the traffic safety technology supplier Vysionics in 2014 not only gives the Group access to the important growth market of the United Kingdom but at the same time expands its product range to include cutting-edge technologies, for example automatic number plate recognition or measuring average speeds (section control). These products considerably strengthen Jenoptik's expertise in global traffic safety projects.

The Mobility segment has a greater international focus than any other within the Jenoptik Group. Its regional areas of focus are primarily determined by the customers. In the Automotive division, these are the centers of the global automotive and automotive supplier industries in Europe, North America and Asia. In the Traffic Solutions business, Jenoptik is a leading provider of photographic monitoring equipment, with more than 30,000 devices in use around the world. The market served by the division is increasingly characterized by major projects. Traffic safety systems in Germany are tested and certified by the Physikalisch-Technische Bundesanstalt (PTB) in Braunschweig. Foreign deliveries are subject to controls by national institutes, although various countries also partially or fully recognize the German PTB test certificate or licenses from other leading European licensing authorities.

In recent years, the Mobility segment optimized and strengthened its structures, chiefly guided by the twin pillars of internationalization in key sales markets and the expansion of business in the Automotive division. The major production and development locations in Germany, France, Switzerland, the US and China were further expanded. The division has a presence in Brazil, the Czech Republic, India, Singapore, South Korea and Spain through application centers. Work on the standardization of the product portfolio and on internationalization was continued in the Traffic Solutions division. Since 2012, Jenoptik has considerably strengthened its market position in the growth regions of Asia/Pacific and Europe. The acquisition of Vysionics allowed Jenoptik to further build up expertise in the field of section control, resulting in further orders for this technology. One project the division worked on in 2015 was a commission to record average speeds on defined sections of road in Lower Saxony as part of a nationwide pilot scheme. The successful integration of Vysionics further substantiates the success of the internationalization strategy while cementing Jenoptik's position as one of the world's leading suppliers of traffic monitoring systems.

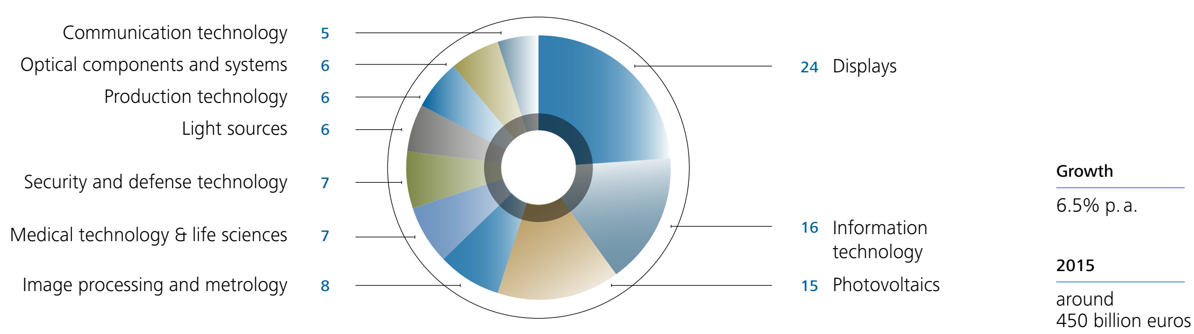
Defense & Civil Systems
The Defense & Civil Systems segment develops, manufactures and markets mechatronic and sensor products for civil and military markets. Its portfolio ranges from individual assemblies for customers to integrate in their systems to turnkey solutions and final products. The segment specializes in energy systems, optical sensor systems, stabilization systems, aviation systems as well as radomes and composites. Efficient customer service ensures that customers receive support for the service life of the products, which in most cases is a very long time. The mechatronic products are used in drive, stabilization and energy systems for military and civil vehicle, rail and aircraft equipment. Sensor products cover infrared camera systems and laser rangefinders, which are used in automation technology, security technology and military reconnaissance. The segment's expertise also includes the technical priorities of software development, measurement and control technology.

The segment sells equipment to major systems companies or supplies directly to official authorities, and its business is predominantly geared toward the long-term. Many of the components and subsystems are developed specially on behalf of clients. In the area of defense and security technology as well as aviation and rail equipment, Jenoptik is a business partner to national and international customers, with end products also exported worldwide by the systems companies it supplies. The business is subject to strict security, certification and export requirements to which Jenoptik stringently adheres. With the launch of a more market-centric business unit structure, the segment undertook a strategic reorientation in 2014. In this process, its business activities were categorized by customer, market and product structures and allocated to the four Aviation, Energy & Drive, Power Systems and Sensors business units.

Sales Markets and Competitive Positioning

The majority of services offered by the Jenoptik Group concern the photonics market. Photonics are understood as the basics and areas of use of optical methods and technologies which address the transmission, storage and processing of information by light and in the process use the special physical properties of light quanta (photons) in place of electrons and also combine optics and electronics.

G 11
GLOBAL PHOTONICS MARKET 2015 (market shares in %)



Source: VDMA, ZVEI, Spectaris and own calculation

The total market for optical technologies is expected to rise to approximately 615 billion euros by 2020, with an annual growth rate of around 6.5 percent (source: VDMA, ZVEI, Spectaris). The fields of application in this market are highly diversified and range, for example, from illumination engineering, to IT-linked applications, through to production engineering and medical technology. As enabling technologies, the extremely precise and flexible manufacturing and measuring techniques used in photonics exert a great economic leverage effect and will thus enjoy an increasing share in industrial value creation. The solutions contribute to greater energy efficiency, better environmental compatibility and rising precision. G 11

The areas of application for photonic technologies display highly varied rates of growth. Jenoptik's business focus is on market segments in the photonics industry in which clearly different average annual growth rates of 5 to 8 percent are expected in the years ahead. The Group's products already secure its leading market positions in attractive individual market segments.

A further part of Jenoptik's services is aimed at customers in the rail, aviation and defense markets, in which an average growth rate of between 2 and 5 percent is considered typical. In general, the rail industry is seeing growing international competition: the market dominance of domestic suppliers is increasingly fading, opening up attractive business opportunities for the Defense & Civil Systems segment on the world-wide railway engineering markets. Growing demand for commercial aircraft is the driving force in the global aviation market. The defense market in the Western world is showing initial signs of recovery, but is developing more modestly than in Asia/Pacific, where strong growth has been seen for many years. Market analyses confirm an average growth rate of around 1.5 percent for the period from 2014 to 2020. The greatest demand will be from Asia, Eastern Europe and the Middle East, while the defence market in Western Europe will stabilize. The defense industry in Western countries is characterized by increasing consolidation.

Jenoptik's products compete with a wide range of internationally operating companies which not uncommonly specialize in only one or a few of the technologies listed above. Differing service ranges and highly limited comparability thus make it difficult to provide definite market share estimates.

TARGETS AND STRATEGIES

Strategic Orientation of the Group

Sustainable profitable growth remains the focus of Jenoptik's strategic development. To achieve this, the Group will in future even more pointedly target growth markets serving global megatrends, in the process primarily focusing on internationalization, innovation and operational excellence.

By the year 2018, Jenoptik plans to achieve an average EBIT margin of around 9 to 10 percent over the cycles. Including smaller acquisitions, revenue is due to rise to approximately 800 million euros. In order to achieve these goals, the company is aiming for exceptional growth abroad, particularly in the Americas and Asia/Pacific. By 2018, these growth regions are expected to account for a joint share of revenue above 40 percent (2015: 32.7 percent).

We are working to achieve our growth strategy by
- realigning our segments to growth markets and megatrends,
- expanding our systems expertise,
- continuing to work on our process of internationalization, together with greater vertical integration and proximity to the customers in the growth regions of the Americas and Asia/Pacific,
- extending our excellence program into new areas and
- boosting our financial strength.

Continuing growth of Jenoptik Group will be guided by the five value levers:
- profitable growth
- internationalization
- market and customer orientation
- employees and management as well as
- operational excellence.

Page 84 ff.

For further information on the development of the sectors and markets please refer to the Econimic Report

Page 122 ff.

For information on future development please refer to the Forecast Report

CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION

Profitable growth with innovation and business development. As an innovative high-technology company, identifying customer needs and general trends early on and, based on this, deriving strategic actions to guide our business activities and determine appropriate technology and product developments is of critical importance to Jenoptik. In addition, by maintaining a high level of investment in research and development, we want to strengthen our position as one of the world's leading suppliers of photonic products and solutions. Uniform group-wide standards for preparing development and technology roadmaps are a key prerequisite to managing the innovation process in line with market and customer needs throughout the company.

Our planned profitable growth will further be supported by efficiency measures and increasingly also by the expansion of the systems and service businesses and economies of scale.

Issues relevant to the strategy and the development of business are discussed in the course of a two-stage group-wide rolling strategy process, focusing on detailed technology, market and competitor analyses, the results of which are correlated with the company's own skills and expertise. The outcomes are used to identify and prioritize future areas of growth and develop solutions to grow our business areas. These form the basis of strategic decisions which then give rise to specific activities.

To better leverage synergy and speak to customers with one consistent voice, we will also continue our work to integrate supporting and cross-section functions, particularly at the Shared Service Center and the holding company, in a uniform global group structure, while use of the "Jenoptik" brand will be stepped up at all business units to increase awareness and acceptance of the Group.

Page 62 ff.

For more information on the new structure please refer to the chapter "Group Operations

We want to enhance our organic growth with acquisitions.

M&A as a growth option. Jenoptik will actively push on with its strategic portfolio management and optimize it at the level of individual market segments. In this context, we also examine the possibility of implementing our group and division strategies with the aid of acquisitions. The purchase of companies or parts of companies, however, only makes sense if they complement the technology portfolio or existing activities related to markets or customer. This means, for example, that we round-off our portfolio through forward integration or additional systems expertise, or boost our market and customer reach, particularly in the focus regions of the Americas and Asia/Pacific. Any acquisition must satisfy the criteria of increasing the value of the company and the ability of the acquisition to be integrated. In the future, the Group aims to increase its international acquisitions in strategically relevant areas of business.

Internationalization – main growth expected in Asia and the Americas. Jenoptik sees particularly great potential in the growth regions of Asia/Pacific and the Americas, in part due to growing industrial production and demographic developments, and is therefore concentrating on internationalization in these markets. The global sales and service network is being rigorously expanded. JENOPTIK Asia-Pacific Pte. Ltd. and JENOPTIK North America Inc. steer the business, structural and organizational development in these two regions, identify opportunities for growth and coordinate related actions. In the medium-term, we aim to develop additional value creation there such as on-site production, product developments and research and development. In this way, we will be able to offer local customers locally developed products and solutions together with service to meet their various needs.

Improved market and customer orientation thanks to greater focus on growth markets and megatrends. In 2015, we pushed on with work to even more consistently adapt the Group's organizational structure to our objectives. Business operations within the segments were reorganized and thus better targeted at growth markets, such as the automotive, semiconductor equipment and medical technology sectors, and megatrends. In view of the growing importance of the medical technology market to the Jenoptik Group, it is for the first time now being targeted with a separate division. The new division structure came into force on January 1, 2016.

In improving its market and customer orientation, Jenoptik is driven by two key aspects. On the one hand, we develop and manufacture products and solutions specifically geared toward market trends and customer needs. In the process of growing the business, the Group's own, direct distribution channels are given preference over dealership structures. In the future, too, the company will invest in developing new and expanding existing sales and service structures, particularly abroad. As a systems partner, we also seek out new solutions together with our customers, thereby cementing long-term strategic partnerships. Wherever possible, our customers are already involved in the early stages of development processes. This allows us to strengthen our customer relationships and boost value creation.

Employees and management – a cornerstone of our ongoing development. Securing qualified and capable employees and ensuring their loyalty to the company remains the key topic in strategic HR work. Structured HR planning is necessary to achieve this in an environment which is becoming increasingly demanding from the demographic aspect. Jenoptik aims to utilize targeted HR marketing activities to maintain its position as an attractive employer. Personnel development measures and improved framework conditions help to strengthen employees' loyalty to the company.

Active support of the corporate values is another key issue within HR work. The six corporate values of performance, responsibility, change, integrity, trust and openness are implemented on the basis of the "Jenoptik vision" and the "aspiration statement". These aim to boost Jenoptik's growth across various culture and legal systems and form the basis for a uniform corporate culture.

Operational excellence – more efficient processes. All processes in the Group are subject to regular scrutiny in order to increase their efficiency, harmonize them and optimize costs. The initiatives for creating harmonized and excellent processes – in both the operating business and the commercial processes – are consistently pursued to strengthen the basis for profitable future growth. These essentially include the programs set out on page 34 ff. such as the group-wide Jenoptik Excellence Program (JEP) with Go-Lean and the Jenoptik One ERP project (JOE).

The group-wide "Market Excellence Program" was launched in 2015 and aims to further professionalize international sales, with central themes including adapting the sales and service organization and activities in line with strategic markets and customers.

Strategic Orientation of the Operating Business

Focusing on photonics makes Jenoptik an enabler for numerous growth sectors. Our range of products and services makes a contribution to greater efficiency and therefore to saving resources. We are establishing ourselves as a strategic systems partner for international customers and together with them helping to shape forward-looking solutions related to megatrends.

We see our strategic orientation as a **global, integrated photonics Group** as offering advantages over our competitors, many of whom only operate in one market or have a local or regional presence. Jenoptik targets a range of markets and is therefore less dependent on the cycles in individual industries. We are thus able to compensate better for fluctuations in the market and achieve a higher degree of stability. This assumes the harmonization and integration of all business processes with synergy potential. Jenoptik is working hard to achieve this with a range of projects.

Jenoptik's three segments are interlinked in diverse ways. The Optics & Life Science segment, in particular, provides technologies and expertise for the other two segments. Infrastructures and cross-section functions are also used jointly, for example for procurement or in the expansion of the international sales network. The segments' joint locations enable Jenoptik to quickly achieve critical mass worldwide in regions which are important to the company. The common use of infrastructure also facilitates market entry and helps to optimize our cost base through the leverage of synergy. Cost benefits are realized and currency risks minimized through global sourcing and production.

Optics & Life Science segment. In the optical systems business, Jenoptik has established a position for itself as a global leader and independent provider of optical systems for OEM customers. Ongoing internationalization, the expansion of the systems business and a focus on key customers form the basis for future profitable growth, to which the use of economies of scale and both customer and technology synergies will additionally contribute. Work in the Optical Systems business will focus more strongly on the digital world megatrend. The aim is to further expand its leading position in the field of optical and micro-optical systems and precision components for the semiconductor equipment industry as a core business. In addition, Jenoptik will in future boost its position on these growth markets with optical information and communication technologies.

Page 76 ff.
For more information on this topic please refer to the chapter "Employees"

Page 99 ff., Page 62 ff.
For more information on the segments please refer to the Segment Report and chapter "Group Operations"

Page 74 ff.
For more information on the operational excellence initiatives please refer to the chapter "Other Intangible Assets"

CONSOLIDATED FINANCIAL STATEMENTS
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We pool our optics and laser expertise for the healthcare and life science markets, as well as for industrial applications, in the Healthcare & Industry business area. With laser and LED-based beam sources, precision optics as well as digital image processing and system integration, we can position ourselves as a leading, profitably growing partner for the development of system solutions and products in the healthcare and life science industries, and target the health megatrend. Our business focus in the industry area is on expanding volume business with optoelectronic and polymer optical high-performance components and modules. Employing all our core areas of expertise, we also pursue growth options in innovative industrial applications (e.g. driver assistance systems in cars, LED illumination for factory buildings) and aim to become an international supplier of application solutions.

Mobility segment. We target the mobility and efficiency megatrends in this segment. We use our production metrology and laser machines primarily in the automotive industry and thereby contribute to the production of sustainable and resource-efficient products. Using optical production metrology, the company focuses on trends to reduce fuel consumption and CO_2 emissions, as well as on hybridization, and supports these endeavors with the development of measuring systems. The aim is to expand our position as a leading company in the area of production measuring technologies for engine and gear parts. A concentration on automated plastic and metal processing will support further growth in the field of laser machines. Growth is expected to come primarily from Asia and North America.

As a globally leading supplier of speed and red light monitoring systems, our Traffic Solutions business supports our customers in achieving their targets in improving traffic safety with complete solutions. With the global trends toward increasing mobility, urbanization and security, particularly in the emerging countries, Jenoptik is also tapping into new sales regions. The acquisition of the British company Vysionics has given Jenoptik access to the important British growth market and adds technologies such as cameras and software for automatic number plate recognition to its product range. This will help to strengthen our position on global traffic safety projects. In addition, a trend can be seen toward major projects in the global traffic safety technology market with a combination of the equipment business and services, known as Traffic Service Provision. That’s why Jenoptik is focusing on strengthening this profitable service business. Our growing reach into international markets, selected cooperation arrangements and a focus on innovative and competitive products are aimed at securing future growth and boosting our position as a leading supplier.

Defense & Civil Systems segment. The segment is positioned as a partner for systems companies and customers who have a need for individual solutions that meet the stringent requirements of the aviation, rail and defense technology markets. We see opportunities for further growth in the global megatrends, the growing need for security and increasing electrification in military and civil sectors. As a result, the segment is focused on the high-growth business areas of energy systems and optical and electronic systems. Beyond this, it is looking to increase the share of systems used in civil fields such as railway engineering. The segment is also seeking to expand its international sales and service structures, especially in North America and Asia. A present challenge, however, is the more restrictive German export license policy.

CONTROL SYSTEM

Control System and Performance Indicators

Jenoptik controls its business units on both the strategic and operational levels. As part of the rolling strategy process, the Executive Board and the Executive Management Board (EMB), with the support of a central project management office, steer the development of business unit strategies and monitor their implementation using a project map with quantified targets for each project. The global megatrends serve as the basis for defining growth paths, identifying opportunities and risks, making portfolio decisions and determining the area of focus for research and development – the so-called "technology roadmaps".

A planning forecast for a five-year period is created annually on the basis of the corporate strategy, summarizing the proposed economic development. In the course of a fiscal year, the planning for that year is updated in several forecast cycles.

Monthly earnings meetings are used for operational control, at which the business units report to the Executive Board on the economic situation, the development of customer relationships, the competitive situation and any special business events. They employ standardized reporting methods to display trends, cost variance analysis and necessary actions on the basis of performance indicators. The Jenoptik system of key indicators essentially covers financial control parameters which chiefly focus on shareholder value, the requirements of the capital market and the strategy of profitable growth. Revenue and order intake are the most important key indicators relevant to the Group's growth targets. EBIT, EBITDA and earnings after tax (EAT) are our main control parameters for profitability, EBIT margin and return on capital employed (ROCE) for rates of return. Net debt and free cash flow are monitored to secure liquidity, with cash flow from operating activities also being a key target for the operating business. Personnel indicators (e.g. employee numbers, sickness figures, revenue per employee) and process control parameters (e.g. throughput and processing times, quality management) are also monitored as important non-financial control parameters. G 12

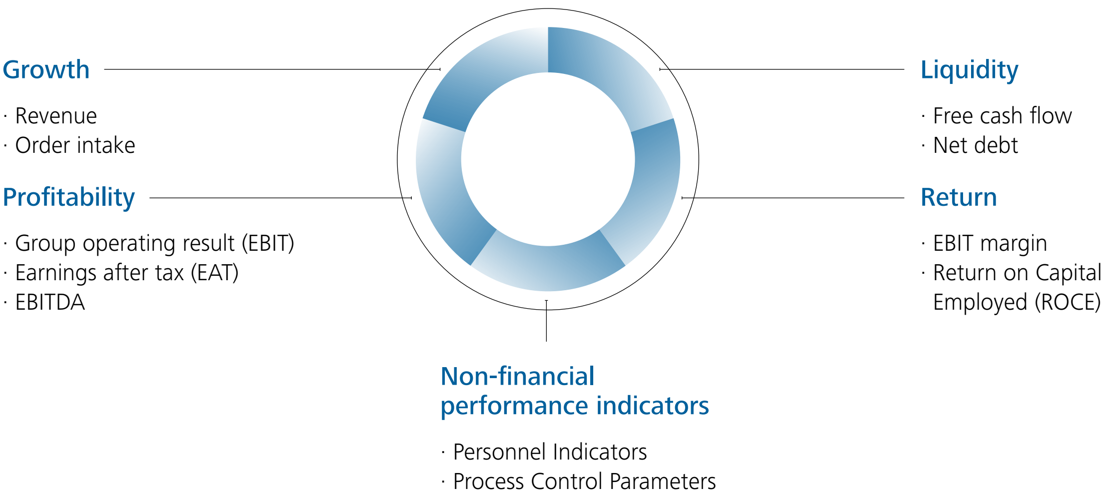
Page 202
See glossary for definition of ROCE

A rolling revenue and order intake forecast is used to steer growth. In addition, a multi-stage direct costing system is being introduced as part of the JOE Project (Jenoptik One ERP), making it possible to determine the opportunity for earnings from products, markets and regions. Investment control was expanded and more strongly centralized to ensure the management of capital investment in line with the strategy.

Page 125 ff.
For more information on planning processes please refer to the Forecast Report

In the fiscal years ahead, we will continue to develop the control system. The further implementation of a treasury management system to allow for central control of liquidity management and both interest and currency risks will

G 12
CORPORATE TARGETS AND KEY PERFORMANCE INDICATORS



occupy a key role in this context. The system has already been launched at the holding company and a number of locations in Germany, and is expected to be implemented at the remaining German sites and internationally in the future. The central cash pool was enlarged in 2015 to control liquidity. The project control systems are also being developed further and are subject to a process of continuous improvement.

RESEARCH AND DEVELOPMENT

Strategic Research and Development Orientation

As a technology company research and development (R+D) are of key importance to Jenoptik. Innovation and all activities involving R+D are crucial to the company's future performance and thus its economic success.

One key strategic aim of our R+D work is to acquire, secure and expand our position as an innovation leader in the respective areas. We also strive to develop products with unique selling points and protect them by means of industrial property rights. For positioning in the B2B business, this means helping to make our industry customers more efficient and consequently increasing their own earnings capacity.

T 06

EMPLOYEES IN R+D

	2015	2014
Number of employees in R+D	425	430
Percentage of overall workforce	11.7	11.9

Creation of Innovation

A strategic analysis of global megatrends and the requirements of our customers are first used to identify potential opportunities for growth. These then become innovation projects aligned with our core competencies and often in direct cooperation with key customers.

The Jenoptik Group's innovation process is multi-stage and follows the guidelines set by the central innovation management. Development projects are evaluated on the basis of milestones in so-called R+D roadmaps. These involve product, technology and process innovations as well as innovations in business models.

Employees in Research and Development

The experience and expertise of our employees are a key factor in the success of our research and development work, and the qualification standards we expect of them are correspondingly demanding. Their knowledge is applied to specific tasks and across all segments in corresponding development projects. T 06

Key Cooperation Arrangements and Memberships in Associations

The Group procures external expertise with the help of targeted strategic cooperation arrangements, providing a meaningful addition to and enhancement of its own R+D activities. Jenoptik works together with both universities and non-university institutions – and also with industrial partners and key customers.

T 07

JENOPTIK MEMBERSHIP OF COMMITTEES AND ASSOCIATIONS (SELECTION)

- Association of Laser Users
- German Aerospace Industries Association (BDLI)
- German Society of Applied Optics (DGaO)
- German Industry Association for Optical, Medical and Mechatronical Technologies (SPECTARIS)
- German Institute for Standardization (DIN)
- European Optical Society
- European Technology Platform Photonics21
- European Association for Technical Communication – tekom Deutschland e.V.
- International Society for Optical Engineering (SPIE)
- Max Planck Society for the Advancement of Science
- Optonet / CoOptics
- Semiconductor Equipment and Materials International (SEMI)
- German Engineering Federation (VDMA)
- The Association of German Engineers (VDI)
- The Economic Council of the CDU
- German Electrical and Electronic Manufacturers' Association (ZVEI)

The objectives of research cooperation arrangements range from market-driven realization of joint projects to reductions in development timeframes through to the creation of specialist expertise. R+D partners within the scientific institution environment include:

- the Fraunhofer Institute for Applied Optics and Precision Mechanics (IOF), Jena,
- the Fraunhofer Institute for Laser Technology (ILT), Aachen,
- the German Aerospace Center (DLR), Institute of Transportation Systems, Braunschweig,
- the Ferdinand Braun Institute, Leibniz Institute for Ultra High Frequency Technology (FBH), Berlin,
- the Leibniz Institute of Photonic Technology (IPHT), Jena,
- Friedrich Schiller University (FSU) Jena,
- the University of Applied Sciences Jena,
- Ilmenau University of Technology,
- the Fraunhofer Institute for Production Technology (IPT), Aachen, including the Machine Tool Laboratory at RWTH Aachen University (WZL),
- Kaiserslautern University of Technology and
- Christian Albrechts University (CAU), Kiel.

The Scientific Advisory Council is a committee of experts available to Jenoptik and provides support in monitoring and assessing long-term technology trends.

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Detailed information on the members of the Scientific Advisory Council

Jenoptik also strongly advocates an environment that encourages innovation, promotes the image of photonic technologies and plays an active role in numerous sector and technology-oriented associations. T 07

Development Output

The R+D output of the Jenoptik Group, including developments on behalf of customers, totaled 51.6 million euros in 2015 (prior year 49.6 million euros). Development costs in connection with customer orders are apportioned to the cost of sales. T 08 T 09

R+D output in the **Lasers & Optical Systems** segment includes development costs on behalf of customers worth 6.0 million euros (prior year 3.9 million euros), as key development projects are frequently carried out together with customers. In 2015 R+D expenses totaled 16.8 million euros (prior year 16.5 million euros).

T 08

R+D OUTPUT (in million euros)

	2015	2014	2013	2012	2011
R+D expenses	**41.8**	**39.4**	**39.8**	**36.0**	**32.0**
Capitalized development costs	0.4	0.5	0.2	1.2	0.5
Amortization and impairment losses on capitalized development costs	−1.4	−0.9	−1.2	−1.4	−1.3
Developments on behalf of customers	10.9	10.5	12.2	13.3	14.2
R+D Output	**51.6**	**49.6**	**51.1**	**49.1**	**45.4**
R+D ratio 1 (R+D output/revenue) in %	7.7	8.4	8.5	8.4	8.4
R+D ratio 2 (R+D expenses/revenue) in %	6.2	6.7	6.6	6.2	5.9

T 09

R+D OUTPUT BY SEGMENT (in million euros)

	2015	2014	Change in %
Group	51.6	49.6	4.1
Lasers & Optical Systems	22.8	20.8	9.3
Metrology	22.1	20.0	10.8
Defense & Civil Systems	6.6	9.0	−26.5
Other, incl. consolidation	0.1	−0.2	

The R+D output of the **Metrology segment** includes developments on behalf of customers totaling 3.1 million euros (prior year 2.7 million euros). The segment's R+D expenses came to 19.1 million euros (prior year 17.2 million euros).

In 2015, developments directly on behalf of customers in the **Defense & Civil Systems segment** came to 1.8 million euros (prior year 3.9 million euros). The segment is also a long-term partner for large systems companies and develops platform technologies in conjunction with its customers. The segment's R+D expenses totaled 5.6 million euros (prior year 5.8 million euros).

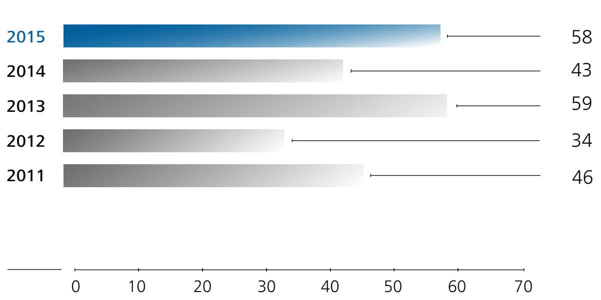
Patents

Our R+D capital expenditure is consistently protected via central innovation management in close cooperation with the operating areas. We accord particular importance to patent registrations in dynamic growth markets such as China, Korea and the US. Compared to the prior year, the number of patent registrations increased by 15 to a total of 58. Alongside numerous patent registrations in the field of "optical components" and "optical modules", strong growth was seen in the patent portfolio for "aviation systems" and "industrial metrology".

The number of patents does not include registered designs, utility models or brand registrations. For competition reasons, Jenoptik does not publish information on the receipt and issue of licenses. G 13

G 13

NUMBER OF PATENT REGISTRATIONS



Key Projects and Results

Our aim is to offer our customers the very best solutions. We do this by combining our all-round expertise with a broad wealth of experience in managing innovation in photonic technologies to the benefit of our customers.

Several new products were launched in 2015.

Lasers & Optical Systems segment

The products in the Lasers & Material Processing division are targeted, for example, at the automotive/machine construction and medical technology growth markets. The JenLas® femto 10 laser system, launched in 2015, was refined with a high pulse energy option for use in applications such as boring holes. This performance boost also served as the basis for development of applications in macro processing with femtosecond lasers and resulted in a special machine for perforating premium leather surfaces in automotive interiors.

High-power diode and fiber lasers are used in the field of macro material processing within the JENOPTIK-VOTAN® BIM product line. To help boost productivity in the automotive industry, the division developed multi-robot cells for parallel processing of 3D components, in particular for metal and plastic cutting.

Tailored to the requirements of the hair removal industry, new diode lasers for dermatological and clinical markets were developed in the past fiscal year. In addition, alternative technologies were developed for laser sources in the yellow spectral range that are used in ophthalmology.

In 2015, the Optical Systems division stepped up its research and development capacities for system integration and nanolithography in the production of micro-optics and increased its skill base in both coating and structuring these complex systems. The manufacturing technologies for innovative microlenses and microlens arrays used in the Information and communications technology industries were further developed. They make it possible to produce these mechanically and optically high-precision components in very large numbers and meet the considerable rise in demand that is expected in the future. The latest generation of the PROGRES GRYPHAX microscope camera was launched for our customers in the medical technology industry and will help to improve quality assurance with digital image processing.

Innovative optic design concepts and extended freeform production and integration technologies are the main challenges on the fo+ research project, on which Jenoptik, seven other companies and two research institutions in Thuringia's photonics industry are working. As part of the project, Jenoptik developed a demonstrator for infrared applications with innovative freeform optics as its core element. The design, production and integration solutions developed for this purpose can also be used, for example, in laser material processing or in semiconductor inspection.

In 2015, further progress was also made in the development of UV lenses for semiconductor production. By using a new mounting technology (stack mounting) and refined technologies for optical coatings, the systems are also in a position to meet the constantly growing market requirements for new generations of high-performance lens objectives. The patented stress-free mounting technology is one feature that guarantees a maximum level of accuracy. All this boosts the performance of the optical systems and has grown our market position for high-end lenses used to inspect semiconductor structures.

Metrology Segment

In Industrial Metrology, 2015 saw the launch of new standardized measuring systems and the development of specific project solutions for customers. We cemented our market leadership in optical shaft metrology with the launch of the all-new OPTICLINE C series. Maximum precision and measuring speed ensure the high production quality demanded by the global automotive industry. To meet customer requirements as effectively as possible, the product line offers improved technical parameters and a greater selection
of variants.

In the project business, we have worked hand in hand with our customers to design and develop integrated metrology solutions for new engine production lines using our IPS (image processing systems) technology and the OPTICLINE product line. The integration of metrology in the production line ensures flexible, fully-automated production processes and is a key element of intelligent Industry 4.0.

The EVOVIS software package for roughness testing was also extensively optimized and now supports signals from optical sensors in addition to those from tactile sensors, thus increasing measuring speeds.

In 2015, the Traffic Solutions division developed a modular approach to enable flexible use of the key components within its own traffic monitoring systems. A compact module combines laser scanner or radar antennae with a SmartCamera and can be used both as a stationary system or as a mobile system fitted in a vehicle or on a tripod. A compact, stationary radar system was added to the red light and speed monitoring portfolio. Additional functions such as optical traffic signal phase detection are now also available. The existing laser scanner range was augmented by versions for mobile use and now includes functions such as connection to variable-speed message signs.

The launch of the Vector-Z camera marked a further development in automatic number plate recognition. Alongside a motorized zoom and focus, Vector-Z also features higher resolution, allowing for even more flexible deployment of the camera.

Defense & Civil Systems Segment

The ongoing development of the laser rangefinder product family, culminating in the DLEM SR High Precision with considerably increased accuracy and range combined with a lower weight, smaller form factor and reduced manufacturing costs, was one of the key development topics in the Defense & Civil Systems segment over the past fiscal year.

The segment also invested in adapting a modular energy system to meet rising power requirements specifically for armored vehicles. A universal processor module for de-icing controllers and transport systems was developed for the aviation industry. It features low power consumption and a highly compact design. At the same time, work on a new generation of de-icing controllers commenced. An expanded sensor concept detects fault currents in electrically heated aircraft components and deactivates them – a key product advantage in the market.

The segment developed a last mile generator set for Bombardier Transportation, a leading manufacturer of modern rail technology. The diesel-electric drive allows electric locomotives to cover short sections of track independently of electric overhead lines. Maintaining a compact design was the main challenge, as there is only limited space available in the locomotive. The development was so successful that the unit is currently being adapted for further applications.

The energy storage solution for the Patriot missile defense system's power supply was also upgraded, helping to save up to 50 percent of fuel and maintenance costs compared to systems currently in use. The US Army successfully completed testing of the unit in 2015.

Increased revenue is being consistently generated with the improved Auxiliary Power Unit (APU). It can be retrofitted to existing armored vehicles, where, for example, it charges batteries for auxiliary electric loads such as air-conditioning systems without requiring the main engine to be on. This reduces noise and pollutant emissions as well as fuel consumption. It also impresses customers with its high power density combined with low weight and complex design.

Research and Development Pipeline

The Group continuously generates new ideas to further boost its market position and offer customers novel and innovative solutions. Research and development projects are initiated to realize these ideas and pursued both alone and in cooperation with partners in industry and research. The 2016 fiscal year will see work on topics including freeform optics, optical measurement sensors, sensor fusion, product modularization and hybridization. In the multistage innovation process employees submit proposals for innovative solutions. The best proposals are nominated annually for the Jenoptik Innovation Award that is presented during the Jenoptik Innovation Days, ensuring that we consistently motivate our employees to create new ideas.

The 2015 Innovation Award was won by a team from the Optical Systems division from Huntsville, Alabama. Its project involves the manufacture of large quantities of microlenses and microlens arrays that are used to interconnect innovative silicon chips for light pulse transmission within a fiber-optic network. With their precision and mechanical accuracy, these microlenses can be used to considerably reduce the assembly time required for this coupling. Manufacturers of fiber-optic transmitter/receiver modules rely on these "next-generation" chips to meet an upsurge in demand due to the huge growth of data volumes.

NON-FINANCIAL PERFORMANCE INDICATORS

Other Intangible Assets

Customer relationships. Jenoptik predominantly manufactures capital goods, provides a wide range of services and is both a supplier and partner of industrial companies. Our technology-intensive products and systems are often created in close collaboration with the customer. This requires confidence on both sides as well as knowledge of target group requirements. That's why successful, longstanding collaborations with key customers are an important intangible asset at Jenoptik. Our good customer relationships are also reflected in a strong order backlog, which at the end of 2015 amounted to 373.4 million euros, around 75 percent of which will be converted to revenue in the current fiscal year.

Supplier relationships/procurement. In recent years, Jenoptik has managed to leverage significant opportunities in purchasing and thus contribute to an increase in operational excellence on the group level.

The strategic and operational purchasing structures in Asia and the US were more closely interlinked as part of the divisional realignment process in 2015. Operational purchasing is responsible for the segments' procurement processes and was organized along these lines. Strategic purchasing is responsible for group-wide procurement processes. This ensures good access to the relevant markets and thus the creation of synergies.

Key initiatives for achieving our objectives are the Global Sourcing Project, the Purchasing Academy and Material Group Purchasing, which is being further centralized. Alongside on-schedule standard and project procurement, in 2015 the Group again focused on central bundling of material requirements and finding further international sources of supply, particularly in Asia and North America. The share of sourcing in these regions was increased by a double-digit million sum. In addition, preferred strategic suppliers were selected for the various material groups, which are supported using systematic supplier management. This process is managed by strategic purchasing together with the segments' quality management.

Operational purchasing on the North American market was consolidated in the Shared Service Center and structured by product groups. The procurement process was standardized and the global purchasing network for strategic purchasing was expanded, making it possible, for example, to successfully leverage quality-proven and competitive US sources in Germany and reduce costs.

Process capital (organizational and procedural advantages). Jenoptik has been investing in the improvement of structures and processes for a number of years. This includes the continual international expansion of the Shared Service Center functions as well as the Jenoptik Excellence Program (JEP), which was prioritized and successfully continued in 2015. In the past fiscal year, the group-wide "Market Excellence" program was focused on the professionalization of sales. Targeting of the organization and work in sales and service toward strategic markets and target groups is concentrated within 15 separate initiatives to help boost growth and increase customer reach.

In 2015 the Go Lean program continued, oriented toward integrated process improvements and increasing operating performance in the Group. Over the past fiscal year, more employees were trained as "Go Lean Multipliers" to help carry out and support individual projects. 13 larger lean initiatives focusing on productivity increases and reductions in lead times and stocks were launched throughout the Group. A shop floor management board was set up and worked to optimize processes in procurement, logistics, assembly, project controlling and standard reporting. Overall, it helped to cut operating costs, shorten manufacturing lead times, improve quality and, by optimizing processes, leverage synergy. Lean methodology will continue to be employed at Jenoptik in the years ahead. At the same time, administrative areas are increasingly taking center stage: a group initiative to address this is scheduled for 2016.

The most extensive group-wide project designed to bring about organizational and procedural advantages is the Jenoptik One ERP project (JOE). It has three objectives at its heart:

- to support international growth with harmonized processes and data together with standardized IT systems,
- to boost efficiency in the operating functions with the development of a standardized and scalable ERP system and
- to improve group controls with further method development in controlling and accounting.

The project chiefly addresses the key management, core and support processes in every one of the Group's organizational units worldwide. Over the course of 2015, the project was reviewed to enable its continuation in 2016 prioritizing roll-outs in Traffic Solutions, the Shared Service Center and the Corporate Center. Relevant software-assisted business processes within the Group will then be subject to identical models and thus simplify the centralized management of the company.

Employees. We also see our employees' knowledge and years of experience, together with their high level of commitment and loyalty to the company, as an intangible asset. This is reflected in the low employee turnover rate of 3.6 percent in 2015 (prior year 3.5 percent).

Reputation. The Jenoptik Group benefits from the reputation of our headquarters in Jena, which is highly renowned by both scientists and customers as an "Optical Valley". Jenoptik is conscious of this reputation and is involved in various activities aimed at sustainably improving the location. This includes encouraging and training young people and enhancing the attractiveness of the location by promoting a good work-life balance and discerning cultural activities as well as projects for children and young people from disadvantaged social backgrounds.

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Please refer to the section on sustainability for more information.

Environmental issues. Further information on this can be found in the chapter on sustainability from page 80 on.

Employees

Strategic HR Work

All strategic and procedural principles of HR work are the responsibility of the strategic human resources department in the Corporate Center under the leadership of group HR management. These include organizational and HR development, HR marketing, executive recruitment and support, labor law and HR controlling. The strategic HR department is responsible for efficient and high-quality creation, optimization and implementation of all processes within the Group. The HR departments in the Shared Service Center and in the Industrial Metrology as well as Defense & Civil Systems divisions implement the operating processes.

In 2015, key issues in strategic HR work based on group strategy included the internationalization of standard processes and structures as well as supporting and implementing the Group's organizational development.

In the year covered by the report, factsheets for managers were published group-wide detailing some of the fundamental HR processes in Germany, with the goal of making these transparent and ensuring uniform group standards. In addition, the harmonizing of existing HR processes and forms in the USA and the Asia/Pacific region with the group standards started.

Following the launch of web-based services (e.g. paperless request for vacation leave), the optimization of the uniform SAP-HCM system focused on its further development in order to extend the service for employees and managers. Another priority was the expansion and optimization of HR reports via the implementation of a reporting tool.

HR Statistics

The number of Jenoptik employees (incl. trainees) fell by 1.2 percent to 3,512 as of December 31, 2015 (31/12/2014: 3,553). This can be attributed to the increased number of inactive employment relationships as well as delayed recruitment. The number of Jenoptik employees abroad rose by 1.9 percent to 629 (31/12/2014: 617). Thus the proportion of employees abroad increased to 17.9 percent (31/12/2014: 17.4 percent), thereby contributing to the Group's internationalization strategy. T 10 T 11

Due to the development of the two Shared Service Centers in the regions the Americas and Asia/Pacific the number of employees in the Other segment rose. The increase is primarily attributable to the transfer of tasks from the segments into the Shared Service Center.

Temporary workers were employed in Germany in particular during peak project periods and to bridge recruitment phases. On December 31, 2015, 101 temporary workers were employed in the Group (31/12/2014: 141).

At 239.6 million euros, personnel expenses in 2015 (wages, salaries, social security contributions, expenses for pensions) were up 9.1 percent compared with the prior year's figure of 219.7 million euros.

Revenue per employee increased by 12.1 percent to EUR 194 thousand. The positive change compared with the prior year (EUR 173 thousand) was due to the disproportionate increase in revenue and the smaller increase in the average number of employees. G 14

The employee age distribution, as can be seen in the table below, is broadly balanced. T 12

T 10

EMPLOYEES AS AT DECEMBER 31 BY SEGMENT

(incl. trainees and academy students)

	2015	2014	Change in %
Group	3,512	3,553	–1.2
Lasers & Optical Systems	1,321	1,377	–4.1
Metrology	1,030	1,030	0.0
Defense & Civil Systems	881	885	–0.5
Other	280	261	7.3

T 11

EMPLOYEES AS AT DECEMBER 31 BY REGION

(incl. trainees and academy students)

	2015	2014	Change in %
Germany	2.883	2.936	–1.8
Abroad	629	617	1.9
Europe (excl. Germany)	163	154	5.8
Americas	260	263	–1.1
Asia/Pacific	206	200	3.0

As at December 31, 2015, the proportion of women in the Group (in Germany and abroad) was 26.9 percent, a slight increase in comparison with the prior year (31/12/2014: 26.3 percent). The absenteeism rate among Jenoptik employees in Germany increased somewhat from 5.2 percent the prior year to 5.6 percent in 2015. The employee turnover rate rose slightly, from 3.5 to 3.6 percent.

Employee Remuneration

Company collective wage agreement. A company collective wage agreement forms the basis of remuneration for the employees and trainees in the Lasers & Material Processing, Optical Systems, Defense & Civil Systems divisions as well as at JENOPTIK AG and JENOPTIK SSC GmbH at the Jena site. In the year covered by the report an increase in remuneration of 2.8 percent was made on January 1, 2015 in accordance with the current collective wage agreement. The collective wage agreement was terminated on January 31, 2016.

With recognition agreements dated July 29, 2014 and August 29, 2014, inclusion of the Optical Systems and Lasers & Materials Processing divisions at the Triptis and Berlin sites in the JENOPTIK AG company collective wage agreement was agreed. Transitional arrangements for the gradual introduction of the company collective wage agreement were agreed for both sites.

General collective wage agreement. Group employees from the Defense & Civil Systems segment and the Industrial Metrology division, to whom the general collective wage agreement of the metal and electrical industry applies, saw an increase in remuneration of 3.4 percent from April 1, 2015. The valid collective wage agreement applies until March 31, 2016.

Company pension scheme. Jenoptik provides its employees with the framework conditions for an employee-funded pension scheme. It is based on a three-pronged concept comprising the provident fund, the retirement scheme of the metal industry and private annuity policies with Allianz Lebensversicherung AG. As a general rule, Jenoptik does not issue any pension commitments. The existing pension liabilities of ESW GmbH have been taken on by Jenoptik and combined and secured in a Contractual Trust Arrangement (CTA).

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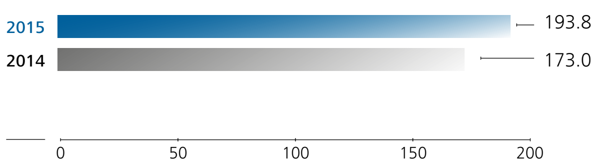
For further details please refer to the Notes

Management Remuneration in the Group

The remuneration of the Jenoptik management is based on a fixed remuneration and a variable salary component. The variable component is based, on the one hand, on the earnings and free cash flow of the respective business unit – depending on the management level of the Group as a whole – and on the other hand, on the achieving of individual strategic and personal targets. A long-term incentive component (LTI) based on virtual shares is agreed as part of the variable remuneration for members of the Executive Management Board and selected managers. This sets long-term behavioral incentives and promotes sustainable strategic corporate development. The system for the allocation and payment of virtual shares is essentially in line with that for the Executive Board and is explained in greater detail from page 174 of this Annual Report. Since the corresponding service agreements, unlike the service agreements for the Executive Board, are generally not for a limited period, there are special rules relating to the payment of the virtual shares in the event of termination of employment.

G 14

REVENUE PER EMPLOYEE (IN THOUSAND EUROS)



Change

2015 12.1%

T 12

AGE DISTRIBUTION IN THE GROUP (in %)

Under 30 years	30–39 years	40–49 years	50–59 years	60–65 years	Over 65 years
13.74	25.02	23.75	26.20	10.54	0.74

Attracting Qualified Employees

Jenoptik operates in a rapidly changing economic and professional environment in which competition for qualified skilled workers and managers is constantly increasing. The company's internationalization means there is a higher need for recruitment in Asia and the USA in particular. The target groups addressed by recruitment and thus also HR marketing are primarily specialists and skilled workers in the fields of natural and engineering sciences as well as experts with business management and legal backgrounds.

Jenoptik is addressing these challenges and developing further measures which will enable it to position itself internationally as an attractive employer for current and potential employees. As part of this, the Employer Branding project initiated in 2013 was restructured in the year covered by the report, in particular to include an international focus.

In order to further strengthen the employer brand, the Group attends national and international trade shows and events. In 2015 new activities were implemented for graduates and young professionals in Asia and the university cooperation portfolio was internationalized.

Jenoptik has featured in the pertinent rankings of the most popular employers for years. In the year covered by the report, the Group occupied 24th position in the annual FOCUS ranking in the "Electronics and Electrical Technology, Medical Devices" industry (prior year 31st). And in the Apollo Study ("Applying Online and Loving it"), in which students and graduates review online applications for job seekers on the Internet, Jenoptik improved to 24th (prior year 26th).

Promoting new Talent

School students. Direct personal contact with students creates early loyalty to the company and awakens interest in Jenoptik as a potential subsequent training company. In total, Jenoptik supported seven different projects for career choice at nine schools in 2015. At the heart of this work is supporting teachers in assisting students to prepare for the world of work and in their career choices. In addition, 44 students were offered internships across the Group.

In the year covered by the report, Jenoptik also encouraged an early interest in natural sciences, technology and mathematics as a sponsor of "Jugend forscht" (Young Researchers Competition). The company has been a supporter of the Thuringia state final since 1991. In 2015, a total of 132 students with 65 projects took part in the competitions.

Trainees and students of career academies. At the Wedel, Villingen-Schwenningen, Jena and Triptis sites, they learn optical, precision engineering, electronic and business occupations at training centers. Within the training network, trainees are taught basic practical knowledge and skills. The Jenaer Bildungszentrum gGmbH – Schott, Zeiss, Jenoptik, in which Jenoptik has been a partner since 2009, has established itself as a training center for optics and photonics at a national level. In addition to the standard training content, the trainees and career academy students at Jenoptik also receive external supplementary training courses and language teaching.

As of December 31, 2015, the Group had 125 trainees and career academy students (31/12/2014: 136). In August 2015, 28 new trainees and career academy students were taken on at the German Jenoptik sites for the beginning of a new training year. At the same time, 34 trainees and academy students were able to successfully complete their training in the year covered by the report, going on to take up positions within the Group.

University students and graduates. In addition to the training of skilled workers, targeted support for students and graduates with outstanding potential is another building block of our strategy for qualified employees. In order to position itself as a potential employer, Jenoptik cooperates with selected universities around the world, with the aim of securing the loyalty of outstanding students at any early stage.

In Germany, Jenoptik provides support for exceptional and socially committed students undertaking relevant study courses under the German National Scholarship Program. In 2015, four students in the fields of mathematics, laser and optical technologies and mechanical engineering received financial support.

Since 2011, Jenoptik has offered a trainee program for graduates. The goal of the program is broad-based training and the loyalty of qualified new talent. The next generation is due to start with five trainee positions in the spring of 2016.

Since the beginning of the year covered by the report, Jenoptik has been a pilot partner of the Ilmenau University of Technology on the BASICplus project – an open study platform for in-service training and professional development in engineering disciplines. The qualification options for the MINT professions (mathematics, IT, natural sciences and technology) have thus been significantly expanded. In addition, the range of individual training and professional development opportunities for employees has been expanded.

Human Resources Development

In 2015, Jenoptik invested around 1.6 million euros (prior year 1.3 million euros) in training and professional development, benefiting 1,601 employees (prior year 1,395). HR development requirements within the company are reviewed once a year as part of an analysis of training needs, and the professional development measures derived from this review are compiled in a portfolio. The focus of these measures in 2015 was on values and language training.

The **Jenoptik Junior Leadership Program (J^2LP)** is an important building block in HR development, its purpose being the targeted development and promotion of potential leaders from within the company's own ranks. The management trainees are prepared for their future career paths, thereby developing uniform leadership culture within the company and encouraging networking between the participants. 2015 saw the successful completion of the ninth generation of this program. Eight participants are currently completing the tenth generation of the J^2LP.

Executive management program. Since 2013, the executive management program has focused on similar priorities to the J^2LP, teaching management skills, leadership and change management to established executives in order to ensure a uniform understanding of management as well as the use of uniform management tools across all management levels within the Group.

Go Lean – Lean Campus. The Lean Campus was implemented as part of the Go Lean program launched groupwide in 2012. The emphasis is on teaching comprehensive lean method expertise, the improvement tools as well as the personal development of the participating employees and managers. Since 2014, internal multipliers have been independently undertaking the Go Lean basic and advanced training for the target groups within the various business units. In the year covered by the report, this has enabled 158 employees to receive training on 37 training days. A total of 761 employees have already completed the training.

Satisfaction at Work, Family Policy and Social Welfare

Employee survey. The results of the second group-wide employee survey which took place in 2014 have led to the defining of new projects which have already partly been implemented in the year covered by the report. The current status of the individual subjects is regularly monitored and communicated to the Executive Board.

Family-friendliness. Jenoptik has been supporting and investing in daycare centers for several years at its Jena (since 2007), Wedel (since 2012) and Monheim (since 2014) sites, thereby helping to create a pleasant and family-friendly working environment. In the year covered by the report, a decision was taken to expand the number of places available for Jenoptik at the daycare center in Monheim. In addition, thanks to Jenoptik's support, the flexible childcare support facility "Juni-Kinder" of the Thuringia Student's Union was opened in 2011.

Since 2013, an in-house ideas competition entitled "The work/life balance" has taken place. The best ideas are promoted by Jenoptik and receive financial support. In 2015, the projects made possible, among other things, a summer camp for children of Jenoptik employees and the redesign of a playground.

Healthcare. In 2014, a cooperation agreement was concluded with a Jena-based fitness center, offering employees favorable membership terms. In addition, Jenoptik also pays the entry fees for various regional sporting events.

Corporate culture and values. The vision and values developed in 2013 by the EMB as a basis for the Jenoptik corporate culture were further developed in the group-wide "Living Our Values" training platform during 2015. The training prepares all managers for their role as values multipliers and was completed in Germany in the year covered by the report. The international roll-out began in December.

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For further information on the values please refer to the chapter Strategy

Employee benefits program. As part of an intranet-based employee benefits program, Jenoptik has offered its employees attractive purchasing benefits and special discounts since 2013. More than 1,000 employees in Germany made use of the program in the year covered by the report. In the coming year, it should also become available at the international sites.

Quality Management and Sustainability

Jenoptik sees entrepreneurial activity not purely as the pursuit and realization of commercial objectives but also something that brings with it an obligation to the environment and society. Corporate social responsibility (CSR) encompasses the sustainable and responsible orientation of our business activity, taking into account underlying economic, ecological and social conditions as well as the consequences of our economic activities.

The full Sustainability Report can be found on the website at www.jenoptik.com/press/publications

Jenoptik publishes a Sustainability Report which details the Group's actions and successes relating to a sustainable focus of its business operations. The following sections summarize the most important economic, environmental and social aspects of our operations during the past fiscal year.

Quality management. Jenoptik's success as a company rests on the quality of the products and solutions we offer our customers. The 2015 fiscal year therefore saw the continuation of efforts to fully certify various group companies. All certifications are subject to annual review audits which were also successfully conducted in all areas in 2015. Almost all Jenoptik companies met the requirements of the ISO 9001 quality management standard.

In 2015 the recertification or surveillance audits were completed with success by all companies in the Lasers & Optical Systems segment certified according to DIN EN ISO 9001:2008. One company successfully achieved its initial certification. Also in this segment, JENOPTIK Polymer Systems GmbH complies with the stringent medical technology standards of DIN EN ISO 13485: 2012 as well as those for the automotive industry codified in DIN ISO/TS 16949:2009.

The certification for data protection and security was confirmed for JENOPTIK Robot GmbH (Metrology segment) at the Monheim site in a surveillance audit for order data processing. A recertification audit according to DIN EN ISO 9001, carried out by DEKRA and valid for all locations, was also passed successfully. JENOPTIK Industrial Metrology Germany GmbH was one of the first providers to be awarded a license by the German Accreditation Agency DAkkS for the calibration of roughness, contours and shapes. The Industrial Metrology calibration laboratory has been allowed to use the mark of the International Laboratory Accreditation Cooperation (ILAC) since 2012. Products and services thus gain a higher acceptance on an international level. Since June, almost all Industrial Metrology production sites around the world have also been certified in accordance with DIN EN ISO 9001: 2008. In 2015, the Peseux site in Switzerland was integrated into the global QM system and the joint international standardized certification was thus successfully completed. In the year covered by the report, the SAP QM module was also further developed in Industrial Metrology, chiefly resulting in optimizations to the product improvement process and in complaint handling.

In the Defense & Civil Systems segment, all of the ESW GmbH locations are certified according to EN 9100, a quality management system specific to the demanding requirements of the aerospace and defense industries. At Wedel, the segment is also certified as a manufacturer for the European Aviation Safety Agency (EASA) and as a maintenance company under the respective regulations of the European, US, Canadian, and Chinese aviation authorities. At the Altenstadt site, the subsidiary JENOPTIK Power Systems GmbH is certified both in accordance with quality management certification (DIN EN ISO 9001:2008) and the International Railway Industry Standard (IRIS). T 13

Environmental management is a key part of our business practices. Several Jenoptik companies are certified in accordance with the ISO 14001 environmental management system. Beyond this, we also require that our suppliers and contract partners comply with applicable environmental protection regulations.

Jenoptik has implemented stringent statutory requirements for nature conservation and environmental protection for new buildings and the expansion and modernization of existing production facilities. For example, state-of-the-art technologies for saving resources and protecting the environment have been applied when fitting out production facilities. On the basis of the energy certificates that were issued in prior years, the cost-benefit analysis for all buildings in Germany was also continued in 2015. Building on this, the medium-term planning up to 2019 incorporates measures to increase energy efficiency. In all construction activities undertaken in the past fiscal year, attention was focused more strongly on energy efficiency, leading to a sustainably higher conservation of resources. Examples of this include the building refurbishment and new construction at the Wedel site as well as the renovation and conversion of buildings at the Jena site. The machinery at various sites was also modernized from the view point of energy efficiency.

In the field of environmental management, a CO_2 balance was drawn up for the German sites also in 2015. This provides comparison values that allow for an assessment of the energy consumption levels as a ratio of revenue and consequently of the development of energy efficiency in production. Consumption levels presently cover only the German sites. Nevertheless, a positive trend can be identified from the figures that have been collated. The consumption of resources increased more slowly than the expansion of business. The consumption of the various media (electricity, district heating, gas, heating oil, wood pellets) at all Jenoptik sites in Germany was used to calculate the CO_2 emissions, which came to 8,039 tons in 2015 (prior year 12,220 tons). The absolute reduction by 4,181 tons of CO_2 can primarily be attributed to the use of green electricity by all segments at the Jena site as well as at the Triptis and Berlin sites of the Optical Systems division.

Within all segments located in Germany, types of waste are now systematically recorded and the quantities calculated. The volume of hazardous waste in the 2015 reporting year reduced to 185 tons; this was disposed of through the transportation of hazardous goods to waste treatment/disposal plants (prior year 247 tons). The quantity of non-hazardous waste fell to 559 tons (prior year 659 tons).

T 13

CERTIFICATION WITHIN THE GROUP (SELECTION)

ISO 9001	Certification of quality management processes
EN 9100	Certification of quality management processes specific to the aerospace and defense industries
ISO 13485	Certification of comprehensive quality management systems for the design and manufacture of medical products
ISO 14001	Certification of the environmental management system
ISO/TS 16949	Certification for the automotive industry
EC 748/2012	Certification as a manufacturer for the civil aviation industry
EC 2042/2003	Certification as a maintenance company for the civil aviation industry
IRIS	International Railway Industry Standard
ILO-OSH–2001/ OHSAS 18001	Certification of occupational safety and health management

As a technology company, Jenoptik is dependent on a wide range of raw materials. In the face of an increasing scarcity of resources and rising global prices, it is both an ecological imperative and good economic sense for the Group to make efficient use of the materials it requires. We comply with applicable regulations to ensure we use these materials in a responsible manner, for example the requirements of the European chemicals regulation REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) and the RoHS directive (Restriction of certain Hazardous Substances), and are involved on associated committees. T 14 T 15 T 16

Resource management. Many of Jenoptik's innovative products make a contribution to the efficient and responsible use of resources. As a B2B provider, we are mostly involved in the areas where our customers' production processes and products can be made more efficient. The examples below from our three segments illustrate this:

T 14

ENERGY CONSUMPTION OF THE JENOPTIK LOCATIONS IN GERMANY (in MWh)

	2015	2014	2013
Electricity	34,416	34,757	33,478
Gas	7,989	7,957	12,861
Wood pellets	1,250	1,326	1,192
District heating	9,633	9,103	9,095
Heating oil	199	387	232
Total energy consumption	**53,487**	**53,530**	**56,858**

T 15

WATER CONSUMPTION OF THE JENOPTIK LOCATIONS IN GERMANY (in m^3)

	2015	2014	2013
Water	**57,229**	**57,084**	**57,633**

T 16

CO_2-EMISSIONS OF THE JENOPTIK LOCATIONS IN GERMANY (in t)

	2015	2014	2013
CO_2	**8,039**	**12,220**	**16,686**

- Energy efficiency. Diode lasers are one of the most efficient light sources available, with an efficiency of up to 70 percent. With their excellent flexibility and efficiency, lasers are becoming increasingly important tools in production. As a provider of laser systems for a wide range of applications, Jenoptik offers its customers a durable and resourc e-saving alternative to conventional machining processes.

  New LED illumination systems such as the "Lucid power high bay" equipped with special optics are primarily used by the logistics sector in high-bay warehouses to achieve energy savings and greater light output.

  The supply of electrical power has an increasingly important role in modern vehicles. Electric motors and generators, power electronics and complete assemblies are extremely efficient and feature a very good power to weight ratio, i.e. an improved ratio between the level of electrical or mechanical energy generated and the weight of the systems.

- Preserving resources. With continuing advances in development, optical technologies are increasingly opening up potential new areas of application that allow for simpler process design, protect resources or reduce the size of crystalline structures in semiconductor production. Jenoptik also supplies optical systems for new communication technologies in the field of fiber coupling, optical diagnostics methods, e.g. in the area of for endoscopy, and optoelectronic system solutions in life sciences.

- Fuel and CO_2 savings as well as hybridization. One objective of the automotive industry is to reduce fuel consumption and both carbon and pollutant emissions. High-precision industrial metrology systems and plants can be used for rapid and accurate testing of shapes and surfaces. The results are more precise surfaces of engine components and thus cars that require less fuel. The increasingly widespread use of hybrid drive units is leading to the use of ever more complex gears containing a large number of new components, in turn demanding greater use of metrology. For customers, this means longer life cycles and less service expenditure, equating to high product sustainability and reduced costs in the manufacturing process.

- **Increasing traffic safety.** Jenoptik's traffic monitoring systems help to ensure compliance with applicable laws. They thus help to make road traffic safer, reduce the probability of accidents and injuries and lower pollutant and noise emissions.

Social commitment. In addition to economic and ecological matters, Jenoptik's promotion of sustainability also focuses on social issues. The Group supports a whole range of non-profit projects, organizations and initiatives and is actively involved in science, education and culture as well as in the area of social welfare and charity.

In recent years, this work has been concentrated on projects with a regional connection to the sites in Germany. But social involvement is also encouraged at the sites abroad and proposals are invited for various in-house projects.

Support for the work/life balance was provided within the company, particularly in the form of flexible working hour models and a range of childcare places for children of Jenoptik employees at three locations in close proximity to the workplace. The childcare facilities on offer are geared toward flexible opening hours and integrated, bilingual teaching concepts. Since 2013, Jenoptik has held a summer camp for employee children of elementary school age.

Together with numerous partners, the Group is also active as a member of the "Familienfreundliches Jena e.V." support group for projects conducted by the "Jenaer Bündnis für Familie" (Jena family alliance) to improve general underlying conditions for the work/life balance and equal opportunities in education.

In its social commitment, Jenoptik endeavors to establish close and long-term partnerships aimed at providing both financial and personal support. The Group has long been pursuing this approach, for example since 1996 with its patronage of the "Adult Initiative for Children with Cancer Jena". Donations both made by Jenoptik and collected from partners, and the organization of various events, have helped to support children with cancer and their parents. Particularly worthy of note is the Easter Charity Concert given by the International Youth Orchestra Academy, the proceeds of which are donated to the initiative.

During the 2016 New Year's Eve reception, Jenoptik once again took the opportunity to ask guests to make a donation to a good cause. This year, the donations went to the "Bürgerstiftung Jena" civic foundation, which will use them to finance the "Sprache schafft Chancen" ("Language creates opportunities") project. The aim of this project is to help recognized asylum seekers learn German, thus facilitating their targeted integration into society.

Further priorities in Jenoptik's social work for many years have been the promotion of science, education, art and culture. Examples include the long-term sponsorship of the Thuringian "Jugend forscht" (Young Researchers) state competition, the "Schüler experimentieren" ("School Students Experiment") competition since 2012, participation in the Long Night of Sciences and cooperation arrangements with universities and research institutes. One particular project sponsored by Jenoptik in 2015 was the "Highlights of Physics" science festival, which took place in Jena as part of the International Year of Light.

Since 2013, Jenoptik has been offering scholarships to high-performing and committed students on relevant courses at Jena University of Applied Sciences and Ilmenau University of Technology.

Since the company's earliest days, Jenoptik has been enriching Jena life with art and cultural projects. Alongside the in-house series of art exhibitions entitled "tangente", Jenoptik also sponsors other art projects in its home city. Jenoptik has been both a patron and sponsor of the summer concert series at the Thalbürgel monastery church since 1993. Based on its own cultural sponsorship, Jenoptik is offering students at Jena's University of Applied Sciences an innovative format of cultural education through its workshop "BEGEGNUNGEN Kultur Technik Wirtschaft" ("ENCOUNTERS culture technology business").

Jenoptik launched the International Year of Light by unveiling a unique light sculpture: A kinetic light sculpture crafted by the Stuttgart-based artist rosalie has found a permanent home at the Jenoptik headquarters in Jena since early 2015. The sculpture, which was specially made for Jenoptik, creates a changing, three-dimensional illusion out of light.

Economic Report

MACRO-ECONOMIC AND SECTORAL DEVELOPMENTS

Macro-Economic Development

The pace of growth in the global economy remained weak in 2015. As in prior years, economic growth expectations were not met. Forecasts were thus repeatedly downgraded – in the economy as a whole and in key sectors of industry. While the International Monetary Fund (IMF) was still expecting gross domestic product (GDP) growth of 3.5 percent at the beginning of the year, by January 2016 its forecast figure had slumped to 3.1 percent. In developing and emerging economies, growth had weakened from an expected 4.6 to 4.0 percent. GDP increased by an average of 1.9 percent in the industrial nations. T 17

The US economy continued to grow robustly in 2015. Growth in economic output of 2.5 percent was again mostly driven by consumer spending. Despite this, however, momentum declined sharply in the second half of the year, meaning that annualized GDP increased just 0.7 percent in the final quarter. Reasons for this included a weakening in consumer spending, exports and government expenditure. At the end of the year, the US Federal Reserve increased slightly the key interest rate for the first time in seven years.

Economies in the euro zone continued to recover over the course of 2015. Gross domestic product rose by 1.5 percent. The economy particularly benefited from an increase in private consumer spending. Despite historically low interest rates and marginally improved corporate sentiment, capital expenditure continued to grow weakly. The macro-economic process of recovery made further progress in Ireland, Portugal, Spain and Italy, while the crisis in Greece remained a dominant issue in 2015.

T 17

CHANGE IN GROSS DOMESTIC PRODUCT (in %)

	2015	2014
World	3.1	3.4
US	2.5	2.4
Euro zone	1.5	0.9
Germany	1.5	1.6
China	6.9	7.3
Emerging economies	4.0	4.6

Source: International Monetary Fund, World Economic Outlook, January 2016

The German economy got off to a stable start in 2015. Economic growth proceeded consistently until the end of the year, allowing annualized GDP to increase 1.7 percent according to the German Federal Government, also chiefly driven by consumer spending. A mild drop in industrial production and orders was seen at the end of the year. By past standards, capital expenditure on equipment, which increased 3.6 percent, showed little momentum in view of a good economic situation and low interest rates. A new record surplus was achieved in foreign trade. According to provisional figures issued by the German Federal Statistical Officer exports increased 6.4 percent to just under 1.2 trillion euros, imports by 4.2 percent to 948 billion euros.

The economic slowdown in China was a frequent cause for concern in 2015. The Chinese government’s focus on growth driven less by exports and capital expenditure and more by consumer spending and services again resulted in lower overall economic growth. According to official figures, the Chinese economy grew 6.9 percent. This was more than the global average but below government targets and prior rates of growth, and was accompanied by considerably reduced growth in industrial production (5.9 percent in 2015, 8.3 percent in 2014).

There were great disparities in the developing and emerging economies in 2015. Many of the countries dependent on commodity exports were compelled to cut spending due to reduced revenues from oil exports. Together with further unfavorable factors, this was enough to push the Brazilian and Russian economies into recession (minus 3.8 resp. minus 3.7 percent). India’s economy saw more dynamic growth, with GDP increasing 7.3 percent.

Development of the Jenoptik Sectors

Jenoptik targets the markets of the automotive/machine construction, aviation/traffic, security and defense technology, semiconductor equipment and medical technology industries. The company uses optical technologies in all segments and is an established partner of the global photonics industry.

Representing the global photonics industry, the World Market Index for **Optical Technologies,** compiled by the industry association Spectaris, analyzes the development of revenue of 15 international photonics companies, among them Jenoptik. Revenues increased in each quarter through the end of the third quarter 2015 and were also above the figures for the quarters in the prior year. For the image processing industry, VDMA Machine Vision published its provisional figures for 2015: surveys indicate that the German and European industries are expecting an increase of 10 percent, in Germany equating to revenue of over 2 billion euros.

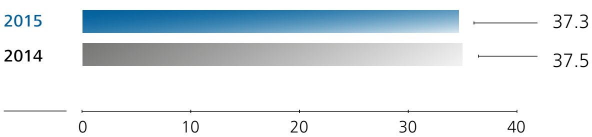
In the **laser** market, global revenues in 2015 increased from 9.6 to 10.1 billion US dollars, as reported by the analysts at Strategies Unlimited in the magazine "Laser Focus World". Year-on-year growth of 5.3 percent was slightly below the forecast figure. Lasers for material processing and lithography enjoyed the greatest share of revenue, followed by communication applications. Fiber lasers continued to make inroads in material processing, for example in metal cutting. Due to a new categorization system, the prior-year values were also adjusted. G 15

Following a sharp decline in revenue in 2013, the **semiconductor equipment industry** almost managed to maintain the prior-year level in 2015, according to the Semiconductor Equipment and Materials International (SEMI) trade association. According to its provisional calculations, equipment manufacturers generated 37.3 billion US dollars of revenue, around 0.6 percent less than in 2014. This was thus well short of the originally forecast growth figure of 15 percent. In 2015, the **semiconductor industry** also fell just short of the prior year's record revenue levels, at approximately 335 billion US dollars, according to the Semiconductor Industry Association (SIA). Weaker demand for terminal equipment combined with a strong dollar, increased inventories and normal market cycles slowed the originally forecast growth. IT analyst Gartner calculated a provisional revenue figure of 333.7 billion US dollars for the industry, almost 2 percent less than in the prior year. G 16

G 16

SEMICONDUCTOR EQUIPMENT: GLOBAL REVENUE

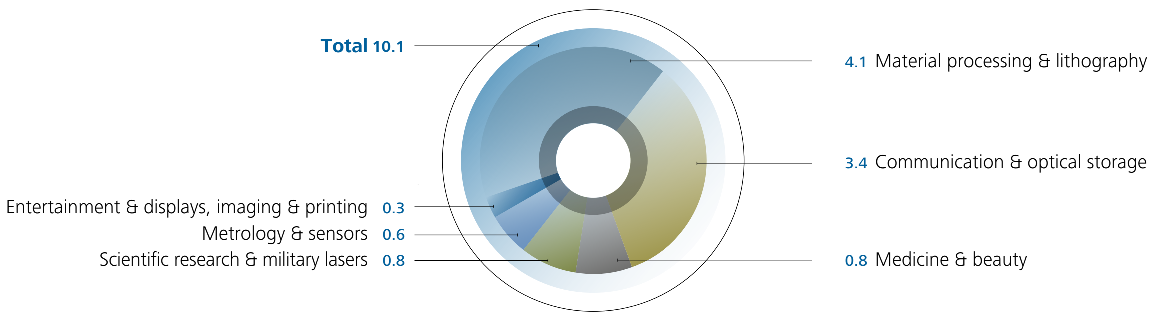
(in billion US dollars)



Source: Semiconductor Equipment and Materials International (SEMI)

G 15

LASER MARKET: WORLDWIDE REVENUE 2015 BY SEGMENT (in billion US dollars)



Source: Laser Focus World, February 2016

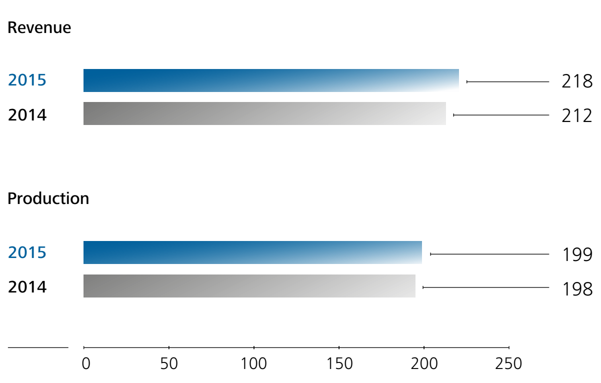
According to the German Engineering Federation (VDMA), 2015 was not an easy year for the industry. Stagnation at a high level was the result of domestic reluctance to invest and weak demand from key countries such as China and Russia. Marginal growth in the US and euro zone were not enough to compensate for this. In 2015, order intakes resulting from both domestic and foreign demand were 1 percent above the prior-year level, although orders from EU partner states grew by 15 percent. A production value of around 199 billion euros was the same as in the prior year. The value of exports of plants and machinery came to 155 billion euros, 2.5 percent up on the prior year. The biggest growth was seen in exports to North America, EU partner states, Central and South Asia and Latin America. G 17

The Association of German Machine Tool Manufacturers (VDW) reported moderate order growth of 1 percent in 2015, to 14.9 billion euros. This development was chiefly driven by a strong order increase of 16 percent in the euro zone, while orders from China again declined. At 15.1 billion euros, production value reached a new record.

Despite the scandal surrounding manipulated emissions testing data, the Chinese and US markets rose to new record levels in 2015, according to the German Association of the Automotive Industry (VDA); the Western European market also grew sharply on the prior year, and with 13.2 million new registrations reached its best level in five years. Sales of cars and light vehicles in the US rose to a record figure of 17.4 million. In China, tax incentives helped car sales to top around 20 million, following a slump in the market over the summer and a weakening of growth for the full year. Thanks to a low oil price and interest rate level, Germany exceeded 3.2 million new car registrations for the first time, driven by a considerable rise in commercial registrations. The Indian market also grew well, while figures fell in Japan, Brazil and Russia, in part significantly.

G 17

MACHINERY AND PLANT ENGINEERING: REVENUE AND PRODUCTION IN THE GERMAN INDUSTRY (in billion euros)



Source: German Engineering Federation (VDMA)

In the traffic safety sector, the German Federal Statistical Office's preliminary accident statistics indicate that the number of road deaths in Germany rose for the second time in succession in 2015. According to estimates based on figures through to September, some 3,450 people died on the roads, around 2 percent more than during the prior year. By contrast, the situation was improving on a global scale, according to the World Health Organization (WHO): despite growing numbers of cars, the number of road deaths remained almost unchanged in the past years; nevertheless, around 1.25 million people die on the roads every year. In addition to proven methods such as the enforcement of strict traffic regulations, e.g. speed limits and compulsory wearing of seatbelts, other solutions for increasing traffic safety such as section control are also helping: following success in Austria and Switzerland, a pilot section control project was launched in Lower Saxony in 2015, which is to lay the legal basis for this type of traffic monitoring in Germany.

The German railway industry saw solid growth in the first half of 2015: according to the German Railway Industry Association (VDB), revenue remained stable at a high level of 5.2 billion euros, while order intake rose by more than half, to 8.5 billion euros. Railway engineering manufacturers received increasing numbers of high-volume orders and, even in the volatile business with locomotives, demand improved.

In the aviation industry, aircraft manufacturer Airbus achieved a new record in delivery numbers in 2015, but with 635 aircraft trailed considerably behind Boeing, which delivered 762. The order intake situation was the other way round: Airbus received 1,036 orders, 286 more than its American competitor. According to the most recent calculations issued by the International Air Transport Association (IATA), the international aviation industry generated profits of around 33 billion US dollars in 2015 (prior year 16.4 billion US dollars), assisted by low oil prices and improved economic output in key countries, for example in the euro zone.

In July 2015, the German government adopted a strategy paper that aims to boost the defense industry in Germany. It centers on framework conditions for international armaments cooperation and the retention of key national defense technologies and jobs. Key technologies defined for Germany include, among other things, sensor systems, encryption and protection technologies, armored vehicles and submarines.

LEGAL FRAMEWORK CONDITIONS

The legal framework conditions governing business operations essentially remained constant in the fiscal year 2015 and therefore had no significant impact on the business development of the Jenoptik Group.

EARNINGS, FINANCIAL AND ASSET POSITION

Comparison of Actual and Forecast Course of Business

Jenoptik saw a successful return to growth in the 2015 fiscal year. In a challenging environment, revenue was significantly boosted to a new record in the company's recent history. Thanks to this revenue growth, a more profitable revenue mix and both cost discipline and the further roll-out of efficiency programs, we also managed to considerably improve our quality of earnings.

The Group published an initial forecast for the 2015 fiscal year in December of 2014, with the Executive Board expecting revenue growth to between 650 and 690 million euros and an EBIT margin of 8.5 to 9.5 percent. It further expected EBITDA to show a stronger rise than EBIT relative to the prior year. Measures from the group development projects should continue and have a positive impact on the earnings situations. In the light of a good development of

T 18

ACTUAL AND FORECAST COURSE OF BUSINESS (in million euros/or as specified)

Indicator	Year-end 2014	2015 guidance	Year-end 2015
Revenue	590.2	Dec. 2014; sharp growth; 650–690 million euros Nov. 2015: 660–680 million euros	668.6
Lasers & Optical Systems	231.3	March 2015: Growth of around 10%	249.4
Metrology	185.0	March 2015: Increase of around 10%	207.0
Defense & Civil Systems	170.8	March 2015: Increase of up to 20%	211.4
EBITDA	76.1	Exceptional increase compared to EBIT	88.8
EBIT	51.6	Dec. 2014; sharp increase	61.2
Lasers & Optical Systems	27.0	March 2015: Rise stronger than revenue	23.7
Metrology	22.5	March 2015: Rise lower than revenue (depreciation effects)	23.0
Defense & Civil Systems	2.1	March 2015: Disproportionate increase compared to revenue growth	17.9
EBIT margin in %	8.7	Dec. 2014: EBIT margin of 8.5–9.5% Nov. 2015: EBIT margin at least 9%	9.2
EBT	46.1	Marked rise	57.4
Order intake	589.2	Significantly above 2014 level	636.7
Net debt	92.1	Slight reduction	43.9
Free cash flow	22.5	Moderate rise, possible fluctuations related to reporting dates	71.8
ROCE in %	13.0	Around the 2014 level	13.5
Employees	3,553	Slight rise	3,512
R+D expenses	39.4	Rise as revenue	41.8
Capital expenditure*	29.9	35–40 million euros	24.7

* excluding company acquisitions

business in the first nine months, the Jenoptik Executive Board then firmed up its projection for the 2015 fiscal year in November. Group revenue was now expected to be between 660 and 680 million euros; the EBIT margin at least 9 percent.

In the reporting year, the Jenoptik Group generated revenue of 668.6 million euros, thereby reaching the center of the spread forecast in December 2014 and firmed up in November 2015.

At 9.2 percent, the EBIT margin did even better, reaching the upper half of the initial forecast in December 2014 and, as firmed up in November 2015, beyond the 9 percent threshold. Profitability thus significantly improved compared to the prior year. The operating result in the Lasers & Optical Systems segment remained below the forecast figure due to a lower margin in the revenue mix and provisions for restructuring the Laser Systems business unit. The results forecast for the other two segments were met. Group EBITDA also saw an increase. As capital expenditure as well as depreciation were lower than expected, however, it did not exceed the growth seen in the operating results.

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For more information on the development of revenue in the segments please refer to the Segment Report

Net debt was reduced considerably more than originally anticipated. As of December 31, 2015 it fell to 43.9 million euros, the lowest value in the company's recent history. This was due to significantly improved operating cash flows over the course of the year and in particular in the fourth quarter. The free cash flow also increased far more sharply than expected at the beginning of 2015.

Capital expenditure, at 24.7 million euros, was below the forecast figure, in part due to postponements arising from the course of business within the year.

Our forecast issued in March 2015 regarding other key indicators for the year as a whole proved to be generally accurate. T 18

Earnings 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, real estate and consolidation effects under "Other".

Development of Revenue and Earnings

Revenue. In the 2015 fiscal year, the Jenoptik Group produced revenue of 668.6 million euros, a new record in the company's recent history (prior year 590.2 million euros), thereby achieving growth of 13.3 percent compared to 2014. At 181.0 million euros, the fourth quarter was the strongest in both the past fiscal year and the years before. All the segments reported revenue growth. The increase was attributable to an upswing in investment in the automotive industry, greater demand for optoelectronic modules, project-related settlements for major orders in the Defense & Civil Systems segment, the successful integration of Vysionics (acquired in 2014) and currency effects. The market conditions for traffic safety equipment in the US remained difficult. T 19

On a regional level, growth momentum was primarily attributable to Europe and the Americas. Compared to the prior year, revenue in Europe (excluding Germany) grew by 24.5 percent to 198.1 million euros (prior year 159.1 million euros), primarily due to acquisitions in the traffic safety technology sector. In the Americas, too, group revenue saw a sharp rise of 24.0 percent. Reasons for this include, in addition to currency effects, greater demand for optical systems and from the automotive industry as well as project-related settlements for major orders. At 450.8 million euros, Jenoptik generated 67.4 percent of revenue abroad in the past fiscal year (prior year 379.1 million euros or 64.2 percent).

T 19

REVENUE BY SEGMENT (in million euros)

	2015	2014	Change in %
Group	668.6	590.2	13.3
Lasers & Optical Systems	249.4	231.3	7.8
Metrology	207.0	185.0	11.9
Defense & Civil Systems	211.4	170.8	23.8
Other	0.8	3.1	−74.2

Outside Germany, Europe remained the region with the highest revenue, accounting for 29.6 percent of group revenue, followed by the Americas with 19.2 percent. T 20

In 2015, Jenoptik again generated its greatest share of revenue, 26.5 percent, in the automotive/machine construction target market. Settlement of major orders in the security and defense technology sector produced an increase in the share of revenue taken by this market, to 25.7 percent (prior year 20.2 percent). In 2015, 13.8 percent of group revenue was attributable to the top 3 customers (prior year 14.7 percent). T 21

Cost of sales rose by 15.0 percent to 442.5 million euros and thus at a slightly stronger rate than revenue (prior year 384.8 million euros). The cost of sales includes expenses arising from developments directly on behalf of customers, which totaled 10.9 million euros (prior year 10.5 million euros).

The gross profit correspondingly increased at a slightly lower rate, to 226.2 million euros (prior year 205.5 million euros). At 33.8 percent, the gross margin sank just below the prior-year figure (prior year 34.8 percent), due to a changed divisional and product mix, an increase in the cost of materials ratio as well as higher measurement discounts on inventories. G 18

The research and development expenses are key indicators of the Group's future performance and competitiveness, and increased slightly to 41.8 million euros (prior year 39.4 million euros). The share of R+D expenses as a proportion of revenue (R+D ratio) fell from 6.7 percent in the prior year to 6.2 percent.

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More detailed information on research and development in the Jenoptik Group

Jenoptik continued to consistently pursue its internationalization strategy in the 2015 fiscal year. In the course of expanding international activities, selling expenses rose by 7.5 percent to 72.6 million euros in 2015. The selling expenses mainly comprise sales commissions, communications and marketing. At 10.9 percent, the selling expenses ratio was slightly down on the prior year level of 11.4 percent.

T 20

REVENUE BY REGION (in million euros and as % of total revenue)

	2015		2014	
Group	668.6	100.0%	590.2	100.0%
Germany	217.8	32.6%	211.1	35.8%
Europe	198.1	29.6%	159.1	27.0%
Americas	128.4	19.2%	103.6	17.6%
Asia/Pacific	90.0	13.5%	84.3	14.3%
Middle East/Africa	34.2	5.1%	32.1	5.4%

T 21

REVENUE BY TARGET MARKET (in million euros and as % of total revenue)

	2015		2014	
Group	668.6	100.0%	590.2	100.0%
Automotive/machine construction	177.2	26.5%	159.6	27.0%
Security and defense technology	171.9	25.7%	119.5	20.2%
Aviation and traffic	139.8	20.9%	127.2	21.6%
Semiconductor equipment industry	81.2	12.1%	75.8	12.8%
Medical technology	47.6	7.1%	45.3	7.7%
Other	51.0	7.6%	62.7	10.6%

CONSOLIDATED FINANCIAL STATEMENTS
INFORMATION

General and administrative expenses came to 54.0 million euros (prior year 51.1 million euros). These costs increased as expected due to the ongoing internationalization process, the expansion of global Shared Service Center structures and initial full-year consolidation of companies. At 8.1 percent, the administrative expenses ratio was down on the prior year (prior year 8.7 percent).

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For information on the segment EBIT please refer to the Segment Report

Other operating income increased to 27.0 million euros (prior year 23.2 million euros), mainly attributable to considerably higher foreign currency exchange gains of 8.6 million euros (prior year 7.9 million euros), profits of 2.4 million euros from real estate sales and associated reversals of impairments. The other operating income was also positively influenced by profit of 1.9 million euros from the sale of a minority holding.

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For detailed information on the composition of the other operating income and expenses please refer to the Notes.

Other operating expenses, at 23.8 million euros, were also above the level of the prior year (prior year 22.0 million euros). They included restructuring expenses amounting to 2.7 million euros (prior year 1.5 million euros), foreign currency exchange losses of 7.9 million euros (prior year 5.9 million euros), but also contrary effects from the reversal of provisions in the sum of 2.9 million euros (prior year 2.2 million euros) and expenses for projects such as JOE and SAP Human Capital Management totaling 0.7 million euros (prior year 3.5 million euros). T 22 G 18

Following a slow start to the first two quarters, Jenoptik also achieved a new record in its operating results over the 2015 fiscal year. The **group operating result (EBIT)** rose at a faster rate than revenue, by 18.7 percent to 61.2 million euros (prior year 51.6 million euros). The Group's EBIT margin correspondingly improved to 9.2 percent (prior year 8.7 percent) and was thus within the medium-term target corridor. While earnings rose sharply in the Defense & Civil Systems segment and remained stable in the Metrology segment, EBIT in the Lasers & Optical Systems segment was below the prior-year value. T 23

A boost in revenue and a changed revenue mix, together with the successful integration of Vysionics, acquired in 2014, and consistently applied efficiency measures, allowed the operating result to rise significantly at a stronger rate than revenue. Provisions for restructuring in the Laser Systems area, by contrast, had a negative effect.

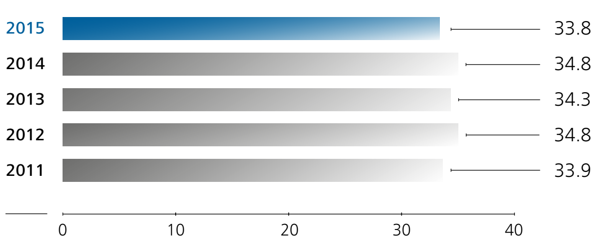
T 22

KEY ITEMS IN THE TOTAL OTHER COMPREHENSIVE INCOME (in million euros)

	2015	2014	Change in %
Cost of sales	442.5	384.8	15.0
R+D expenses	41.8	39.4	6.0
Selling expenses	72.6	67.5	7.5
Administrative expenses	54.0	51.1	5.8
Other operating income	27.0	23.2	16.3
Other operating expenses	23.8	22.0	8.2

G 18

DEVELOPMENT OF THE GROSS MARGIN (in %)



T 23

EBIT (in million euros)

	2015	2014	Change in %
Group	61.2	51.6	18.7
Lasers & Optical Systems	23.7	27.0	–12.0
Metrology	23.0	22.5	2.1
Defense & Civil Systems	17.9	2.1	738.0
Other	–3.4	0.0	

T 24

EBITDA (in million euros)

	2015	2014	Change in %
Group	88.8	76.1	16.7
Lasers & Optical Systems	33.4	36.0	–7.2
Metrology	30.6	26.9	13.6
Defense & Civil Systems	23.1	7.2	223.4
Other	1.7	6.0	–71.9

Group EBIT includes earnings of 0.2 million euros originating in the sale of a former business unit (prior year 2.8 million euros; also includes earnings from the sales of a former business unit).

Group earnings before interest, taxes, depreciation and amortization (EBITDA) also increased at a faster rate than revenue, by 16.7 percent to 88.8 million euros (prior year 76.1 million euros). T 24

As of December 31, 2015, the Jenoptik Group's ROCE (Return on Capital Employed) improved slightly to 13.5 percent (prior year 13.0 percent), this was due to boosted earnings compared to tied operating capital. Jenoptik shows this indicator inclusive of goodwill and before taxes.

The **financial result** also showed a considerable improvement on the prior year, to minus 3.8 million euros (prior year minus 5.5 million euros). It was influenced by positive currency exchange rate effects totaling 4.3 million euros (prior year 1.2 million euros). Interest income fell in comparison with the prior year to 0.5 million euros (prior year 0.7 million euros). Interest expenses also reduced to 6.3 million euros (prior year 7.3 million euros) due to the payment of liabilities. On balance, the interest result improved from minus 6.6 million euros to minus 5.8 million euros. Key reasons for this include the improved financing conditions that were negotiated for the syndicated loan and debenture loans. In addition, the financial result was burdened by one-off expenses of 1.4 million euros resulting from the restructuring of the debenture loans. In particular due to reverals of impairment on an issued loan, the investment result was 1.6 million euros (prior year 0.0 million euros).

Earnings before tax. The sharp rise in EBIT was also reflected in earnings before tax (group EBT), which at 57.4 million euros were 24.6 percent up on the prior year (prior year 46.1 million euros).

Income taxes came to 5.8 million euros (prior year 7.7 million euros), of which 53 percent were levied in Germany, 47 percent abroad. In Germany, JENOPTIK AG's tax losses carried forward and tax effects from real estate sales had the effect of reducing the tax burden. As in the prior year, tax burdens abroad were also reduced by the use of existing tax losses carried forward.

For detailed information on the subject of taxes please refer to the Notes

Page 202
For the method of calculating ROCE, see the Financial Glossary

The Jenoptik Group's cash effective tax rate remained at a relatively low level for a German company, at 10.1 percent (prior year 16.6 percent). In the 2015 fiscal year, it was influenced by the tax implications of real estate sales.

Non-cash deferred tax expenses came to 1.7 million euros in the past fiscal year (prior year deferred tax income of 3.2 million euros). The change was primarily due to the reversal of deferred tax assets due to real estate sales and the utilization of tax losses carried forward.

In 2015, Jenoptik generated **earnings after tax** of 49.9 million euros (prior year 41.6 million euros). At 49.6 million euros, earnings attributable to shareholders were well above the prior-year figure of 41.7 million euros. Earnings per share were therefore 0.87 euros (prior year 0.73 euros).

Order Situation

In the 2015 fiscal year, the group order intake rose by 47.5 million euros to 636.7 million euros (prior year 589.2 million euros). This includes the major order to equip the Patriot missile defense system received by the Defense &

Page 99 ff.
For detailed information on the order intake in the segments please refer to the Segment Report

T 25
ORDER INTAKE (in million euros)

	2015	2014	Change in %
Group	636.7	589.2	8.1
Lasers & Optical Systems	248.2	240.1	3.4
Metrology	211.1	174.7	20.8
Defense & Civil Systems	177.8	170.2	4.5
Other	–0.4	4.3	

T 26
ORDER BACKLOG (in million euros)

	2015	2014	Change in %
Group	373.4	422.5	–11.6
Lasers & Optical Systems	95.8	100.8	–5.0
Metrology	70.5	77.2	–8.7
Defense & Civil Systems	209.7	245.9	–14.7
Other	–2.5	–1.4	–80.1

Page 147 f.
For more information please refer to the Notes

Civil Systems segment. The order intake in 2015 was thus above the prior-year level and below revenue. Due to strong revenue growth, the book-to-bill ratio fell accordingly to 0.95 (prior year 1.00). T 25

Chiefly due to the start of work on major multi-year orders in the Defense & Civil Systems segment, the order backlog fell to 373.4 million euros at the end of 2015 (31/12/2014: 422.5 million euros). Of this order backlog, 75 percent will be converted to revenue in the current year and, in conjunction with a well-filled order pipeline, is a good basis for forecast growth in the 2016 fiscal year. T 26 T 27 G 19

Financial Position

Principles and Targets of Finance Management

The central Treasury department of JENOPTIK AG centrally plans and controls the demand for and provision of liquid resources within the Group. The financial flexibility and financial solvency of the Group at any time is guaranteed on the basis of a multi-year financial plan and monthly rolling liquidity planning.

Our cash pooling also ensures the liquidity supply of the individual German companies and limits their liquidity risk. There are also plans to gradually include further European companies in the cash pool. A cash pool for companies in North America was implemented in 2014 and is managed by Jenoptik North America. Due to the specified measures along with the conclusion of a new and increased syndicated loan in March 2015 as well as the debenture loans converted and reissued in April 2015, the Group's liquidity in the past fiscal year was sufficiently secured at any point.

Primarily using currency forward transactions, Jenoptik hedges orders in foreign currencies, thereby reducing the consequences of exchange rate fluctuations on results and cash flows. Derivative financial instruments are used exclusively to hedge the operational business as well as financial transactions required for operational purposes.

Capital Structure and Financing Analysis

In 2015, Jenoptik utilized the favorable framework conditions in the financial markets and with the aid of new capital instruments secured itself further financial headroom and flexibility to implement its medium to long-term international growth strategy, in other words for the financing of future organic growth and acquisitions. With a sound equity ratio of 56.6 percent as at December 31, 2015, the placed debenture loans as well as the new and increased syndicated loan, the Group has a viable financing structure.

The debenture loans issued in April 2015 have terms of five and seven years and are subject to variable and fixed interest rates. The total value, including the existing loans from 2011, was increased from 90 to 125 million euros. With the issue of debenture loans, Jenoptik also secured its medium and long-term financing structure. March 2015 also saw the conclusion of a new syndicated loan agreement for 230 million euros (previously 120 million euros). This will enable Jenoptik to use a line of credit at attractive terms for the next five years.

In addition to cash and cash equivalents of 83.8 million euros, Jenoptik can utilize unused capacity from credit line agreements totaling 222.4 million euros. Therefore, the company has available more the 300 million euros for measures for corporate development.

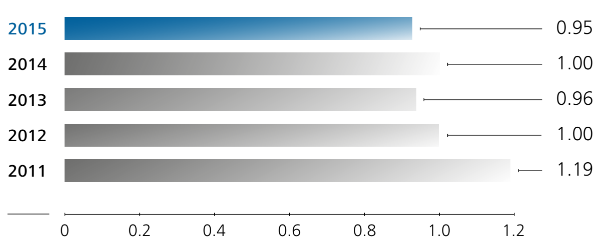
T 27

BOOK-TO-BILL RATIO

	2015	2014
Group	0.95	1.00
Lasers & Optical Systems	1.00	1.04
Metrology	1.02	0.94
Defense & Civil Systems	0.84	1.00

G 19

DEVELOPMENT OF THE BOOK-TO-BILL RATIO



In 2015, the Group's non-current financial liabilities fell to 113.2 million euros (31/12/2014: 156.8 million euros). This resulted from the repayment of the partially utilized syndicated loan, the early repayment of a real estate loan as well as the reclassification of a tranche of debenture loans due in 2016. At the same time, the volume of debenture loans was increased. In 2015, the balance sheet item comprised almost exclusively financial liabilities to banks in the amount of 113.2 million euros (31/12/2014: 156.8 million euros). At the end of 2015, non-current financial liabilities accounted for around 88 percent of Jenoptik's financial liabilities (31/12/2014: 97 percent).

The current financial liabilities increased to 14.9 million euros (31/12/2014: 5.1 million euros), due in part to the reclassification described above.

The earnings after tax posted at the end of 2015 resulted in equity increasing by 49.9 million euros. As at the same time borrowings fell by 51.1 million euros in comparison with the prior year, the debt to equity ratio reduced significantly in the period covered by the report to 0.77 (31/12/2014: 1.00). The debt to equity ratio is defined as the ratio between borrowings (334.0 million euros) and equity (435.1 million euros). T 28

At year-end the net cash position amounted to 69.4 million euros (31/12/2014: 64.7 million euros). It is defined as the total cash and cash equivalents and securities in the amount of 84.2 million euros (31/12/2014: 69.8 million euros) less the current financial liabilities.

Due to the good free cash flow, particularly in the fourth quarter, Jenoptik had significantly reduced the net debt at the end of the 2015 fiscal year to 43.9 million euros, less than half of the figure at the end of 2014 (31/12/2014: 92.1 million euros). The significant reduction was achieved despite the payment of dividends worth 11.4 million euro, the financing of growth as well as the payout in January to the last real estate investor in the amount of 12.4 million euros. T 29

Silent investors. The last silent investor in a Jenoptik real estate fund had ended its investment at the end of 2014. With the payment made in January 2015, all commitments to real estate investors have been repaid. There are no other silent investments or claims in the real estate business.

Analysis of Capital Expenditure

The focus of capital expenditure is derived from the group strategy and is in line with the planned growth targets and the asset structure of the Group. To ensure this, the central investment controlling systematically checks the individual investments on the basis of performance and financial indicators with respect to sustainability or their value contribution and thoroughly analyzes the opportunities and risks.

Page 99 ff.,
Page 125 ff.

For further information on capital expenditure by segment please refer to the Segment Report or for future investment projects to the Forecast Report

In the 2015 fiscal year, Jenoptik invested in the continued expansion of its sales structures and optimized internal procedures in order to support future growth. In total, the Group invested 24.7 million euros (prior year 29.9 million euros) in intangible assets and property, plant and equipment. Of this, 13.9 million euros went on invest-

T 28

DEBT TO EQUITY RATIO

	2015	2014	2013	2012	2011
Group	0.77	1.00	0.89	1.03	1.15

T 29

NET AND GROSS DEBT (in million euros)

	2015	2014	2013	2012	2011
Non-current financial liabilities	113.2	156.8	115.2	115.8	123.1
Current financial liabilities	14.9	5.1	1.2	4.7	4.1
Gross debt	**128.1**	**161.9**	**116.4**	**120.5**	**127.2**
Less securities	0.4	0.3	0.7	0.6	1.3
Less cash and cash equivalents	83.8	69.5	71.6	45.4	48.8
Net debt	**43.9**	**92.1**	**44.1**	**74.5**	**77.1**

ment in expansion, which will secure future growth, and the remaining 10.8 million euros were used for replacement and rationalization investment. The focus of capital expenditure in all three segments was on technical systems both for customer projects and for increasing efficiency and capacity as well as on software to optimize internal processes. For example, capital expenditure was channeled into the modernization of machinery in the Defense & Civil Systems segment and into a new, fully automated production line for a high-volume product in the medical technology and life science market.

At 20.4 million euros, once again the largest share of capital expenditure was on property, plant and equipment (prior year 25.3 million euros).

Capital expenditure on intangible assets amounted to 4.3 million euros, remaining slightly below the level of the prior year (prior year 4.6 million euros). Capital expenditure was on software licenses within the scope of the JOE project. Development costs were capitalized in the amount of 0.4 million euros, and therefore, as in previous years, only to a minimal extent (prior year 0.5 million euros).

Scheduled depreciation of 28.8 million euros (prior year 24.5 million euros) was up on the prior year. This was offset by impairment losses/reversals totaling 1.2 million euros (prior year 0.0 million euros).

Depreciation on property, plant and equipment amounted to 21.0 million euros (prior year 18.8 million euros) and was therefore slightly above the figure for capital expenditure on property, plant and equipment.

Amortization on intangible assets amounted to 7.4 million euros (prior year 5.2 million euros) and, as in the previous year, primarily included amortization on patents, trademarks and software, capitalized development costs as well as regular customers. Impairments on intangible assets within the scope of the impairment test were recorded in the amount of 0.3 million euros.

In the 2015 fiscal year, investment property valued at 8.2 million euros was sold (prior year 2.5 million euros). T 30 T 31

Analysis of Cash Flows

In the year covered by the report, the cash flows from operating activities of 85.1 million euros significantly exceeded the level of the prior year (prior year 46.3 million euros) and at the same time were the best operating cash flows generated in recent years. The cash flows were positively affected by significantly higher earnings before tax

T 30

CAPITAL EXPENDITURE AND DEPRECIATION/AMORTIZATION (in million euros)

	2015	2014	Change in %
Capital expenditure	24.7	29.9	−17.6
Intangible assets	4.3	4.6	−6.2
Property, plant and equipment	20.4	25.3	−19.7
Depreciation/amortization/impairment losses and reversals	27.6	24.5	12.6
Intangible assets	7.8	5.2	49.8
Property, plant and equipment	21.2	18.8	12.9
Investment properties	−1.4	0.6	−347.6

T 31

CAPITAL EXPENDITURE BY SEGMENT – INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (in million euros)

	2015	2014	Change in %
Group	24.7	29.9	−17.6
Lasers & Optical Systems	9.6	9.2	4.5
Metrology	4.9	5.5	−11.0
Defense & Civil Systems	4.9	5.4	−9.3
Other	5.2	9.7	−46.9

as well as, among other things, the reduction of working capital through active management and the change in provisions.

Page 173 f.
The change in provisions is set out in the Notes under the item "Other provisions"

In particular, the receipts from the sale of investment property in the amount of 9.1 million euros (prior year 3.9 million euros), receipts from sale of investments due to the disposal of a minority investment in the Defense & Civil Systems segment in the amount of 4.5 million euros as well as the lower than last year capital investment in property, plant and equipment and intangible assets (see table 30) characterized the cash flows from investing activities in the 2015 fiscal year. In 2015, the outflow of funds for investing activities amounted to 7.2 million euros, significantly below the figure for the prior year (prior year 37.6 million euros).

The free cash flow arises from the cash flows from operating activities before interest and taxes in the amount of 91.7 million euros (prior year 51.5 million euros) less the expenditure for operating investment activities in the amount of 19.9 million euros (prior year 29.0 million euros). During the period covered by the report, the free cash flow consequently improved to 71.8 million euros (prior year 22.5 million euros). As was the case with the operating cash flow, the best free cash flow of recent years was generated. G 20

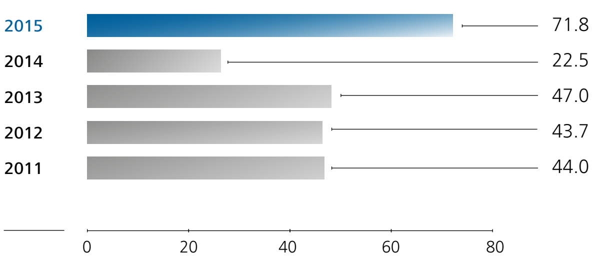
The cash flows from financing activities amounted to minus 66.5 million euros (prior year minus 13.8 million euros) in the 2015 fiscal year. They were particularly influenced by the proceeds from issuing bonds and loans following the placement of the debenture loans in April 2015, by the repayments of bonds and loans and the dividend payment in the amount of 11.4 million euros. Beyond this, changes in the group financing, primarily due to the already mentioned payment to the silent real estate investor, also influenced the cash flows from financing activities. T 32

Asset Position

The balance sheet total of the Jenoptik Group as of December 31, 2015 decreased slightly to 769.2 million euros compared with the year end 2014 (31/12/2014: 771.7 million euros). The reduction by 2.6 million euros is attributable, among other things, to the reduction in inventories and the sale of investment property on the asset side as well as the repayment of financial liabilities and other current liabilities on the liabilities side. In contrast, a significant increase was recorded in cash and cash equivalents and equity, among others.

The non-current assets fell overall by 6.7 million euros to 382.8 million euros, primarily as a result of the sale of investment property with a book value of 8.2 million euros, to 4.5 million euros (31/12/2014: 16.4 million euros). In addition, the deferred tax assets shown in the balance sheet fell to 73.6 million euros (31/12/2014: 76.3 million euros). The change resulted mainly from the reversal of deferred tax assets due to real estate sales as well as the utilization of tax losses carried forwards.

G 20
FREE CASH FLOW GROUP (in million euros)



T 32
MAJOR ITEMS OF STATEMENT OF CASH FLOWS (in million euros)

	2015	2014	2013	2012	2011
Cash flows from operating activities	85.1	46.3	60.6	66.6	65.6
Cash flows from investing activities	–7.2	–37.6	–16.4	–33.8	–29.3
Cash flows from financing activities	–66.5	–13.8	–19.1	–36.1	–53.7
Cash-effective change in cash and cash equivalents	11.4	–5.0	25.1	–3.4	–17.4
Non-cash change in cash and cash equivalents	2.9	2.9	1.1	–0.1	0.9
Change in cash and cash equivalents	14.3	–2.1	26.2	–3.5	–16.5
Cash and cash equivalents at the end of the fiscal year	83.8	69.5	71.6	45.5	48.8

As has been the case in previous years, the largest item in intangible assets was goodwill valued at 100.0 million euros (31/12/2014: 96.9 million euros). The increase compared with the prior year is primarily the result of the conversion of foreign currency amounts on the reporting date.

Property, plant and equipment increased to 155.7 million euros (31/12/2014: 150.7 million euros). This resulted primarily from the reclassification of investment properties, which are now subject to increased internal use.

There were only minor changes in the remaining items under non-current assets. T 33

Despite revenue growth of 13 percent, inventories fell to 167.1 million euros (31/12/2014: 179.0 million euros) at the end of the 4th quarter. Due to improved management of operating working capital, the trade accounts receivable only increased at a lower rate from 115.7 million euros to 120.0 million euros. The cash and cash equivalents rose due to significantly improved operating cash flows to 83.8 million euros (31/12/2014: 69.5 million euros). There were only minor changes in the remaining items under current assets. Overall, the current assets rose slightly by 4.1 million euros to 386.3 million euros (31/12/2014: 382.2 million euros).

Despite the revenue growth in the past year, the working capital improved slightly, amounting to 215.5 million euros at year end (31/12/2014: 217.5 million euros). Both the inventories and trade accounts payable fell. The working capital ratio, the proportion of working capital to revenue, improved compared with the previous year to 32.2 percent (31/12/2014: 36.9 percent). T 34

In the 2015 fiscal year, the equity including non-controlling interests increased by 48.5 million euros to 435.1 million euros (31/12/2014: 386.6 million euros). The equity was positively influenced by the earnings after tax achieved, currency effects recorded outside of profit or loss and remeasurements gains. Furthermore, as the balance sheet total on December 31, 2015 was below that of the prior year, the equity ratio, the proportion of equity to balance sheet total, improved significantly to 56.6 percent (31/12/2014: 50.1 percent). G 21

T 33

COMPOSITION OF NON-CURRENT ASSETS (in million euros and as % of total value of non-current assets)

	2015		2014		Change in %
Intangible assets	122.7	32.1%	123.3	31.6%	−0.4
Property, plant and equipment incl. investment property	160.2	41.8%	167.1	42.9%	−4.1
Financial assets	21.7	5.7%	21.1	5.4%	3.2
Other non-current assets	4.5	1.2%	1.8	0.5%	159.1
Deferred taxes	73.6	19.2%	76.3	19.6%	−3.6
Total	**382.8**	**100.0%**	**389.5**	**100.0%**	**−1.7**

T 34

ELEMENTS OF WORKING CAPITALS (in million euros)

	2015	2014	Change in %
Inventories	167.1	179.0	−6.6
Trade accounts receivable and construction contracts	121.4	115.9	4.7
Less trade accounts payable and construction contracts	47.8	53.6	−10.8
Less liabilities from on-account payments	25.2	23.8	5.6
Total	**215.5**	**217.5**	**−0.9**

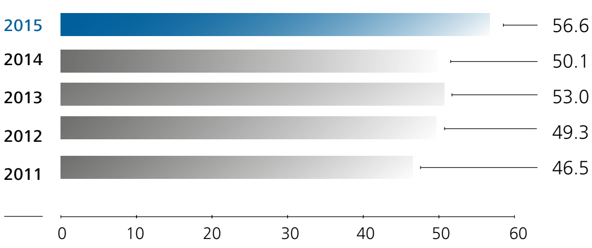
At the end of 2015, the non-current liabilities fell to 169.5 million euros (31/12/2014: 216.6 million euros). The decrease by 47.1 million euros can be primarily attributed to lower non-current financial liabilities. Here the partially used syndicated loan was paid back with funds from the operating cash flows, but also from the greater volume of debenture loans. This as well as the early repayment of a real estate loan and the reclassification of a tranche of debenture loans due in 2016 led to a decrease in non-current financial liabilities to 113.2 million euros (31/12/2014: 156.8 million euros). The pension provisions were reduced mainly due to actuarial gains from changes in interest rates to 36.1 million euros (31/12/2014: 41.0 million euros).

The debenture loans, which were exchanged or reissued in April 2015, are an important element of the non-current liabilities. The total value, including the existing loans from 2011, increased from 90 to 125 million euros.

The current liabilities fell to 164.5 million euros (31/12/2014: 168.5 million euros). This is primarily attributable to the reduction in the other current liabilities by 16.4 million euros to 103.6 million euros (31/12/2014: 120.0 million euros). At the end of 2015, this balance sheet item included trade accounts payable reduced by 5.7 million euros to 47.9 million euros (31/12/2014: 53.6 million euros). In addition, the other current liabilities decreased by 11.6 million euros, in particular due to the payment of 12.4 million euros to the last silent investor in a real estate fund. T 35 T 36

G 21

EQUITY RATIO (in %)



T 35

FINANCIAL LIABILITIES BY DUE DATE (in million euros)

	Up to 1 year		1 to 5 years		More than 5 years		Total 31/12	
	2015	2014	2015	2014	2015	2014	2015	2014
Liabilities to banks	14.8	5.0	44.8	156.7	68.4	0.1	128.0	161.8
Liabilities from finance leasing	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1
Total	**14.9**	**5.1**	**44.8**	**156.7**	**68.4**	**0.1**	**128.1**	**161.9**

T 36

ELEMENTS OF INTEREST-BEARING LIABILITIES (in million euros)

	2015	2014	Change in %
Current	14.9	5.1	192.5
Liabilities to banks	14.8	5.0	194.4
Liabilities from finance lease	0.0	0.0	–0.5
Non-current	113.2	156.8	–27.8
Liabilities to banks	113.2	156.8	–27.8
Liabilities from finance lease	0.1	0.0	52.2

Assets and Liabilities not included in the Balance Sheet

The value of the **Jenoptik brand** is one of the main assets not included in the balance sheet. According to the calculations made by semion brand-broker GmbH of Munich in November 2014, the value of the Jenoptik brand was 86 million euros. This places the Jenoptik brand among the 50 leading German brands at 41. A brand positioning has been developed in recent years in order to further strengthen the brand image, on the basis of which Jenoptik commenced a brand image communication drive on a global and uniform basis. In the course of internationalization, we are also increasingly anchoring the Jenoptik brand in our growth markets.

Non capitalized tax losses carried forward. Tax losses carried forward arise from losses in the past which have not yet been offset against taxable profits. They represent potential future cash flow benefits, since actual tax payments can be reduced by these losses being offset against taxable profits.

For the remaining losses carried forward, no deferred tax assets were recognized in the amount of 209.9 million euros (prior year 220.7 million euros) for the purposes of corporate income tax and in the amount of 369.6 million euros (prior year 392.4 million euros) for the purposes of trade tax as they will probably not be used within a determined planning time frame. Equally, no deferred tax assets were recognized for deductible timing differences in the amount of 14.4 million euros (prior year 12.2 million euros).

Relevance of off-balance sheet financing instruments to the financial and asset position. Jenoptik does not utilize any off-balance sheet financing instruments such as sales of accounts receivable or asset-backed securities. For details on operating leases we refer to the Notes from page 164 on.

Contingent assets and liabilities. Information on contingent assets and liabilities can be found in the Notes from page 150 on.

Clauses in JENOPTIK AG contracts which apply in the event of a change in control within the ownership structure of JENOPTIK AG following a takeover bid exist in connection with a joint venture which has since been terminated as well as for various financing agreements with a total utilized volume of approximately 138.6 million euros (prior year 158.0 million euros). Further information can be found in the Information on Takeover Law from page 50 on.

GENERAL STATEMENT BY THE EXECUTIVE BOARD ON THE DEVELOPMENT OF BUSINESS

The Executive Board can look back on a highly positive track record in the 2015 fiscal year. Group revenue rose sharply to a new record figure in the company's recent history, with all three segments contributing to this increase. Thanks not only to boosted revenue but also the successful integration of Vysionic,s which was acquired in 2014, the continuing internationalization process and the further implementation of our efficiency programs, we also achieved an exceptional rise in our operating results to a new record level.

Positive cash flows, particularly in the fourth quarter, allowed us to finance growth in our operating business and capital expenditure. At the same time, we managed to reduce our net debt to one of the lowest values. Our equity ratio again rose significantly. The balance sheet total and other financial and balance sheet indicators reflect our business model and the development of our company.

Jenoptik took advantage of favorable conditions on the financial markets in 2015 and concluded debenture loans and the syndicated loan to secure further financial room for maneuver and flexibility to implement its medium to long-term international growth strategy, and to finance future organic growth and acquisitions.

Conclusion: The Executive Board is therefore of the opinion that business as a whole developed well.

Segment Report

For information on the realignment of the segment structure in the Jenoptik Group as of January 1, 2016 and on the new names of the segments, we refer to pages 62 ff. of the Annual Report.

The segments' range of products and services and their competitive positioning are set out in greater detail in the "Group Operations" chapter from page 62 on.

Information on the various markets can be found in the Sector Report from page 84 on, and on future developments in the Forecast Report from page 122 on.

LASERS & OPTICAL SYSTEMS SEGMENT

Development of Revenue, Earnings and Orders

In the 2015 fiscal year, the Jenoptik Group continued to strengthen its position as a leading supplier of photonic system solutions in the Lasers & Optical Systems segment, which stepped up its role as a development and production partner to numerous international market leaders and also managed to secure further key customers. The segment also boosted its value creation in the field of lithography and again made considerable progress in integrated solutions for semiconductor production. The past fiscal year also saw a focus on the medical technology & life science as well as the information and communications technology markets. Improved market coverage and the production start-up of new optical products allowed us to successfully increase our international reach in the strategically relevant growth regions of Asia/Pacific and the Americas in 2015. Both regions developed exceptionally well in the past fiscal year. Revenue in Europe was also successfully increased.

In 2015, **revenue** in the Lasers & Optical Systems segment rose by 7.8 percent or 18.0 million euros, to 249.4 million euros, with the segment benefiting from good demand for both laser machines and optoelectronic modules. By contrast, business with laser systems was weaker than expected. Demand from the semiconductor equipment industry improved in the third and fourth quarters of 2015 to almost fully mitigate weaker development in the first half-year. In total, the segment generated around 77 percent of its revenue abroad in 2015, mostly in Europe, the Americas and Asia/Pacific (prior year just under 73 percent).

The segment generated **an EBIT** of 23.7 million euros. The operating results was accordingly 12.0 percent lower than in the prior year (prior year 27.0 million euros). This was in part due to a product mix with weaker magins in the semiconductor equipment sector and provisions for restructuring part of the laser business. The EBIT margin consequently fell to 9.5 percent (prior year 11.7 percent).

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

	2015	2014	Change in %
Revenue	249.4	231.3	7.8
EBITDA	33.4	36.0	–7.2
EBITDA margin in %	13.4	15.5	
EBIT	23.7	27.0	–12.0
EBIT margin in %	9.5	11.7	
Free cash flow	32.7	25.0	31.1
Order intake	248.2	240.1	3.4
Order backlog	95.8	100.8	–5.0
Employees	1,321	1,377	–4.1

At 248.2 million euros, the order intake exceeded the high prior-year level (prior year 240.1 million euros) by 3.4 percent. A solid order intake, particularly relating to laser machines and optics, was an important factor in the segment's good development of business in the past reporting year. As revenue increased at a higher rate than the order intake, the book-to-bill ratio fell to 1.00 (prior year 1.04).

The order backlog in the segment showed a slight fall of 5.0 million euros at the end of the year, to 95.8 million euros (31/12/2014: 100.8 million euros).

Other Indicators and Non-Financial Performance Indicators

Employees. The Lasers & Optical Systems segment employed a total of 1,321 personnel as of December 31, 2015, an decrease of 56 employees or 4 percent compared with the prior year. As at year-end 2015, the segment had 37 young people in trainee positions.

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For more information on the key development topics please refer to the "Research and Development" chapter

Research and development. R+D expenses in 2015 totaled 16.8 million euros (prior year 16.5 million euros). Including development services on behalf of customers, the segment's expenses for R+D output totaled 22.8 million euros, a strong increase on the same period in the prior year of 9.3 percent (prior year 20.8 million euros). The share of R+D output in segment revenue was 9.1 percent (prior year 9.0 percent).

The segment's capital expenditure in property, plant and equipment and intangible assets came to 9.6 million euros (prior year 9.2 million euros). This was offset by depreciation/amortization in the sum of 9.7 million euros (prior year 9.0 million euros). Segment capital expenditure in the 2015 fiscal year focused on technological upgrades and increased capacities in the manufacturing infrastructure for micro-optical precision components and their integration in optoelectronic systems at the Huntsville (Alabama, US) and Dresden sites.

With a free cash flow of 32.7 million euros (before interest and income taxes), the segment managed to far exceed the good level of the prior year (prior year 25.0 million euros) in spite of the drop in earnings. This development was chiefly due to efficient working capital management.

Production and organization. Go-Lean activities continued in the past fiscal year, for example in the Lasers business unit, aiming to optimize internal processes and thus lastingly boost productivity. A switchover to cyclic production for high-volume products was successfully completed. A range of measures enabled tangible savings in assembly and production times. In addition, the segment began preparations to restructure part of its laser business at the company headquarters in Jena. This represented the Group's response to intense competition and growing price pressure in the laser market.

The US location of the laser machine unit moved from Brighton to Rochester Hills in the spring of 2015; this consolidation of locations of different divisions aimed to leverage synergy, particularly in the central function areas. The Industrial Metrology and Defense & Civil Systems divisions were already represented at the location. The Jenoptik Group can now offer its customers, particularly in the automotive sector, solutions from a single location.

Alongside North America, the Asian market is the key target market for Jenoptik's internationalization and ongoing growth. In the past reporting year, the segment therefore optimized its sales and distribution infrastructure in Asia/Pacific, focusing on strategic developments in the field of medical technology. The Asian market for medical technology and life science will be subject to further analysis this year, with the aim of securing new key customers.

Over the course of 2015, preparations were made for a new organization of divisions and thus a new segment structure, which was implemented on January 1, 2016. As part of the segment's realignment and with the new name – Optics & Life Science – the Lasers and Optoelectronic Systems business units have been consolidated to form the new Healthcare & Industry division. At the same time, the organizational structure of the Laser Machines business unit was integrated in the Industrial Metrology division. With their core businesses in micro-optics, high-performance optics and lithography, the remaining business units in the Optical Systems division will in future focus on the semiconductor equipment as well as information and communications technology.

METROLOGY SEGMENT

Development of Revenue, Earnings and Orders

In the area of industrial metrology, the Group is one of the world's leading manufacturers of high-precision production metrology used mainly in the automotive industry. In traffic safety, Jenoptik is a top provider of cutting-edge technology for monitoring speed and red light violations and automatic number plate recognition, with more than 30,000 systems in use around the world.

Revenue in the Metrology segment increased by 11.9 percent to 207,0 million euros in 2015 (prior year 185.0 million euros). Demand from the automotive industry, the key customer sector for industrial metrology, developed favorably due to an upswing in investment and despite the emissions scandal that became known in the second half of the year. The acquisition of Vysionics in 2014 also produced positive run-on effects in the traffic safety business. At around 77 percent, the segment generated most of its revenue abroad (prior year approximately 74 percent).

The **segment EBIT**, at 23.0 million euros, was at the same level as in the prior year (prior year 22.5 million euros). Despite only moderate development of revenue with traffic safety technology in the US and amortization associated with the acquisition of Vysionics that had to be taken into account, the earnings margin remained in the two-digit figure range. EBITDA rose strongly by 13.6 percent to 30.6 million euros (prior year 26.9 million euros).

The **order intake** in the segment increased by 20.8 percent in 2015 to 211.1 million euros (prior year 174.7 million euros). This rise came from both divisions and included Vysionics' order intakes for the entire reporting period. In 2015, the Traffic Solutions division again concluded a multi-year framework agreement with the Austrian motorways and expressways financing corporation (ASFINAG) to purchase up to 18 systems for section control measurements. In addition, the division won a tender on the nationwide section control pilot project in 2015. This new technology will initially be tested in the German state of Lower Saxony. Jenoptik supplied the technology to monitor speed limits along a three-kilometer section of a main road. The segment's order intake exceeded the level of revenue in the year covered by the report, resulting in a book-to-bill ratio of 1.02 (prior year 0.94).

At the end of the year, the order backlog fell by 8.7 percent to 70.5 million euros. (31/12/2014: 77.2 million euros), which was, among other things, due to a reassessment of a project for traffic safety on which work had already started.

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METROLOGY SEGMENT AT A GLANCE (in million euros)

	2015	2014	Change in %
Revenue	207.0	185.0	11.9
EBITDA	30.6	26.9	13.6
EBITDA margin in %	14.8	14.6	
EBIT	23.0	22.5	2.1
EBIT margin in %	11.1	12.2	
Free cash flow	29.0	15.3	90.0
Order intake	211.1	174.7	20.8
Order backlog	70.5	77.2	−8.7
Employees	1,030	1,030	0.0

Other Indicators and Non-Financial Performance Indicators

Employees. As of December 31, 2015, the Metrology segment had 1,030 employees, the same number as in the prior year (31/12/2014: 1,030 employees). As at the reporting date, the segment had 26 young people in trainee positions (31/12/2014: 31 trainees).

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For more information on the key development topics please refer to the "Research and Development" chapter

Research and development. The segment's R+D output totaled 22.1 million euros (prior year 20.0 million euros). This included developments on behalf of customers in the amount of 3.1 million euros (prior year 2.7 million euros), which are shown under the cost of sales. The segment's R+D expenses came to 19.1 million euros (prior year 17.2 million euros). In 2015, the share of R+D output in the segment was 10.7 percent (prior year 10.8 percent).

The segment's capital expenditure in property, plant and equipment and intangible assets totaled 4.9 million euros in 2015 (prior year 5.5 million euros). A level of investment, which was 11.0 percent lower, is due to both predevelopments in the automotive business and the project status of major orders for traffic safety. It was offset by considerably higher depreciation/amortization and impairment losses in the sum of 7.6 million euros (prior year 4.4 million euros).

The free cash flow (before interest and taxes) in the segment almost doubled to 29.0 million euros (prior year 15.3 million euros). This development is chiefly due to a good quality of earnings and efficient working capital management.

Production and organization. Following the acquisition of the British traffic safety technology supplier Vysionics in 2014, Jenoptik successfully integrated the company within the Group over the reporting year. In the course of this process, Vysionics not only performed outstandingly in 2015 but gave rise to a range of synergies relating both to the product portfolio and the administrative areas.

As part of the strategic reorganization of the segment structure from January 2016, the Laser Machine business unit was integrated in the Industrial Metrology division with the aim of serving customers in the automotive market from a single source in the future. There were no structural changes in the Traffic Solutions division. The new segment formed from the Automotive and Traffic Solutions divisions, called Mobility, now focuses more strongly on the megatrends of efficiency, mobility and safety.

DEFENSE & CIVIL SYSTEMS SEGMENT

Development of Revenue, Earnings and Orders

In 2015, this segment has further established itself as a partner for systems companies and customers with a need for individual solutions. The increasing political tensions in the world over recent years led to increased demand in the field of defense technology in 2015. However, the ongoing export restrictions as well as the increasing consolidation pressure in the industry, particularly in the European Union and the United States, represented challenges in the past fiscal year. For this reason, the segment also continued to focus on an expansion of the international sales and service structures, especially in North America and in Asia, as well as on increasing the share of systems used in civil areas, such as railway engineering.

2015 was the best year for the Defense & Civil Systems segment in the company's recent history. The **revenue** achieved above-average growth to 211.4 million euros, 23.8 percent above that of the prior year (prior year 170.8 million euros). The increase is due in part to the good performance in energy and sensor systems as well as the settlement of a major order to equip the Patriot missile defense system. Increasingly, the activities of a greater internationalization of the business have been taking effect, enabling the proportion of revenue generated with foreign customers in the year covered by the report to be further successfully expanded. However, at around 47 percent (prior year around 42 percent), the Defense & Civil Systems segment's share of revenue generated abroad is markedly lower than in the other two segments, as a significant proportion of its products is still sold to German customers. For the most part, however, these do serve international end customers. The goal still remains to further expand the foreign share in the future.

The **segment's EBIT** climbed to 17.9 million euros, a figure many times greater than that of the prior year (prior year 2.1 million euros). Alongside international growth and a consistently market-oriented business focus in the segment, this significant improvement is also attributable to improved margins in the revenue mix. In addition, the postponement of a major project originally planned for 2014 until the 2015 fiscal year had a positive effect. In the fourth quarter of 2015 the sale of a foreign minority investment also had a positive influence on the EBIT in the amount of 1.9 million euros. Consequently, the EBIT margin of the segment improved significantly to 8.5 percent (prior year 1.3 percent). EBITDA even tripled from 7.2 million euros to 23.1 million euros.

In 2015, the **order intake** of the segment totaled 177.8 million euros, 4.5 percent above the figure for the prior year (prior year 170.2 million euros). The international Patriot missile project originally scheduled for 2014 could finally be recorded in the order intake in the second quarter of 2015. Jenoptik also received another order from the USA in 2015: At a value of 3.3 million US dollars, the segment will deliver generator controllers for the US Navy's fleet of transport helicopters up to 2016. With regard to civil systems, the segment acquired three European rolling stock manufacturers as new customers in the year covered by the report.

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

	2015	2014	Change in %
Sales	211.4	170.8	23.8
EBITDA	23.1	7.2	223.4
EBITDA margin in %	10.9	4.2	
EBIT	17.9	2.1	738.0
EBIT margin in %	8.5	1.3	
Free cash flow	14.6	–13.1	
Order intake	177.8	170.2	4.5
Order backlog	209.7	245.9	–14.7
Employees	881	885	–0.5

For approximately 6 million euros, more than one hundred locomotives will be equipped with alternators and power units in the next few years. Due to the increase in revenue, the book-to-bill ratio in the segment fell to 0.84 (prior year 1.00).

The order backlog on December 31, 2015 of 209.7 million euros was significantly below that of the prior year (31/12/2014: 245.9 million euros), but this was due primarily to the start of work on major long-term projects. A falling proportion of long-term military projects as well as more shorter-term private sector projects will have a greater influence on the exact extent of the order backlog in the future.

Other Key Indicators and Non-Financial Performance Indicators

Employees. With a total of 881 employees, the number of people working for the Defense & Civil Systems segment at the end of the year has fallen slightly, despite an increase in revenue and earnings (31/12/2014: 885 employees). At the year end, the segment had a total of 57 trainees in trainee positions (31/12/2014: 58 trainees).

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For more information on the key development topics please refer to the "Research and Development" chapter

Research and development. The segment's R+D output in 2015 totaled 6.6 million euros (prior year 9.0 million euros). Developments directly on behalf of customers fell to 1.8 million euros (prior year 3.9 million euros). This proportion is primarily due to joint development projects with systems companies. At 5.6 million euros, the segment's R+D expenses were at the same level as in the preceding year (prior year 5.8 million euros).

Capital expenditure. The segment invested 4.9 million euros in property, plant and equipment and intangible assets (prior year 5.4 million euros). As a result, the level of capital expenditure was 9.3 percent lower than in the previous year. Key projects were the modernization of machinery at the Wedel and Altenstadt sites as well as the modernization of the infrastructure in Wedel. The capital expenditure was offset by depreciation/amortization and impairment losses amounting to 5.2 million euros (prior year 5.0 million euros).

Due to the sharp increase in earnings and an optimized inventory management, the free cash flow (before interest and income taxes) improved significantly from minus 13.1 million euros in the prior year to 14.6 million euros in the 2015 fiscal year.

Foreign companies. In November 2015, the Defense and Civil Systems segment sold its 25-percent holding in the Italian sales company Martec S.p.A.. This company had been a sales partner in Italy since 2002, primarily for tilting technology. Since the sale, Martec has continued to serve as an agent for the Energy & Drive business unit.

Production & organization. In the second half of 2015, various changes were made to the internal organization of the segment. Optimized internal processes and interfaces now facilitate the more efficient processing of orders.

GENERAL STATEMENT BY THE EXECUTIVE BOARD ON THE DEVELOPMENT OF THE SEGMENTS

With their different target markets and international reach, the Jenoptik Group's three operating segments developed very well in 2015. All the segments achieved new record levels of revenue in a challenging global economic environment. Over the course of the fiscal year, they also succeeded in expanding their shares of total revenue generated abroad. Differing investment cycles, divergent patterns of demand, variations in the degree of progress on the internationalization strategy and measures to boost efficiency influenced the operating areas' development of earnings over the year. In the past fiscal year, the EBIT margin in the Lasers & Optical Systems segment was already within the group margin target corridor, that of the Metrology segment even exceeded it. The Defense & Civil Systems segment significantly increased its operating result and margin to new record levels. All three segments also improved their ability to generate cash and cash equivalents, thus making a highly positive contribution to the free cash flow.

Over the course of the past fiscal year, Jenoptik boosted its capital expenditure on expanding international sales structures, in efficient processes and the development of profitable cutting-edge products. These measures and the successful integration of acquired companies allowed us to strengthen our position in international growth markets, offer a broader range of systems and secure both major international projects and new customers, impressively testifying to and justifying our stakeholders' confidence in Jenoptik's performance capability.

Management Report of JENOPTIK AG

(Condensed Version according to HGB)

Supplementary to the reports on the Jenoptik Group, the development of JENOPTIK AG is set out below.

JENOPTIK AG is the parent company of the Jenoptik Group and based in Jena. Its asset, financial and earnings position is fundamentally defined by its capacity as the holding company of the Jenoptik Group. The operating activities of JENOPTIK AG, which primarily cover the subleasing of commercial premises, are of relatively minor significance.

JENOPTIK AG's Financial Statements are prepared according to German Commercial Law (HGB). The Consolidated Financial Statements are prepared according to the International Financial Reporting Standards (IFRS) valid on the reporting date and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) whose application is mandatory within the European Union. This gives rise to differences in the accounting and valuation methods, chiefly concerning fixed assets, derivatives, provisions and deferred taxes.

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ABBREVIATED INCOME STATEMENT OF JENOPTIK AG

(in thousand euros)

	1/1 to 31/12/2015	1/1 to 31/12/2014
Revenue	1,820	2,092
Cost of sales	1,340	2,882
Selling expenses	1,841	1,907
General administrative expenses	17,848	16,391
Research and development expenses	596	593
Other operating result	10,521	9,457
Income and expenses from profit and loss transfer agreements and income from investments	40,274	40,757
Financial result	1,587	1,959
Income from operations	32,577	32,492
Income taxes	2,765	3,447
Other taxes	18	44
Net profit	29,794	29,001
Transfer to revenue reserves*	739	14,000
Retained profits from prior year	17,957	14,403
Accumulated profit*	47,012	29,404

* According to the proposal put forward by the Executive Board to the Supervisory Board regarding appropriation of profits

ASSET, FINANCIAL AND EARNINGS POSITION

Earnings Position

JENOPTIK AG's net profit increased by 0.8 million euros, or 2.7 percent, to 29.8 million euros (prior year 29.0 million euros). The company's earnings position is mainly influenced by the contributions to earnings made by the subsidiaries, which are then paid to the company on the basis of existing control and profit and loss transfer agreements. The net earnings contribution of the subsidiaries fell slightly on the prior year, by 0.5 million euros, to 40.3 million euros. In the details, however, the earnings contributions are composed differently: the Defense & Civil Systems division significantly improved its low earnings contribution compared to the prior year, primarily due to execution of existing major orders, while business in the Traffic Solutions division showed a decline and earnings contributions were down on the prior year. The latter is mainly due to more difficult market conditions for traffic safety equipment in the US. An already negative earnings contribution in the Lasers area last year worsened again, in part attributable to the planned restructuring.

Gross profit resulting from subleases improved from minus 0.8 million euros to plus 0.5 million euros. This was due to the termination of a sale-and-leaseback agreement for real estate and the addition of the concerned real estate to the own portfolio as of December 31, 2014.

The year-on-year rise of 1.5 million euros in administrative expenses is chiefly due to higher personnel costs due to higher variable remuneration and recruitment of new employees and in the past and current fiscal year.

JENOPTIK AG reports research and development expenses amounting to 0.6 million euros (prior year 0.6 million euros), covering expenses for innovation management and the coordination of R+D work within the Jenoptik Group.

Selling expenses of 1.8 million euros (prior year 1.9 million euros) concern communications and marketing, and also include expenses for advertising and sponsorship.

The other operating result includes other operating income of 25.1 million euros (prior year 22.7 million euros) and other operating expenses of 14.6 million euros (prior year 13.3 million euros).

Other operating income rose by 2.3 million euros in the 2015 fiscal year. As in the prior year, the key elements in the reporting year were earnings from internal group recharges (intra-group charges and cost allocations). The increase was particularly due to 4.7 million euros earned from foreign currency exchange gains as a result of paying off loans issued in foreign currencies to foreign subsidiaries. This was countered by earnings 2.2 million euros lower than in the prior year due to reversal of provisions.

Other operating expenses rose 1.3 million euros in the past fiscal year, and cover cost allocations to subsidiaries, foreign currency exchange losses and expenses for group projects. Over the fiscal year, the other operating expenses were significantly influenced by a contractually agreed compensatory payment for the sale of two items of real estate and the valuation of existing loan receivables with Leutra Saale Gewerbegrundstücksgesellschaft mbH & Co. KG, Grünwald.

The financial result of 1.6 million euros (prior year 2.0 million euros), consisting of earnings from securities and loans, write-offs on loans and the interest result, fell by 0.4 million euros on the prior year.

The reduction in income taxes by 0.6 million euros to 2.8 million euros (prior year 3.4 million euros) is mainly due to tax effects from the sale of real estate. This was countered by tax adjustments based on the tax audit for the 2008 to 2011 fiscal years, which was completed in the past fiscal year. The comparatively low overall income tax expense is attributable to the use of tax losses carried forward.

Asset and Financial Position

At 629.4 million euros, the company’s balance sheet total remains at virtually the same level as the prior year (prior year 628.6 million euros).

The asset side of the balance sheet reflects JENOPTIK AG’s status as a holding company. Alongside a large share of financial assets (69.1 percent) in the balance sheet total, loans to associates comprise a further 15.6 percent of the balance sheet total. At the same time, the high level of

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BALANCE SHEET OF JENOPTIK AG (in thousand euros)

	31/12/2015	31/12/2014
Assets		
Non-current assets	451,378	476,551
Inventories, trade receivables, securities and other assets	99,405	123,943
Cash and cash equivalents	74,885	26,953
Current assets	174,290	150,896
Prepaid expenses	3,706	1,141
Total assets	**629,374**	**628,588**
Equity and liabilities		
Share capital	148,819	148,819
(conditional capital 28,600,000 euros)		
Capital reserves	180,756	180,756
Revenue reserves*	74,410	73,671
Accumulated profit*	47,012	29,404
Equity	450,997	432,650
Pension provisions	4,402	4,193
Other provisions	13,059	12,330
Provisions	17,461	16,523
Liabilities to banks	125,000	136,001
Trade accounts payable	1,011	1,663
Other liabilities	34,905	41,751
Liabilities	160,916	179,415
Total equity and liabilities	**629,374**	**628,588**

* Presentation in accordance with the Executive Board’s proposal to the Supervisory Board on the appropriation of profit

liquidity (11.9 percent of the balance sheet total) reflect the concentration of liquidity due to cash pooling with subsidiaries.

In the 2015 fiscal year, loans to associates fell by 24.3 million euros to 91.6 million euros (prior year 115.9 million euros). Alongside scheduled payment of existing loans in the amount of 42.6 million euros and unscheduled payments of 12.1 million euros due to real estate sales, a loan of 22.7 million euros was issued to redeem a real estate loan and a loan of 2.8 million euros was granted to a foreign subsidiary to finance an item of real estate. In addition, 4.2 million euros were used for real estate loans.

Loans to associates fell by 23.6 million euros, and chiefly affect the settlement accounts for cash pool holdings of subsidiaries. The reduction is due to positive cash flow developments at subsidiaries.

The increase in liquid funds by 47.9 percent to 74.9 million euros must be seen in this context.

Prepaid expenses and deferred charges increased by 2.6 million euros on the prior year, due to capitalized costs in connection with the expansion and extension of financial liabilities. These are distributed over the terms of the financing agreements.

The financing function of the holding company for the Jenoptik Group is expressed in the structure of equity and liabilities. Equity comes to 451.0 million euros, liabilities to banks to 125.0 million euros (19.9 percent of the balance sheet total). Liabilities to associates are worth 33.2 million euros, corresponding to 5.3 percent of the balance sheet total.

Thanks to the positive annual result, equity rose by 29.8 million euros. This was countered by the payment of dividends worth a total of 11.4 million euros for the fiscal year. The equity ratio grew from 68.8 percent to 71.7 percent.

The increase in other provisions is chiefly due to the provisions made for anticipated losses on two interest rate derivatives concluded in 2012 whose original underlying transaction involved variable-interest debenture loans and which have ceased to exist due to the restructuring of the debenture loans in the past fiscal year. Provisions were also established for further foreign currency derivatives in the amount of the ineffective portions.

Liabilities to banks fell by a total of 11.0 million euros in the fiscal year. The syndicated loan used in the prior year was fully repaid in the amount of 46.0 million euros. The syndicated loan facility was increased from 120 to 230 million euros in the fiscal year. In addition, the debenture loans were increased from 90 million euros to 125 million euros and extended through exchanges and new issues.

Liabilities to associates fell by 7.7 million euros, from 40.9 million euros to 33.2 million euros.

JENOPTIK AG's debt to equity ratio fell from 45.3 percent to 39.6 percent in the reporting year due to a reduction in credit liabilities and liabilities to associates in conjunction with an increase in equity.

As of December 31, 2015, JENOPTIK AG had 119 employees, of which 14 were temporary workers and 2 were trainees (prior year 115 employees, of which 10 temporary workers and 1 trainees).

Risks and Opportunities

Due to its function as a holding company, JENOPTIK AG's development of business is subject to the same risks and opportunities as the Jenoptik Group. It generally participates in the risks of investments and subsidiaries in line with their equity interest. The risks and opportunities of the Group and the segments are set out in the Risk and Opportunity Report from page 110 on.

Forecast Report

The annual result of JENOPTIK AG in its capacity as a holding company is largely dependent on the development of contributions to earnings by the subsidiaries.

For a detailed presentation of the expected future development of the Jenoptik Group and its segments, we refer to the Forecast Report from page 122 on.

Events after the Reporting Date

On March 8, 2016 the Executive Board submitted the Consolidated Financial Statements to the Supervisory Board for review and approval.

Dividends. In compliance with the German Stock Corporation Act, the amount that can be paid as a dividend to shareholders is set on the basis of the accumulated profit of the parent company, JENOPTIK AG, which has been determined in accordance with German Commercial Law (HGB). For the 2015 fiscal year the accumulated profit of JENOPTIK AG totaled 47,012,196.40 euros comprising net profit for the 2015 fiscal year in the amount of 29,794,453.80 euros less an allocation to the revenue reserves of 738,958.50 euros and plus retained profits of 17,956,701.20 euros.

Owing to the overall positive annual result for the past fiscal year 2015, the Executive Board recommends to the Supervisory Board that approval be sought at the 2016 Annual General Meeting for a 10 percent higher dividend of 0.22 euros (prior year 0.20 euros) to be paid for each no-par value share eligible for receiving a dividend. Thereby the amount of 12,592,385.30 euros of the accumulated profit of JENOPTIK AG for the 2015 fiscal year is designated for distribution, and the amount 34,419,811.10 euros is to be carried forward.

There were no other events of significant importance occurring after December 31, 2015.

Risk and Opportunity Report

PRINCIPLES OF RISK AND OPPORTUNITY MANAGEMENT AT JENOPTIK

For Jenoptik, the responsible evaluation of risks and opportunities within the corporate environment is one of the principles of responsible corporate governance. To be able to ensure implementation of the corporate strategy, it is necessary to identify risks and opportunities at an early stage, to evaluate them appropriately and control them efficiently. With this in mind, it is Jenoptik's goal to promote an open management risk culture and to regularly examine the effectiveness of the established risk management system.

Thoroughly revised in 2013 and 2014, the risk and opportunity management was also continuously developed in 2015. Reporting takes place via centrally available software. This enables us to guarantee the continued functioning of effective risk and opportunity management in an environment of increasing internationality and complexity.

Risks are defined as being such events that cause a minimum five percent deviation (or more than 100,000 euros) from the average expected EBIT value for the period under review for the respective risk reporting unit (1 to 4 years depending on the risk category). Risks are also those with a potential for damage that can also be assessed in terms of quality according to a risk matrix of 1 (very low) to 5 (high). Correspondingly, opportunities are events that can cause a positive deviation from our expected values. The risks and opportunities described here are the result of the aggregation of locally identified risks and opportunities that were each allocated to the top-down categories. G 22

Organizational Integration of the Risk and Opportunity Management

Overall responsibility for the Jenoptik Group's risk and opportunity management system lies with the Executive Board which has defined group-wide guidelines for effective risk and opportunity management in a risk manual.

The central Risk & Compliance Management department organizes and manages the system in close collaboration with the risk officers of the divisions and central departments. They are responsible for implementing the risk and opportunity management system in the risk reporting units, i.e. the respective business units.

Internal Auditing monitors the effectiveness of the risk management system as an internal authority, while the Audit Committee takes up the external monitoring function for or in conjunction with the Supervisory Board. G 23

In addition, twice a year, the Risk & Compliance Committee reviews the effectiveness of the risk management system and the corresponding processes, initiates changes where appropriate and, following analysis of the aggregated reporting results, recommends to the Executive Board a

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RISK CATEGORIES

Operational Risks/Opportunities

Supply Chain Management / Safety and Environmental Protection / Production (incl. quality management) / Marketing & Sales / Patents & IP rights / Human Resources Management / IT (incl. implementation of JOE project) / Compliance / Legal Affairs / Real Estate

Financial Management Risks/Opportunities

Accounting / Finance Management (Treasury) / Controlling / Taxes

Strategic Risks/Opportunities

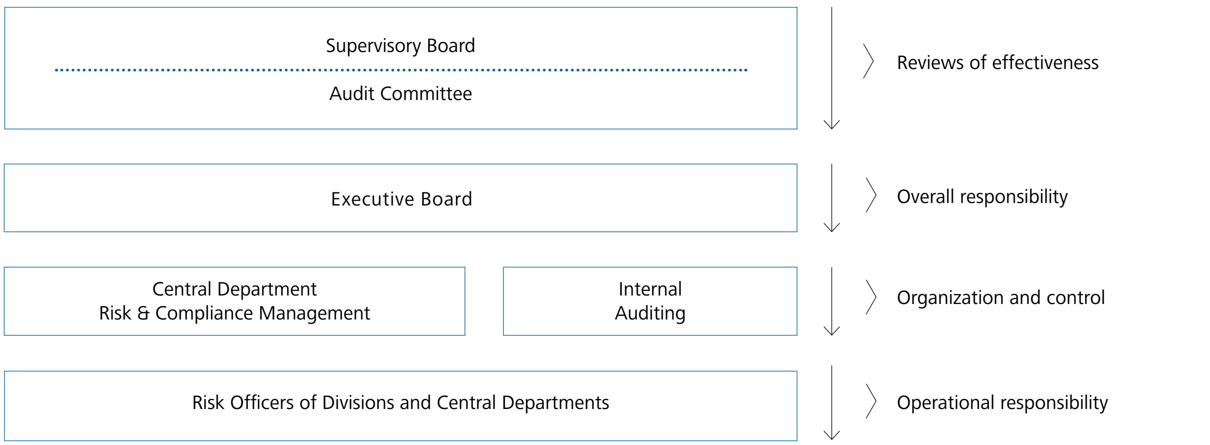
Market Development / Product Development (incl. R+D) / Corporate Development (Portfolio and Structure) / Organizational Setup (Processes and Resources)

1 year | 2 years | 3 years

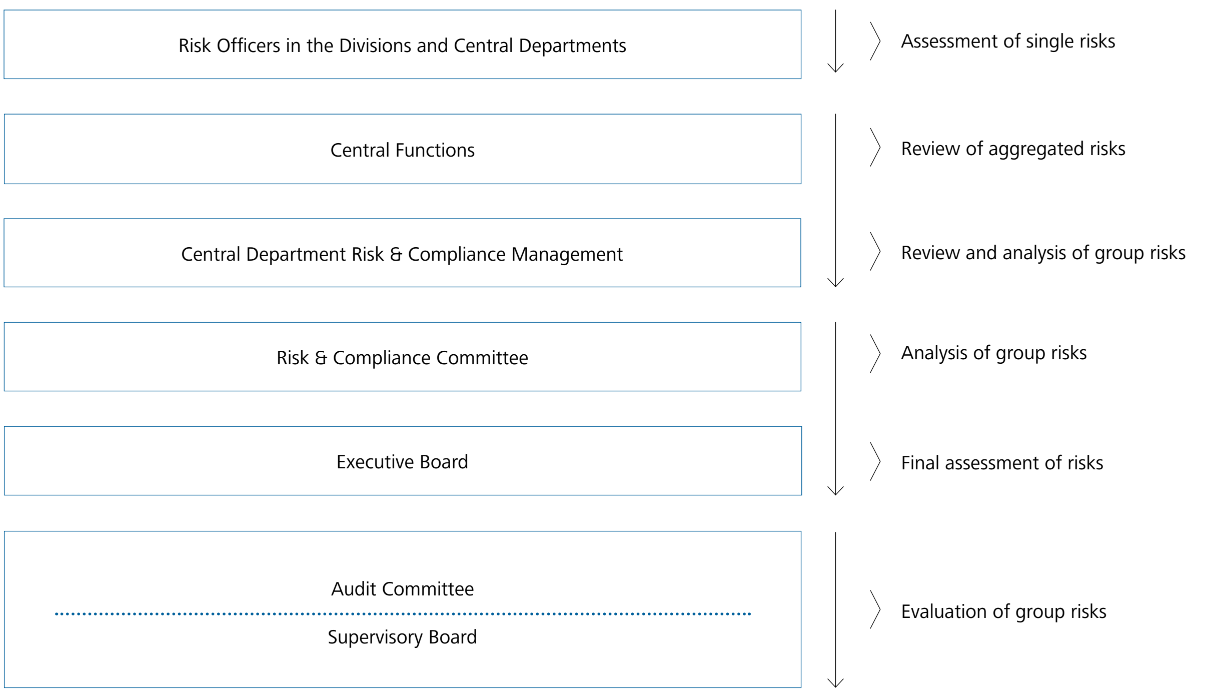
comprehensive evaluation of the Group's risk situation (for Reporting see G 24). The Risk & Compliance Committee comprises the members of the Executive Board and the heads of the central Legal, Internal Auditing as well as Risk & Compliance Management departments.

The consolidated companies exposed to risk correspond essentially to those included in the consolidated balance sheet (page 140 f. in the Notes).

G 23
ORGANIZATION OF RISK AND OPPORTUNITY MANAGEMENT



G 24
PROCESS OF RISK REPORTING



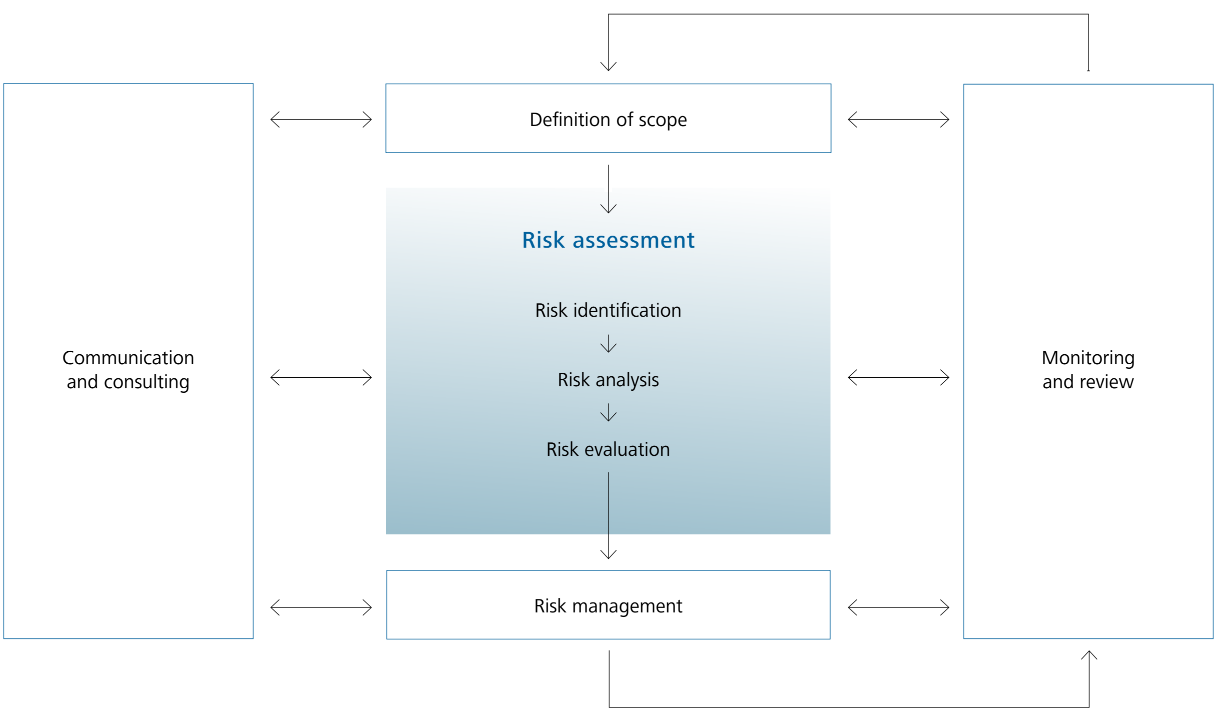
Structure and Processes of the Risk and Opportunity Management System

The Jenoptik risk management system is based on the ISO 31000 standard. G 25

The scope and its ongoing development is defined in close cooperation between the Risk & Compliance Committee and the Audit Committee of the Supervisory Board. It is adopted by the Executive Board and is its responsibility. The central Risk & Compliance Management department is the link between all involved parties. It communicates the requirements regarding risk management, advises on their efficient implementation and monitors the measures and results of the risk management processes.

One core process of risk management is the risk assessment. This takes place in a combination of top-down and bottom-up elements. In order to ensure the most in-depth risk identification and comparability possible within the company, a risk register was developed which supports the management in the evaluation of risks. It comprises several specified risk categories to which potential risks are allocated by the risk reporting units. This is to ensure that each risk reporting unit deals with the entire risk landscape and that, simultaneously, an aggregation of the results is guaranteed across the specified categories. Within the scope of the risk analysis, the risk reporting units determine the risks, in order to be able to undertake a valid risk assessment in the next stage regarding the assessment methods (qualitative or quantitative), their temporal dimension (operational or strategic) and the measures already taken or still required (risk management). This takes place in accordance with the net method, i.e. mitigating measures are already included in the assessment so that only the assessed residual risk is reported and aggregated. The assessment of a risk is the product of the probability of occurrence and the amount of loss or the qualitative extent of damage. The opportunities are evaluated in the same way. G 26

G 25
JENOPTIK RISK MANAGEMENT SYSTEM



There is a scale of 1 to 5 for both assessment factors mentioned (probability of occurrence and amount of loss), with 1 being the smallest possible risk score and 25 the greatest possible risk score. G 27

Every six months, the results of the risk assessments are requested by the central Risk & Compliance Management department via the Chief Risk & Compliance Officer at the risk reporting units and aggregated to the Group Risk Report. The central departments can then undertake a comprehensive evaluation before the results are discussed at the Risk & Compliance Committee and a comprehensive evaluation is recommended to the Executive Board along with other measures if necessary. Once the Executive Board has approved the Group Risk Report, it is discussed at the Audit Committee before being submitted to the Supervisory Board.

In addition, any risks identified during the year which have a high probability of occurrence and significant potential for damage, are communicated without delay to the Chief Risk & Compliance Officer and the Executive Board. Following joint analysis with the technical departments, they decide on further measures to be taken and, if necessary, the required communication.

The above mentioned reporting instruments also form the basis for the risk early warning system. This is reviewed within the framework of the audit of the financial statements by the auditor in order to ensure that the system is appropriate for promptly recording, evaluating and communicating all risks that could potentially jeopardize the Group's existence.

Risk Prevention and Ensuring Compliance

Risk prevention is a key element of the risk management system, and an integral part of regular business operations and committee work. Consequently, risks and opportunities as well as their impact on the company are discussed during the monthly meetings of the Executive Board, meetings of the Executive Management Board as well as at strategy and earnings meetings. In addition to the Executive Board and the heads of Group Controlling, Strategy and the operating units, the Chief Risk & Compliance Officer also participates in the six-monthly strategy meetings to be able to evaluate the impact of risks identified throughout the year on the strategic goals of the Group. At the same time, potential risks to achieving the strategic goals can be considered directly in the strategy development process and minimized by taking suitable measures.

G 27

OVERVIEW OF RISK SCORES

Probability of occurrence in %	1	2	3	4	5
5	5 Low	10 Medium	15 Medium	20 Medium-High	25 High
4	4 Low	8 Low	12 Medium	16 Medium-High	20 Medium-High
3	3 Very Low	6 Low	9 Medium	12 Medium	15 Medium
2	2 Very Low	4 Low	6 Low	8 Low	10 Medium
1	1 Very Low	2 Very Low	3 Very Low	4 Low	5 Low

Consequences or extent of damage

G 26

RISK ASSESSMENT

Metrics	Probality of occurence	Consequences resp. extent of damage		
		Qualitative		Quantitative (negative impact on EBIT)
5 = High	> 25%	The goal of the Group or the division are jeopardized	or	> 20% or 500,000 euros
4 = Medium-High	10 to 25%	The goal of the Group or the division must be adapted immediately	or	> 15 to 20%
3 = Medium	5 to < 10%	The goal of the Group or the division must be adapted in the medium term	or	> 10 to 15%
2 = Low	1 to < 5%	Further measures are necessary in order to achieve the goals of the Group or the division	or	> 5 to 10%
1 = Very Low	0.1 to < 1%	Minor consequences	or	> 0 to 5%

Another means of risk prevention is the implementation of the group guideline "Transactions with particular characteristics". If a contract which is to be concluded or an obligation to be entered into meets one of the criteria defined in this guideline identifying the transaction as deviating from the norm (for example, a particularly high order value, deviating financing conditions, regulations on expertise transfer or strategic aspects), a special control process is started. All the central departments affected and the Chief Risk & Compliance Officer are involved in this. All opinions are submitted to the Executive Board prior to the possible approval being granted, so that the final decision regarding such a transaction can always be made after consideration of all identified potential risks and opportunities.

Compliance with nationally and internationally recognized compliance requirements is an integral part of risk prevention and of the processes of Jenoptik's risk management system. In order to improve employee awareness, and to achieve company-wide uniform understanding of our compliance standards, special training courses on subjects relevant to compliance, such as anti-corruption or anti-trust law, are regularly held at both the German and foreign business units. All employees at all business units also receive training in the most important basic compliance topics via a web-based online compliance training course. At the time of reporting, more than 2,600 employees around the world have already successfully completed the training.

The supplier code of conduct introduced in 2014 requires Jenoptik's contractors to comply with a number of different compliance requirements in accordance with the international standards.

Page 47 f.

For further information on compliance please refer to the Corporate Governance Report

Central business partner screenings (third party due diligence) help to ensure that cooperation only takes place with business partners who comply with and guarantee the Jenoptik compliance requirements. A special help desk is available on the intranet to help employees with any risk or compliance issues they may have. The corporate guidelines implemented within the Group with regard to important company processes are continually being reexamined, expanded and updated. They are published on the intranet.

Jenoptik therefore has a system of regulations, processes and controls which enable it to identify any possible deficits in the company and to minimize them using appropriate measures at an early stage. The Internal Control System is an integral part of the risk management system and covers the entirety of all regulations and measures, basic principles and procedures for achieving the corporate objectives.
In particular, its intention is to ensure the security and efficiency of business processing as well as the reliability of financial reporting. It is regularly reviewed by the Internal Auditing. In addition, ICS and compliance questionnaires were drawn up for 2015 which are filled out by the management of the respective operating units. Monitoring and assessment of the completed questionnaires is carried out by the central departments Accounting, Internal Auditing and Risk & Compliance Management.

Internal Auditing is permanently incorporated into the ongoing further development of the internal control and risk management system through process-independent audits. As a staff department, it reports directly to the Chairman of the Executive Board. Internal Auditing conducts audits in the form of so-called Jenaudits. This involves the organizational units of the Jenoptik Group being analyzed and audited on the basis of a risk-oriented audit plan. The compliance with and proper implementation of the applicable guidelines form integral parts of the audit. This not only identifies errors or process weaknesses but also potential process improvements in the sense of a "Best Practice approach". The recommendations are prioritized, categorized and reported directly to the persons responsible for the audited units, the respective central departments as well as to the Executive Board. Breaches or errors are analyzed and work on their elimination initiated as quickly as possible. The audited unit then submits an implementation report as to which of the stated recommendations have been implemented by a defined date. This is followed by so-called follow-up audits which review the implementation of the recommendations, with information on the results being sent to the respective management levels and central departments as well as the Executive Board. Internal Auditing submits a report to the Audit Committee of the Supervisory Board at least once a year on its key findings since the last report. In 2015, four Jenaudits, two follow-up audits and one special audit were conducted. Six units received support for implementation of the measures.

Key Features of the Internal Control and Risk Management System with regard to the Consolidated Accounting Process (§ 289 (5) and § 315 (2) (5) of the German Commercial Code (HGB))

The accounting-related internal control system is part of the overall Internal Control System (ICS) of the Jenoptik Group. Its purpose is to ensure compliance with statutory regulations, accounting rules and internal guidelines for uniform accounting and valuation principles, which are binding for all companies included in the Consolidated Financial Statements. The aim of the ICS is to ensure a proper process for the preparation of the Consolidated Financial Statements. New regulations and changes to existing rules are analyzed promptly and implemented. All employees involved in the accounting process receive regular training.

Access restrictions in the respective IT systems protect the financial systems against abuse. Centralized control and regular backup of the IT systems reduce the risk of data loss.

From the technical aspect, the Finance department is responsible for preparing the Consolidated Financial Statements. In this context, clear divisions of responsibility and function, in adherence to the cross-check principle, are characteristic features of the financial reporting process in the Jenoptik Group.

In order to prepare the Consolidated Financial Statements, the IFRS data of the companies is recorded directly by them in the consolidation tool SAP Business Objects Financial Consolidation. The transferred data from the statements and financial statements of consolidated companies is verified by technical system inspections. All the consolidation processes required for the preparation of the Consolidated Financial Statements are documented. These processes, systems and controls enable Jenoptik to ensure with sufficient certainty a reliable group accounting process which complies with both the IFRS and statutory requirements. Independent auditors audit the financial statements of the companies in accordance with the IFRS regulations, as adopted by the EU, or the data relevant to the group accounting regulations.

Jenoptik has a centralized financial management system. The central Treasury department coordinates the financing needs of the Group, ensures liquidity and monitors the currency, interest and liquidity risks on the basis of group-wide guidelines. These guidelines include provisions for the clear separation in personnel terms of transaction and corporate supervision as well as trading within predetermined limits.

The purpose of financial risk management is to limit financial risks arising from changes in market rates. Financial instruments are used exclusively for the purpose of securing underlying transactions and not for speculative purposes and are only concluded with banks with good to very good credit ratings. Currency-related risks arise from the Group's international activities. The central Treasury department identifies these risks in collaboration with the group companies and controls them with appropriate measures such as the conclusion of forward exchange contracts. As a basic principle, all group companies must hedge foreign currency positions on the date they are created. Hedging is made on the level of individual transactions with the aim of creating hedging relationship with the highest possible effectiveness.

The interest rate risk is reduced, among other things, by the conclusion of fixed-interest loans. In addition, so-called interest rate swaps are used to reduce the risk of changing interest rates for loans with variable interest. Since the swaps were concluded on the basis of debenture loans with variable interest that were since replaced the hedging relationship does not exist anymore in this case. A variable interest rate was consciously agreed for a part of the loans in order to fully profit from the current low interest rate environment.

The purpose of the liquidity planning is to identify liquidity risks at any early stage and to systematically minimize them on a group-wide basis. A monthly rolling liquidity forecast and regular treasury reports are used for liquidity control and monitoring.

The Corporate Governance Report and the Corporate Governance Statement according to § 289a of the German Commercial Code (HGB) can be found in the Investors/Corporate Governance section at www.jenoptik.com. According to § 317 (2) (3) of the German Commercial Code, the information required under § 289a is not considered by the auditor.

THE GROUP'S RISK AND OPPORTUNITY PROFILE

The Group's risk profile for 2015 and 2016 was determined with the aid of the various risk and opportunity assessments from the segments. Jenoptik's risk and opportunity management, fundamentally revised in 2014, makes possible a direct comparison of the individual risk subcategories and the associated risk symptoms for the 2015 fiscal year. T 42

The strategic risks were assessed as the highest with risk scores in the medium range compared with the operational and financial risks. These risks are discussed in the six-monthly risk assessment and strategy meetings along with the strategic opportunities.

Jenoptik operates on very different, some very volatile markets, such as the semiconductor equipment, automotive and defense markets, so the market development may represent both a continuous risk and opportunity. The internationalization and diversification of the Group mean that fluctuations in individual markets can be better, but not completely, offset. However, should massive market changes or political sanctions occur in key regions or industries, this may also have a significant influence on Jenoptik's business performance. Opportunities are primarily generated by an accelerated internationalization of different operating functions within the value-added chain. This will also counteract the possible shift of market shares to the benefit of competitors, for example in Asia. As an innovative technology company, product development also plays a crucial role in Jenoptik's sustainable economic success. It does entail comparatively high inherent risks but also significant opportunities, as successful new product developments may lead to competitive advantages. In order to bring products quickly and efficiently to the market, the qualification of the Group's own resources as well those of suppliers and partners must be further accelerated. This helps to secure long-term growth.

In order to be able to guarantee this on the different markets, it is necessary to align corporate development and the

T 42
JENOPTIK RISK PROFILE 2015/2016

	Group risk assessment	
	Actual	Previous year
Strategic Risks		
Market Development	Medium	Medium
Product Development (incl. R+D)	Medium	Medium
Corporate Development (Portfolio and Structure)	Medium	Medium
Organizational Setup (Processes and Resources)	Medium	Medium
Operational Risks		
Supply Chain Management	Medium	Medium
Safety and Environmental Protection	Low	Low
Production (incl. quality management)	Medium	Low
Marketing and Sales	Medium	Medium
Patents and IP rights	Low	Low
Human Resources Management	Medium	Medium
IT (incl. implementation of JOE project)	Medium	Low
Compliance	Low	Low
Legal Affairs	Low	Low
Real Estate	Low	Low
Financial Management Risks		
Accounting	Medium	Low
Finance Management (treasury)	Medium	Medium
Controlling	Medium	Medium
Taxes	Low	Low
Total Risk	Medium	Medium

underlying strategy to the prevailing conditions. This relates, on the one hand, to the portfolio of products, with which products or services will be supplied to which markets. On the other hand, it concerns the development of necessary structures. This provides a continuous optimization, for example through targeted investment in the form of corporate acquisitions or joint ventures, but possibly also through divestments if necessary. On the one hand, this means opportunities to generate sustained profitable growth with an optimized portfolio. On the other hand, this represents a challenge for the entire organization, with the risk that the expected growth and synergy effects may not be realized in good time to the extent expected. Corresponding organizational development is therefore also an essential prerequisite for successfully increasing corporate value. Optimized procedures, for example, standardized IT-based processes as well as the provision of necessary resources, are crucial for this. In times of rising skills shortages in Germany and increased competition for qualified employees, there is a latent risk that Jenoptik will be unable to occasionally fill positions promptly. In order to counteract this effect, the necessary HR processes, such as the Employer Branding campaign or the applicant management system, undergo constant development.

The operational risks were assessed predominantly with low to medium risk scores. The increasing number of complex international and technically demanding projects makes very high demands on supply chain management and, in particular, on the technical expertise of the suppliers. Moreover, single sourcing is currently difficult to avoid for individual components, although by strengthening strategic purchasing in the medium term, an increasing number of suitably qualified suppliers should be ensured and further opportunities in the form of cost reductions will result from international purchasing activities.

When handling long-term projects, potential risks may occur in the area of production, which are often only detected once a production process is underway. These may arise, for example, due to complex contractual requirements, subsequent adjustments to the job costing, changes to economic and technical conditions or as a result of deficiencies in project control. It is usually only with difficulty that the potential shortcomings and errors that occur can be rectified, which may result in additional costs in the manufacturing processes. Furthermore, the permanently increasing customer requirements including different quality requirements may pose the risk that these will not be completely satisfied.

In the marketing and sales area, it is necessary to be able to service market and industry-specific demand and the growth targets derived from it via an appropriate sales and service network. Market-specific action concepts have been developed for this during recent years, which have already been implemented. To the extent to which qualified employees, resources and systems can be made available in Germany and abroad, the corresponding opportunities can also be realized due to the increasing internationalization.

Jenoptik’s global IT systems and processes pose inherent operational risks of group-wide importance. Security and availability of the IT systems have top priority. Data is stored on redundant storage media and secured against data loss by means of a tiered archive system and a sophisticated backup system. Business-relevant data, for example from enterprise resource planning systems and design drawings, as well as e-mails, are stored in additional archive systems which comply with statutory requirements. The base systems for the applications are virtualized. This allows for rapid data recovery in the event of a possible crisis scenario. Due to the increased digitization, the associated increased requirements in the field of IT and the further ongoing internationalization, the risk for the IT area (including implementation of the JOE project) was upgraded from “low” to “medium” for the Group.

Implementing the group-wide standardized ERP system for the efficient control of corporate resources has given rise to further opportunities for the the standardization of business processes and for improved central control. These compare with potential projects risks arising from increasing statutory and complex corporate requirements that must be taken into account in the ERP system. So there might be a risk that isolated projects may not be completed by the scheduled time.

Against the background of Jenoptik's business operations, one group-wide operating risk is compliance in terms of adherence to various legal and ethical requirements. As a company with customers and business partners in numerous countries, clients in the public sector and involvement with the US defense market, Jenoptik must grapple with many compliance requirements. Although with a group-wide export control organization, the central Risk & Compliance Management department and corresponding processes the necessary organizational measures have been implementd to avoid potential compliance violations, these cannot be entirely ruled out. The continuous development of our compliance management system should therefore close up possible process gaps, ensuring that processes comply with statutes and regulations.

The potential risks in the area of accounting were classified for the Group to be at the lower end of the medium range overall, as risks could possibly arise regarding the partially newly established processes through the implementation of new software systems (control systems). In the area of financial management, the finance management risks assessed as "medium" relate to possible fluctuations in the working capital as well as potentially stronger exchange rate fluctuations and the inherent liquidity risk which has been reduced in 2015. One of the ways in which we address this is active inventory and receivables management to control the working capital and the use of a treasury management system which facilitates precise forecasting and effective liquidity management. In addition, Jenoptik also has good financial resources and access to alternative financing options which can be used to counter fluctuations and the resulting negative effects at short notice. In the areas of controlling and accounting, opportunities arise from the intensive use of the standard SAP system. Ongoing efficiency improvements with the help of newly established controlling systems provide better control for the Group, while simultaneously reducing possible missing information in reporting. The topics named in the area of financial management risks also include the segment-specific risks.

RISK AND OPPORTUNITY PROFILES OF THE SEGMENTS

The risk and opportunity profile of the Jenoptik Group was derived from the various risk profiles of the segments, which are represented as follows. T 43

Lasers & Optical Systems Segment

The demand in the semiconductor equipment industry, which is characterized by cyclical developments, may have a significantly positive or a significantly negative impact on the segment results. Moreover, the focus on major customers may also pose the risk that the loss of one customer may have a significant effect on results. At the same time, the loyalty of such customers brings the prospect of profitable revenue growth due to economies of scale, although there is always an inherent threat posed by a growing number of mainly Asian competitors as well as the trend among suppliers and customers towards forward and/or backwards integration. However, it may be realized through the continuous expansion of the existing competitive advantages.

As an innovative technology company, it is of great strategic importance for Jenoptik that new product developments become market-ready quickly and efficiently. However, this is associated with various technological and organizational challenges, because with an increasing number of products, some technologically new and very specific customer requirements as well as complex market developments and increased competitive pressure must be taken into account, which may in some circumstances make it necessary to realign corporate resources. This is being addressed as a result of the targeted corporate development, for example in the form of greater focus on system and end customer transactions, an efficient realignment of the organizational structure as well as the continuous optimization and investment in necessary resources. Due to the planned changes in the organization in parts of the segment, the risk for their development is assessed as "medium–high", as a final assessment regarding the success of the changes cannot yet be made.

In operations, the very specific customer requirements named lead to specific challenges in supply chain management and in the production processes. For many components, there is only a very limited number of qualified suppliers which are able to meet the necessary specifications in a timely manner. When such a supplier is lost or the customer changes specifications, this can result in corresponding problems in the development or production process. Further partners will be qualified with the help of Strategic Purchasing, in order to continually develop a stable base of qualified suppliers in the medium and long term. Specific customer requirements, especially regarding the quality of the products, also lead to increased demands on facilities in the area of manufacturing, which must be countered by targeted expansion or replacement investment. Consequently, there is a possible risk that the required quality requirements could not be achieved by the agreed time, which may in turn lead to delays in delivery.

In the area of marketing and sales, the further expansion of international service and sales structures is key to achieving the growth targets. The necessary base for the continual expansion of qualified resources in Germany and abroad is to be created by appropriate incentive concepts.

T 43

RISK PROFILES OF THE SEGMENTS

	Group risk assessment					
	Lasers & Optical Systems segment		Metrology segment		Defense & Civil Systems segment	
	Actual	Previous year	Actual	Previous year	Actual	Previous year
Strategic Risks						
Market Development	Medium	Medium	Medium-High	Medium	Medium	Medium-High
Product Development (incl. R+D)	Medium	Medium	Medium-High	Low	Medium	Medium
Corporate Development (Portfolio and Structure)	Medium	Medium	Medium	Medium	Medium	Medium
Organizational Setup (Processes and Resources)	Medium-High	Medium	Medium	Low	Medium	Medium
Operational Risks						
Supply Chain Management	Medium	Medium	Low	Low	Medium-High	Medium
Safety and Environmental Protection	Low	Low	Low	Low	Low	Low
Production (incl. QM)	Medium	Low	Medium	Low	Medium	Medium
Marketing and Sales	Medium	Medium	Medium-High	Medium	Medium	Medium
Patents and IP rights	Low	Low	Low	Low	Low	Low
Human Resources Management	Medium	Medium	Medium	Low	Medium	Medium
IT (incl. implementation of JOE)	Low	Low	Medium	Medium	Low	Low
Compliance	Low	Low	Low	Low	Low	Low
Legal Affairs	Low	Low	Low	Medium	Low	Low
Real Estate	Low	Low	Low	Low	Low	Low
Financial Management Risks						
Accounting	Medium	Low	Medium	Low	Low	Low
Finance Management (treasury)	Medium	Medium	Medium	Medium	Low	Medium
Controlling	Medium	Low	Medium	Medium	Medium	Low
Taxes	Low	Low	Medium	Low	Low	Low
Total Risk	Medium	Low-Medium	Medium	Low-Medium	Medium	Medium

Metrology Segment

Market development in the Metrology segment also poses both a significant risk and a significant opportunity simultaneously. Achieving revenue targets in the field of industrial metrology is strongly linked to the automotive market, with its volatility possibly representing both a risk and an opportunity at the same time. The final impact and associated potential risks for Jenoptik due to the exhaust gas manipulations are not yet foreseeable. Increased state regulations would certainly mean planning uncertainties for the industry, which may also represent an increased overall potential risk for Jenoptik. Moreover, the current uncertain economic and political developments in the Asian market for traffic solutions pose a medium–high risk for this segment. As a supplier to international public-sector customers in particular, Jenoptik is exposed to both the political and economic development of the respective countries. Particularly in the event of political unrest or regime change, this might result in projects being delayed or even stopped entirely. However, in contrast, increasing political stability and economic prosperity of the countries can open up opportunities to better serve the evolving demand for traffic solutions.

Through continuous optimization of the product portfolio as part of the corporate development, strategic opportunities will be able to compensate for these possible fluctuations in demand within a defined scope. Nevertheless, due to disruptive changes expected in the medium term in what are currently still stable market segments and increasing competitive pressure, it is also necessary to develop new sales opportunities in the medium term. Targeted acquisitions help here, but the resulting positive effects will only be fully felt after complete integration of the respective units.

In the area of traffic solutions, the increasing internationalization of projects and parts of the value chain is reflected in increased demands on supply chain management, manufacturing, marketing/sales and HR management. The strategic risk of corporate development is closely linked with the operational risk in marketing and sales, as the rapid expansion of efficient service and sales structures is of crucial importance for the sales targets, particularly abroad. The delays in the development of structures may lead to the loss of orders. The recruitment of qualified employees is therefore a challenge for Jenoptik due to the high level of competition and is assessed as "medium–high".

The necessary successively replacement of the old systems and the introduction of the group-wide ERP system has already successfully begun, but has not yet been implemented at all sites for all areas. So, in addition to the existing risks inherent in the process of implementation, a possible delay in realizing the targeted efficiency gains must also be taken into account. Consequently, the risk situation in the IT area is assessed as "medium". However, this should be minimized with the integration of external support and permanent project controlling.

Defense & Civil Systems Segment

The Defense & Civil Systems segment is heavily reliant on the state of public finances within the client countries. Due to various global political conflicts and tensions, defense has regained strategic importance. For example, in the medium term a significant increase is investment in the German armed forces is planned, which may lead to a higher order intake in the segment. Despite the continuing restrictive export policy of the Federal Government and the current sanctions against Russia, what was previously considered a "medium–high" risk can now be downgraded as a medium risk for the segment due to current geopolitical developments. Within the scope of corporate development, one way in which potential risks are being addressed is through the development of international activities and the expansion of the product portfolio on the civil systems side. The processes and resources required for this must be gradually adapted within the course of strategic organizational development. The marketing and sales activities will also be intensified or refocused in order to be able to underpin the corresponding growth options operationally with new orders.

Since a large proportion of the segment revenue is the result of project business, product development and product launches pose both risk and opportunity simultaneously. There are currently several major development projects, which offer high potential for the generation of future revenue. However, there are also inherent technological and organizational risks which might jeopardize the timely development success. Due to the business model focused on long-term customer relationships in turn leading to long product life cycles, the quality of the suppliers is an important success factor. The comparably high number of single sourcing suppliers for individual products and the associated high dependency may pose risks for the segment which are classified as "medium–high".

Risks Across All Segments ("Other" Segment)

Part of the risk assessment of the segments is also a review by the central functions of the holding company and the Shared Service Center, so that their risks are included in the segment reporting and in the final group assessment.

GENERAL STATEMENT BY THE EXECUTIVE BOARD ON THE GROUP'S RISK AND OPPORTUNITY SITUATION

Overall, in terms of strategic, operational and financial management risks, the Jenoptik Group has a slightly increased risk exposure compared with the prior year, which is assessed as "medium".

The strategic risks that were assessed as "medium" are offset by adequate opportunities or were met by measures which may offer sustainable, beneficial strategic positioning. This is particularly the case for the possible risks in the subcategories "Product Development", "Corporate Development" and "Organizational Development". The risks in the subcategory "Market Development" are attributable for the most part to external sources of risk that can only partly be forecast or minimized.

In the area of operational risk, the further successful development and expansion of the sales structures is of crucial importance in the achievement of the defined strategic goals. The same applies for the areas of supply chain management and production, to which special attention must be paid due to the high technological requirements in an international environment and a resulting single sourcing inherent in the product. Due to the increased digitization, the associated increased requirements in the field of IT and the further ongoing internationalization, the risk for IT (including implementation of the JOE project) has been upgraded from "low" to "medium" for the Group. The continuation of the JOE project in 2015 means that there could in the future be further opportunities for standardization of the business processes and thus for better centralized control.

The potential risks in the area of accounting were classified for the Group to be at the lower end of the medium range, as risks could arise regarding the partially new processes to be established in the course of implementing various new systems. The financial management risks which were assessed as "medium" relate to possible fluctuations in the working capital as well as possible stronger exchange rate and interest fluctuations and the inherent liquidity risk, which has further reduced in 2015.

Overall, there is a balanced relationship between risks and opportunities in the Jenoptik Group. No risks were identified which may jeopardize the continued existence of the Group.

Forecast Report

FUTURE DEVELOPMENT OF THE JENOPTIK GROUP

Framework Conditions

Future Macro-Economic Development

The International Monetary Fund (IWF) expects moderate growth of 3.4 percent in the global economy for 2016. A slightly improved economic situation is forecast for the emerging and developing economies as a whole, with hope particularly resting on India, South-East Asia and Africa. Russia and Brazil are unlikely to come out of recession in 2016. The moderate growth seen in industrial nations may pick up further, facilitated by a slight upturn in Japan, the euro zone and Canada. The IMF sees risks in China's weak growth figures, more restrictive financing conditions caused by the interest rate hike in the US and in the potential escalation of geopolitical tensions. T 44

The US is expected to maintain its robust growth rate seen in 2015. Nevertheless, the IMF has reduced its prior forecasts for 2016 and 2017 by 0.2 percentage points to growth of 2.6 for both years. Thanks to low oil prices, solid consumer spending will continue to ensure growth momentum. The strong US dollar remains a risk that pushes up prices of US goods abroad and thus weakens exports.

For the euro zone, the IMF anticipates GDP growth of 1.7 percent in the current year, in line with EU Commission forecasts. Growth will primarily be driven by stronger consumer spending, lower oil prices and low exchange rates. Risk factors, according to the EU Commission, are economic difficulties in emerging countries, in particular slower growth in China, and geopolitical uncertainties.

T 44

GROWTH FORECAST FOR GROSS DOMESTIC PRODUCT (in %)

	2016	2017
World	3.4	3.6
US	2.6	2.6
Euro zone	1.7	1.7
Germany	1.7	1.7
China	6.3	6.0
Emerging economies	4.3	4.7

Source: IMF, World Economic Outlook, January 2016

The German Federal Government is forecasting GDP growth of 1.7 percent for 2016. Strong consumer spending is again expected this year, helping to boost gross domestic product, and facilitated by factors including the low oil price. Early indicators, however, suggested uncertainty at the beginning of the year. The ifo Business Climate Index took a surprising fall in January 2016 to its lowest figure since February 2015. Companies are assessing their outlook as considerably worse, especially in sectors dependent on foreign demand.

Economic growth in China is expected to slow further. The government is committed to strengthening domestic consumption and the service sector. However, economists believe that these adjustments to the economic structure will lead to a further reduction in the previously very high growth rates. The Chinese government has issued a new Five-Year Plan, which foresees an annual growth rate of 6.5 percent. In the current year, GDP is due to rise 6.5 to 7.0 percent. In view of a growing debt burden, a real estate bubble and overcapacity, however, the IMF is anticipating growth of just 6.3 percent. At the start of the year, the Purchasing Manager Index for industry – an early indicator – took a surprising fall below the critical figure of 50 points; exports and imports also dropped sharply on the comparative figures.

Future Development of the Individual Jenoptik Sectors

Photonics has become established as a key technology with a considerable leverage effect on other industries and services, especially in the automotive, medical technology, electronics and defense industries. In the update to the "Photonics Industry Report" published in 2015, the Spectaris, VDMA and ZVEI industry associations firmed up their forecast indicating that the global photonics market will grow by an average 6.5 percent annually to 2020, achieving revenues of around 615 billion euros. In the German photonics industry, domestic production worth just under 44 billion euros is expected by 2020. The "Novus Light Technologies" magazine has identified seven industry trends: optical sensor technology, miniaturization, automation and robotics, laser applications, optogenetics, lighting as well as cameras and image processing. G 28

According to the market researchers at Strategies Unlimited, the laser market will develop in 2016 in a similar way to the prior year: global laser revenue is due to rise 4.2 percent to 10.5 billion US dollars. While the number of laser-based solutions is growing, manufacturing costs and margins are dropping.

In the semiconductor equipment industry, global revenues are due to contract by 4.7 percent in 2016, according to IT market researchers Gartner. This forecast, issued in January 2016, is based on a poorer outlook for consumer electronics and the global economy. The SEMI industry association still anticipated minor growth of 1.4 percent, to around 37.8 billion US dollars, in its forecast of December 2015. In the past year, however, SEMI had to downgrade its outlook several times. In view of lasting macroeconomic challenges, the semiconductor industry will only grow marginally following the slight decline in the prior year. The SIA industry association is expecting minor growth of 1.4 percent, to 341 billion US dollars in the current year and an increase of 3.1 percent in 2017. G 29

In view of sluggish demand for plant and machinery, the VDMA industry association is expecting production to remain at its prior-year level of 199 billion euros in 2016. It sees risks in the ongoing weakness of emerging countries such as China, extended sanctions against Russia and weak domestic business. The VDMA is expecting that persistently low interest rates will not produce any further expansionary effects for capital expenditure. A wealth of geopolitical uncertainties and the lack of a clear growth trajectory are forcing potential investors around the world to adopt a cautious approach. In the view of the VDMA, underlying economic conditions could be improved by expanding the digital infrastructure, creating a more flexible labor market,

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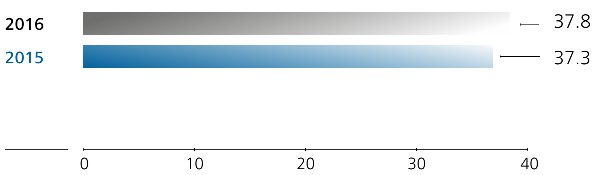
SEMICONDUCTOR EQUIPMENT: GLOBAL REVENUE FORECAST (in billion US dollars)



Source: Semiconductor Equipment and Materials International (SEMI)

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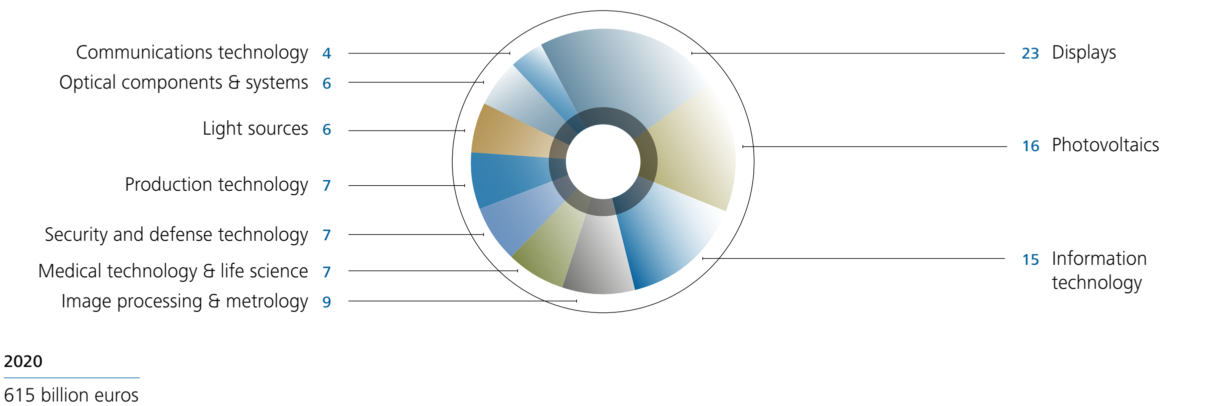
GLOBAL PHOTONICS MARKET FORECAST IN 2020 (in %)



Source: VDMA, ZVEI, Spectaris: Photonics Industry Report 2013 introducing tax concessions for research activities and adopting a trade policy for new markets. The industry is setting its hopes on countries such as Iran.

For the German **machine tool industry**, the VDW industry association takes the same cautiously optimistic view as the VDMA. Following a production record in the prior year, moderate growth of 1 percent is expected in 2016. It sees the business environment as having become more difficult. Alongside geopolitical uncertainties, developments in Russia and Brazil are a cause for concern, while China’s slowdown in growth is weakening its key trading partners. By contrast, the VDW sees the most potential in Iran, Mexico and South-East Asia.

In the optical **metrology** sector, a study published by Transparency Market Research anticipates average annual growth of 7.6 percent in the global market. Market volume will accordingly grow from 920 million US dollars in 2014 to 1.5 billion US dollars in 2021, assisted by international metrology standards for companies in a wide range of industries.

The VDA is expecting a good year for production and exports in the German **automotive industry**. In the US, too, the market for cars and light vehicles is forecast to grow by 1 percent. At the present time, however, the run-on effects of the emissions scandal are not fully knowable. According to the “Global Automotive Executive Survey” published by KPMG there will be a disruption in key trend until 2025: while leveraging new growth markets and engine downsizing, i.e. reductions in volume in weight, were former priorities, the industry is now primarily focusing on connectivity, digitization and the development of hybrid and all-electric vehicles. The German Federal Government has also set the expansion of electromobility as one of its goals: it wants to see one million electric and hybrid vehicles on the roads by 2020. The VDA considers electromobility to be a key technology that – alongside modern diesels – can be used to reach climate policy carbon targets if the associated infrastructure is improved and there are market incentives.

US market research company Markets and Markets believes that the global **traffic safety** market will grow from 2.35 billion US dollars in 2015 to 3.63 billion dollars in 2020, an average annual increase of 9.1 percent. Key factors include the growing number of traffic accidents and increasing statutory regulations and standards for traffic safety. The red light monitoring segment is expected to dominate the market. Automatic number plate recognition (ANPR) is also becoming more important as a means of traffic monitoring and prevention. In regional terms, the report sees great potential is Asia/Pacific, where considerable investment is being made in expanding the road infrastructure. By contrast, the US market for traffic safety technology is becoming increasingly difficult for private-sector companies: several US states prohibit or refrain from use of speed and red light monitoring at traffic lights. Legislative changes may allow for exceptions to monitor red lights and enforce speeds outside schools, on buses and on roads with S-bends.

According to market research company SCI Verkehr, the global market for **railway technology** will increase annually up to 2018 by an average of 3.4 percent. The long-term forecast is good thanks to lasting market drivers such as urbanization, environmental and climate protection and growing demand for resources. Measured by revenue, Asia is expected to remain the largest market for railway technology with the greatest growth potential in Africa and the Middle East.

IATA, the global **aviation** association, forecasts increased industry profits of 36.6 billion US dollars in 2016, up from around 33 billion US dollars. In view of strong demand, in particular from emerging countries in the Asia/Pacific region, aircraft manufacturer Boeing has raised its long-term forecast and is now estimating that just under 38,050 new passenger and transport aircraft, worth a total of 5.6 trillion US dollars, will be sold across the industry by 2034. In its long-term forecast for the same period, Airbus is expecting considerably reduced demand (31,800 aircraft worth 4.9 trillion US dollars), although this still represents a two-fold increase on 2015.

According to a study by consultants Roland Berger, the security and defense technology industry is expecting defense budgets in Europe to continue rising, primarily in view of the current geopolitical situation. The Pentagon expects the US defense budget for 2017 to come to 583 billion US dollars, including a quadrupling of spending on security measures in Europe to support NATO partners with troops, training, equipment and infrastructure. To modernize the German Armed Forces, the German Ministry of Defense is planning to invest 130 billion euros on equipment and around 1,500 armaments projects over a period of 15 years. In addition, the German Federal Government is working to implement a strategy paper adopted in July 2015 that aims to boost the defense industry in Germany, which centers on general conditions for international armaments cooperation and the retention of key national defense technologies and jobs. In view of considerable industry fragmentation in Europe, it encourages greater "Europeanization", meaning more consolidation and cooperation, and the possibility, while respecting national interests, of mergers in individual EU countries. New procurement programs should in future increasingly be conducted with EU partners. The Federal Ministry for Economic Affairs and Energy is also planning to create a new legal basis for the export of armaments.

EXPECTED DEVELOPMENT OF THE BUSINESS SITUATION

Planning Assumptions

Group

The forecast for the future business development was based on the group planning undertaken in the autumn of 2015. The planning was carried out using the so-called "counter flow method" (bottom up – top down) and uses the new segment structure in place since January 1, 2016.

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For more information on the strategy and the new segment structure please refer to the Business Model and Strategy chapters

The starting point for this planning is formed by the market-oriented strategic plans from the segments and operational business units which are coordinated together and integrated in the group planning. Possible acquisitions are not included in the planning process.

Following an optimization phase and preparation for future roll-outs in the past year, the JOE project to establish a standardized ERP system will continue as scheduled in the 2016 fiscal year. The costs associated with this are included in the forecast. The Jenoptik Excellence Program (JEP) with the focus on Go Lean and Purchasing will also be continued in 2016. Ongoing optimization of both procurement expertise and production processes will produce savings in future that result in further improvements in the gross margin. This, too, is included in the current planning process.

Strategic HR work will again focus on rolling out individual human resources topics on an international level in 2016. Group-wide harmonization of HR processes, particularly in Asia/Pacific and North America, will take center stage here. The development of an integrated concept is planned in Asia in the area of HR development. Another focus of HR work in the current fiscal year will involve monitoring organizational development following the realignment of the divisions and the strategic divisional development. Beyond this, there are plans to introduce standardized personnel cost planning in the harmonized JOE SAP system.

Segments

The Jenoptik Group anticipates an uneven market environment for the **Optics & Life Science segment** in 2016. Growth is expected in the medical technology and life science markets, where existing cooperation arrangements with international key customers will be further expanded in the current fiscal year. A focus on optical information and communications technologies will produce positive effects. For semiconductor equipment, observers are expecting the market to stagnate or even cool off in the current year. The segment, however, can profit from its position as one of the leading suppliers of optical and micro-optical system solutions for semiconductor production, and is anticipating stable to slightly positive performance. Jenoptik has also established itself as a development and production partner for numerous international market leaders. Due to a larger range of integrated system solutions, the segment is making increasing inroads to achieve a higher share of added value. In 2016, it will also continue to focus on the acquisition of new major customers. On a regional level, growth is particularly expected in Asia/Pacific and the Americas. The segment will also invest further in production and sales in 2016, in order to promote future growth, continue the process of internationalization, especially in the growth regions and leverage synergy from the realignment process.

The **Mobility segment** expects largely stable development in the automotive industry during 2016. There is a risk, however, of the emissions scandal spreading or the Chinese automobile market cooling off. New regulations may influence automotive manufacturers' capital spending patterns positively or negatively. On the product side, the trend towards production-related integrated metrology should continue. This plays a particularly important role when precision parts are manufactured, such as those required by the automotive industry for efficient and environmentally friendly drives. In order to take into account this trend for production-related metrology, the segment is continuing to invest in the development of tactile, pneumatic and particularly optical measurement technologies. Growth momentum is also expected in the field of laser machines. Here, the segment primarily focuses on 3D metal processing in addition to established systems for plastics processing in the automotive industry. New major orders are expected in Traffic Solutions. The Traffic Service Provision business model that alongside the equipment business is becoming increasingly important in established markets, including Germany, will be further expanded. On a regional level, Jenoptik is expecting growth momentum to come primarily from Asia/Pacific, North America and the Middle East/Africa. We believe that the traffic safety market in the US will only recover slowly. 2016 will see increased capital expenditure on more efficient processes to improve operational excellence.

Business in the **Defense & Civil Systems** segment is predominantly project-based and geared toward the long term. Following a highly successful 2015, the segment is anticipating stable development in 2016. Due to a multitude of conflicts around the world, there is a chance of demand for defense products increasing. In the medium-term, for example, a considerable rise in investment is planned for the German Armed Forces. This may produce higher revenues in the segment over coming years. Internationalization remains an important topic also in 2016. Following optimization of its own structures, the segment expects a gradual but steady expansion of its business abroad, particularly in North America and Asia/Pacific. Beyond this, the segment is looking to further increase the share of systems used in civil fields. This, for example, includes energy systems for railway technology, an internationally growing market and system solutions for civil aviation.

Forecast for the Earnings Situation in 2016 and Trend Statement for 2017

Based on a solid order and project pipeline, the Executive Board is anticipating moderate growth in revenue and earnings for 2016. This presupposes that political and economic conditions do not worsen. These particularly include regulations at European level, export restrictions, further developments in China and the conflicts in the Middle East and between Ukraine and Russia. Acquisitions are not included in these forecasts but have not been ruled out for the current fiscal year.

Group revenue forecast. The Jenoptik Group expects organic growth to generate revenue of between 680 and 700 million euros in 2016. Growth is due to be achieved in the Optics & Life Science and Mobility segments. The Executive Board expects a stable development of revenue in the Defense & Civil Systems segment. In line with our medium-term targets, it is forecasting further growth in 2017, especially in the Americas and Asia/Pacific.

Group earnings position forecast. The gross margin is due to rise moderately in 2016, chiefly due to ongoing cost-cutting measures and improved operational excellence and despite costs of the JOE project rising again. Stable to slightly positive development is expected in 2017.

In terms of functional costs, for 2016 the Jenoptik Group is planning a somewhat stronger increase in selling expenses compared with the growth in revenue, due in part to the continued expansion of the Group's own structures, particularly in North America and Asia. R+D expenses are also expected to rise more strongly than revenue in 2016. By contrast, general administrative expenses will remain stable. In 2017, the rise in all three cost types shall be lower than revenue growth.

Jenoptik is currently anticipating a moderate rise in EBIT for the 2016 fiscal year. Depending on the development of revenue, the operating earnings margin (EBIT margin) is expected within the range of 9.0 to 9.5 percent. The Executive Board forecasts slightly stronger growth in EBITDA (earnings before interest, taxes, depreciation and amortization) than in EBIT. The costs for the group development project are expected in the mid single-digit million euro range and are already included in the EBIT margin range referred to above. EBIT and EBITDA are also due to develop positively in 2017.

Jenoptik is expecting a slightly lower financial result in 2016, with a minor improvement anticipated in 2017. Earnings before tax (EBT) shall develop similarly to EBIT in 2016 and increase more strongly in 2017 due to the expected rise in EBIT. Depending on the future tax burden, this will also be reflected in the earnings after tax.

In 2016, the quality of the Group's ROCE is due to remain around the same level as the prior year.

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SUMMARY OF TARGETS FOR GROUP AND SEGMENTS (in million euros)

	Actual 2015	2016 guidance	Trend 2017 compared with 2016[2]
Revenue	668.6	Between 680 and 700 million euros	Further growth
Optics & Life Science	213.7	Growth in the mid single-digit percentage range	Further growth
Mobility	244.6	Growth in the mid single-digit percentage range	Further growth
Defense & Civil Systems	211.4	Stable	Growth
EBITDA	88.8	Slightly stronger rise than EBIT	Positive development
EBIT	61.2	Moderate rise, EBIT margin between 9.0 and 9.5%	Positive development
Optics & Life Science	19.7	Rise stronger than revenue	–
Mobility	27.0	Rise stronger than revenue	–
Defense & Civil Systems	17.9	Stable	–
EBT	57.4	Development as EBIT	Further rise
Order intake	636.7	Rise corresponding to moderate revenue growth	–
Net debt	43.9	Stable (without acquisitions)	Reduction
Free cash flow	71.8	Considerably below 2015 figure	–
ROCE	13.5%	Around the 2015 level	–
Employees	3,512	Slight rise, at slower rate than business growth	Slight rise
Capital expenditure[1]	24.7	35–40 million euros	At 2016 level

1) without capital expenditure on financial assets
2) Trend forecast, not a forecast as specified in DRS 20

Segment revenue and earnings forecast. The Optics & Life Science segment anticipates 2016 revenue growth in the mid single-digit percentage range. This increase will be bolstered by the growing systems business, greater demand in the medical technology and life science as well as the information and communications technology markets and by the continuing expansion of business in the growth regions of Asia/Pacific and the Americas. EBIT is expected to show a stronger rate of growth than revenue. The segment's revenue is due to rise further in 2017.

In the 2016 fiscal year, the **Mobility segment** is anticipating an increase in revenue in the mid single-digit percentage range. EBIT will show a stronger rate of growth than revenue. Further revenue growth in the segment is expected in 2017. The accuracy of the forecast is influenced by the time at which traffic safety projects are settled.

Following strong growth in the 2015 fiscal year, the **Defense & Civil Systems segment** is expecting stable revenue development in 2016. On the back of a significant rise in the operating result in the past fiscal year, the segment is also anticipating a steady development of earnings in the current year. Further revenue growth is expected for 2017.

Group order situation forecast. The order intake for a period is affected by major orders, particularly in the Defense & Civil Systems and Traffic Solutions divisions. Overall, Jenoptik expects that the 2016 order intake, in line with moderate revenue growth, will be up on the 2015 figure. Around 75 percent of the order backlog as at the end of December 2015 will impact on revenue in 2016.

Employee growth forecast. Jenoptik plans to increase its workforce at a slower rate than business growth and particularly outside Europe. The aim is to continually increase revenue per employee over the medium term. The number of employees is due to increase slightly in 2016 and 2017. The focus of HR work in this period will be derived from the strategic targets (see page 65 ff.).

Group Asset Position and Financial Position Forecast

Depending on acquisitions, a further increase in **equity** is expected in accordance with the anticipated profits for the periods and despite any dividends to be paid in 2016 and 2017. As a result, the equity ratio is likely to show a further slight increase in this year and in the coming year, with a small rise in the balance sheet total.

Financing forecast. Jenoptik reorganized its group financing in early 2015. New debenture loans with terms of five and seven years were placed and their total value increased. In conjunction with the syndicated loan agreement newly concluded and increased in the spring, the Group has a viable financing structure and thus sufficient room for maneuver and a good basis to finance future growth, including possible acquisitions. Major changes in the financing structure are therefore currently not scheduled for the current fiscal year.

Cash flow forecast. In 2016, we expect stable and markedly positive cash flows from operating activities (before income taxes). This will also be reflected in the development of the free cash flow (before interest and income taxes). Due to a strong scheduled increase in capital expenditure in 2016, we expect the free cash flow to be considerably below the figure at the end of 2015. Jenoptik expects to be able to meet all interest, tax and dividend payments out of the free cash flow despite increasing capital expenditure and the possibility of a small rise in working capital as a result of growth.

Capital expenditure forecast. For 2016, Jenoptik anticipates an increase in capital expenditure of 35 to 40 million euros, and expects to maintain this level in 2017. Capital expenditure on property, plant and equipment will focus on the growth areas within the segments, for example laser machines or traffic service provision, or take place within the scope of new customer projects. In addition, the acquisition of a property and construction of a building for a major US site is scheduled. The capital expenditure should expand capacities, thereby ensuring future growth. At group level, further capital expenditure will be directed towards the JOE project. Capital expenditure should be covered by the operating cash flow or with available cash.

Future dividend policy. In 2015, Jenoptik paid out a dividend in the amount of 0.20 euros per share. In addition to financing the continued growth of the company, the future aim of the Executive Board is to ensure a dividend policy in line with corporate success. In the view of the Executive Board, a stable provision of equity for sustainable organic growth to increase the enterprise value as well as the exploitation of opportunities for acquisitions are also of crucial importance also in the interests of the shareholders.

The development of **net debt** is dependent on the financial indicators mentioned above and the financing of potential acquisitions. Following a significant reduction in net debt in the 2015 fiscal year, the Executive Board is anticipating a constant level of net debt in the current year if there are no acquisitions. It should then fall again in 2017.

Important note. The actual results may differ significantly from the expectations of the anticipated development. This may arise, in particular, if one of the uncertainties mentioned in this report were to materialize or if the assumptions upon which the statements are based prove to be inaccurate in relation to the economic development.

GENERAL STATEMENT BY THE EXECUTIVE BOARD ON FUTURE DEVELOPMENT

The Jenoptik Group is continuing to pursue its strategic agenda rigorously, with its main focus on profitable growth in all segments. In the opinion of the Executive Board, revenue growth, the resulting economies of scale and both cost discipline and higher margins from the growing systems and service business will lead to a lasting increase in earnings.

In 2016, the company will invest a significant portion of its funds in the expansion of the international sales structures and the development of innovative products. The measures for internal process optimization and group development projects will also continue as scheduled. Value-adding acquisitions will be subject to close scrutiny.

A more market-oriented business structure is anticipated to result in moderate organic revenue growth and a moderate improvement in earnings in 2016. The Executive Board expects revenue of between 680 and 700 million euros and an EBIT margin of between 9.0 and 9.5 percent. Achieving these targets is dependent on economic and political conditions. The Executive Board expects positive corporate development within the Jenoptik Group overall during the 2016 fiscal year.

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Consolidated Financial Statements

In the fiscal year 2015 the Jenoptik Group improved its financial solidity significantly. Besides the record figures for revenue and profit we also reported with net debt of 43.9 million euros and free cash flow of 71.8 million euros new records in the company's recent history. The excellent financial situation as well as the sustainable financing structure provide sufficient leeway and flexibility for the implementation of the future organic growth as well as for the realization of further acquisitions.

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Net debt (in million euros)

Consolidated Statement of Comprehensive Income

CONSOLIDATED STATEMENT OF INCOME

in thousand euros	Note No.	1/1–31/12/2015	1/1–31/12/2014
Revenue	4.1	668,637	590,213
Cost of Sales	4.2	442,468	384,762
Gross profit		**226,169**	**205,451**
Research and development expenses	4.3	41,774	39,420
Selling expenses	4.4	72,591	67,524
General administrative expenses	4.5	53,997	51,054
Other operating income	4.7	27,019	23,237
Other operating expenses	4.8	23,777	21,967
EBIT – continuing operations		**61,048**	**48,722**
EBIT – discontinued operations		175	2,847
EBIT – Group		**61,223**	**51,569**
Result from other investments	4.9	1,558	–22
Financial income	4.10	5,469	1,869
Financial expenses	4.10	10,819	7,737
Financial result – continuing operations		**–3,792**	**–5,890**
Financial result – discontinued operations		0	418
Financial result – Group		**–3,792**	**–5,472**
Earnings before tax – continuing operations		**57,256**	**42,832**
Earnings before tax – discontinued operations		175	3,265
Earnings before tax – Group		**57,431**	**46,097**
Income taxes	4.11	–7,516	–4,492
Earnings after tax – continuing operations		**49,740**	**38,340**
Earnings after tax – discontinued operations	4.13	175	3,265
Earnings after tax – Group		**49,915**	**41,605**
Results from non-controlling interests	4.12	345	–50
Earnings attributable to shareholders		49,570	41,655
Earnings per share in euros – continuing operations	4.14	0.86	0.67
Earnings per share in euros – Group (diluted = undiluted)	4.14	**0.87**	**0.73**

OTHER COMPREHENSIVE INCOME

in thousand euros	1/1–31/12/2015	1/1–31/12/2014
Earnings after tax	**49,915**	**41,605**
Items that will never be reclassified to profit or loss	4,669	–9,528
Remeasurements	6,255	–13,595
Deferred taxes	–1,585	4,067
Items that are or may be reclassified to profit or loss	5,456	4,896
Available-for-sale financial assets	202	220
Cash flow hedges	778	–1,299
Foreign currency exchange differences	4,633	6,217
Deferred taxes	–158	–242
Total of the profit/loss recognized in equity	**10,125**	**–4,632**
Total other comprehensive income	**60,041**	**36,973**
Thereof attributable to:		
Non-controlling interest	245	–28
Shareholders	59,795	37,001

Consolidated Statement of Financial Position

Assets in thousand euros	Note No.	31/12/2015	31/12/2014	Change
Non-current assets		**382,827**	**389,509**	**–6,682**
Intangible assets	5.1	122,737	123,262	–526
Property, plant and equipment	5.2	155,659	150,747	4,912
Investment property	5.3	4,536	16,358	–11,822
Financial assets	5.5	21,745	21,064	682
Other non-current assets	5.6	4,548	1,755	2,793
Deferred tax assets	5.7	73,602	76,322	–2,720
Current assets		**386,340**	**382,221**	**4,119**
Inventories	5.8	167,132	179,018	–11,885
Trade and other receivables	5.9	134,966	133,396	1,569
Securities	5.10	418	312	106
Cash and cash equivalents	5.11	83,824	69,495	14,329
Total assets		**769,167**	**771,730**	**–2,563**
Equity and liabilities in thousand euros				
Equity	5.12	**435,132**	**386,593**	**48,540**
Share capital		148,819	148,819	0
Capital reserve		194,286	194,286	0
Other reserves		93,108	44,817	48,291
Non-controlling interests	5.13	–1,081	–1,329	248
Non-current liabilities		**169,513**	**216,612**	**–47,098**
Pension provisions	5.14	36,095	41,043	–4,948
Other non-current provisions	5.16	10,275	9,958	316
Non-current financial liabilities	5.18	113,243	156,825	–43,582
Other non-current liabilities	5.19	7,915	7,043	871
Deferred tax liabilities	5.7	1,986	1,742	244
Current liabilities		**164,521**	**168,526**	**–4,004**
Tax provisions	5.15	3,281	5,731	–2,450
Other current provisions	5.16	42,745	37,714	5,031
Current financial liabilities	5.18	14,850	5,077	9,774
Other current liabilities	5.20	103,646	120,004	–16,358
Total equity and liabilities		**769,167**	**771,730**	**–2,563**

Statement of Changes in Equity

in thousand euros	Share capital	Capital reserve	Cumulative profit	Available-for-sale financial assets
Balance at 1/1/2014	**148,819**	**194,286**	**47,674**	**470**
Change in scope of consolidation			–2,941	
Capital increase				
Dividends			–11,447	
Measurement of financial instruments				130
Remeasurement loss				
Foreign currency exchange differences				
Net profit for the period			41,655	
Other adjustments			–1,499	
Balance at 31/12/2014	**148,819**	**194,286**	**73,442**	**600**
Balance at 1/1/2015	**148,819**	**194,286**	**73,442**	**600**
Dividends			–11,447	
Measurement of financial instruments				202
Remeasurement gain				
Foreign currency exchange differences				
Net profit for the period			49,570	
Other adjustments			–57	
Balance at 31/12/2015	**148,819**	**194,286**	**111,508**	**802**

Cash flow hedges	Cumulative exchange differences	Remeasurements	Equity attributable to shareholders of JENOPTIK AG	Non-controlling interests	Total	in thousand euros
–42	**–1,663**	**–22,737**	**366,807**	**249**	**367,056**	**Balance at 1/1/2014**
			–2,941	–1,916	–4,856	Change in scope of consolidation
			0	583	583	Capital increase
			–11,447		–11,447	Dividends
–903			–773		–773	Measurement of financial instruments
		–9,528	–9,528		–9,528	Remeasurement loss
	5,705	–57	5,648	22	5,669	Foreign currency exchange differences
			41,655	–50	41,605	Net profit for the period
			–1,499	–217	–1,716	Other adjustments
–945	**4,042**	**–32,322**	**387,922**	**–1,329**	**386,593**	**Balance at 31/12/2014**
–945	**4,042**	**–32,322**	**387,922**	**–1,329**	**386,593**	**Balance at 1/1/2015**
			–11,447		–11,447	Dividends
546			748		748	Measurement of financial instruments
		4,669	4,669		4,669	Remeasurement gain
	5,231	–423	4,807	–100	4,707	Foreign currency exchange differences
			49,570	345	49,915	Net profit for the period
			–57	3	–54	Other adjustments
–399	**9,273**	**–28,076**	**436,213**	**–1,081**	**435,132**	**Balance at 31/12/2015**

Consolidated Statement of Cash Flows

in thousand euros	1/1–31/12/2015	1/1–31/12/2014
Earnings before tax	57,431	46,097
Interest income	5,350	5,450
Depreciation and amortization	28,770	24,511
Impairment losses and reversals of impairment losses	–2,319	278
Profit/loss from asset disposals	–1,491	–1,080
Other non-cash income/expenses	–663	–2,574
Operating profit before adjusting working capital	87,078	72,682
Change in provisions	3,419	–4,087
Change in working capital	5,582	–18,256
Change in other assets and liabilities	–4,407	1,188
Cash flows from operating activities before income tax	**91,673**	**51,528**
Income tax expense	–6,548	–5,200
Cash flows from operating activities	**85,124**	**46,328**
thereof discontinued operations	175	1,003
Proceeds from sale of intangible assets	62	288
Capital expenditure for intangible assets	–2,500	–4,584
Proceeds from sale of property, plant and equipment	263	600
Capital expenditure for property, plant and equipment	–17,743	–25,344
Proceeds from sale of investment property	9,100	3,900
Capital expenditure for investment property	–333	–142
Proceeds from sale of financial assets	8	2
Capital expenditure for financial assets	–317	–415
Proceeds from sale of consolidated entities	0	226
Acquisition of consolidated entities	–708	–13,173
Proceeds from the sale of investments	4,480	0
Interests received	537	1,056
Cash flows from investing activities	**–7,152**	**–37,586**
thereof discontinued operations	0	418
Proceeds from capital contributions	0	583
Dividends paid	–11,447	–11,447
Proceeds from issuing bonds and loans	103,000	56,003
Repayments of bonds and loans	–136,244	–11,179
Payments for finance leases	–49	–44
Change in group financing	–12,123	–41,896
Interests paid	–9,681	–5,778
Cash flows from financing activities	**–66,544**	**–13,760**
Change in cash and cash equivalents	**11,428**	**–5,017**
thereof discontinued operations	175	1,421
Effects of movements in exchange rates on cash held	2,901	2,335
Change in cash and cash equivalents due to changes in the scope of consolidation	0	613
Cash and cash equivalents at the beginning of the period	69,495	71,565
Cash and cash equivalents at the end of the period	**83,824**	**69,495**

Notes

1 PRESENTATION OF THE GROUP STRUCTURE

1.1 Parent Company

The parent company is JENOPTIK AG headquartered in Jena and is registered in the Commercial Register of Jena in Department B under the number 200146. JENOPTIK AG is a stock corporation publicly listed on the German Stock Exchange in Frankfurt and is also listed in the TecDAX index.

The list of shareholdings of the Jenoptik Group has been published in the Federal Gazette in accordance with § 313 (2) Nos. 1 to 4 of the German Commercial Code [Handelsgesetzbuch (HGB)] and is disclosed from page 137 on of the Notes under the title, The List of Shareholdings of the Jenoptik Group. The entities, to which the simplification relief regulations were applied as specified in § 264 (3) or § 264b of the HGB, are disclosed in the section Required and Supplementary Disclosures under HGB.

1.2 Accounting Principles

The consolidated financial statements of JENOPTIK AG were prepared for the 2015 fiscal year in accordance with the International Financial Reporting Standards (IFRS) and the binding interpretations of the International Financial Reporting Interpretations Committee (IFRIC) in force at the reporting date for use in the European Union.

The consolidated financial statements were presented in euros. If not otherwise specified, all amounts were presented in thousand euros. Please note that there may be rounding differences as compared to the mathematically exact amounts (monetary units, percentages, etc.). The statement of comprehensive income was prepared by using the cost of sales method.

The fiscal year of JENOPTIK AG and those of the subsidiaries included in the consolidated financial statements corresponds with the calendar year.

In order to improve the clarity of the presentation, individual items were aggregated in the statement of comprehensive income and in the statement of financial position. The classifications used for these items are listed in the Notes.

The following International Financial Reporting Standards were applied for the first time:

IFRS Improvements (2010 – 2012). As part of the IASB Annual Improvements Project, amendments were made to seven standards. The adjusted formulations in individual standards were made to achieve more clarity in the existing regulations. In addition, amendments made to IAS 16, IAS 24, IAS 38, IFRS 2, IFRS 3, IFRS 8, and IFRS 13 affected measurements and disclosures in the Notes. These improvements have no material effects on Jenoptik's consolidated financial statements.

IFRS Improvements (2011 – 2013). As part of the IASB Annual Improvements Project, amendments were made to four standards. They particularly comprised clarifying existing definitions and scope of application. The standards affected were IAS 40, IFRS 1, IFRS 3 and IFRS 13. These improvements have no material effects on Jenoptik's consolidated financial statements.

Amendment to IAS 19 "Employee Benefits". With this amendment, the regulations concerning the allocation of employee contributions or contributions made by third parties to service periods if the contributions are linked to service time have been clarified. Furthermore, simplifications were established when contributions are made independent of the number of service years. These changes have no material effect on the consolidated financial statements.

Other standards and interpretations applied for the first time in 2015 have had no impact on the consolidated financial statements.

The application of the following standards and interpretations published by the IASB and adopted by the EU is not yet mandatory, and Jenoptik has not applied any such standards or interpretations in the consolidated financial statements as at December 31, 2015.

Along with the new standards explained below or amendments to standards that may be relevant for Jenoptik from today's perspective, a number of further standards and amendments have been published that are not expected to have any influence on the consolidated financial statements.

The new standards or amendments to standards are to be applied in the fiscal years either at the time of their enactment or thereafter.

IFRS Improvements (2012 – 2014). As part of the IASB Annual Improvements Project, amendments were made to four standards. Along with clarifying existing regulations, amendments impacting the statement of financial position and the required disclosures were adopted. The standards affected are IAS 19, IAS 34, IFRS 5 and IFRS 7. The amendments are to be effective as of January 1, 2016. These improvements will have no material effects on the consolidated financial statements.

Amendments to IAS 1 "Presentation of Financial Statements". These amendments affect various disclosure issues. It was clarified that disclosures in the notes are only then required when their content is not immaterial. This is explicitly to be applied when an IFRS requires a list of minimum disclosures. In addition, explanations have been added regarding aggregating and disaggregating items in the statement of financial position and the statement of comprehensive income. Furthermore, it has been clarified how interests in entities stated at equity are to be disclosed in other comprehensive income in the statement of comprehensive income. Finally a sample structure for the notes was removed in order to take relevant content specific to an entity into account. These amendments go into effect on January 1, 2016. These improvements will have no material effects on the consolidated financial statements.

Amendment to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets". With this amendment further guidelines were made available for determining which measurement methods are to be applied for depreciating tangible assets and for amortizing intangible assets. Depreciation methods for property, plant and equipment based on revenue are not to be applied, whereas revenue-based amortization methods for intangible assets may be applied in certain cases as an exception. This amendment is to be effective as of January 1, 2016 and will have no material effect on the consolidated financial statements.

Amendment to IFRS 11 "Joint Arrangements". With this amendment the IASB regulates the accounting treatment for investing in a joint operation that constitutes a business as defined by IFRS 3 "Business Combinations". In such cases the acquirer is to use the accounting principles given in IFRS 3 for business combinations. Moreover, the disclosure requirements specified in IFRS 3 are also to be applied. This amendment is to be effective as of January 1, 2016 and will have no material effect on the consolidated financial statements.

The following standards and interpretations published by the IASB have not yet been adopted by the European Union.

IFRS 9 "Financial Instruments". This standard replaces all earlier versions of IFRS 9 for classifying and measuring financial assets and liabilities as well as the accounting treatment for hedging instruments. In this new version of the standard the guidelines for classifying and measuring financial instruments have been revised. Among other changes, a new model for expected credit defaults is to be used for calculating the impairment of financial assets, and there are new general accounting regulations for hedging instruments. This standard also supersedes the IAS 39 guidelines for recognizing and derecognizing financial instruments. The adoption of IFRS 9 into EU law is still pending. If adopted, it is to be applied for the first time in the fiscal years beginning on or after January 1, 2018. An early application is allowed. Jenoptik is presently analyzing the impacts of this standard on the consolidated financial statements.

IFRS 15 "Revenue from Contracts with Customers". IFRS 15 lays down a comprehensive framework for recognizing in what amounts and when revenues are to be recognized. This standard replaces existing guidelines for revenues such as IAS 18 Revenue, IAS 11 Construction Contracts, and IFRIC 13 Customer Loyalty Programmes. The adoption of IFRS 15 into EU law is still pending. If adopted, it is to be applied for the first time in the fiscal years beginning on or after January 1, 2018. An early application is allowed.

Jenoptik is presently analyzing impacts on the financial statements in the course of a project. Based on the results of the first phase of the project, possible changes are mainly expected to be made in the following areas: combining contracts into one accounting item, identifying performance obligations in so-called multi-component arrangements, allocating consideration to service performances identified as well as determining the timeframe when or at what point in time control is transferred to a customer for services tailored specifically to a customer's requirements. When applying IFRS 15 for the first time, Jenoptik will definitely need to disclose more information concerning the nature, amount, timing and the uncertainty revenue and cash flows arising from contracts with customers as defined in IFRS 15.

We expect that applying the standard for the first time will effect the consolidated financial statement. Quantitative information on the effects of IFRS 15 on the consolidated financial statements of Jenoptik shall be gathered in the next phase of the project and is at this point in time not available.

Amendment to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures". The amendments address a wellknown inconsistency between the regulations of IFRS 10 and IAS 28 (2011) for cases when assets are to be sold to an associate or to a joint venture or when assets are to be contributed to an associate or to a joint venture. In the future the entire profit or loss from a transaction may then only be recognized if the assets of a business either sold or contributed have properly been disclosed as laid down in IFRS 3. This is to be applied independent of whether a transaction is designed as a share deal or an asset deal. Should the assets not consist of a business, it is allowed to recognize them by using the percentage of completion method. The first time application of this amendment has been postponed by the IASB to an undefined point in time. This amendment will have no material impact on the consolidated financial statements.

IFRS 16"Leases". IFRS 16 contains new and comprehensive regulations for accounting for leasing relationships and supersedes IAS 17 Leases, IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The objective is to disclose the rights and obligations of the lessee in the statement of financial position. Relief is planned for short-term leases and the leasing of objects of low-value. It shall remain unchanged that lessors will have to account for leases by classifying them as either finance or operating leases by applying the criteria defined in IAS 17. Moreover, IFRS 16 contains further regulations for defining classifications and disclosures in the notes. The adoption of IFRS 16 into EU law is still pending. If adopted, it is to be applied for the first time in the fiscal years beginning on or after January 1, 2019. An early application is allowed if IFRS 15 is also applied. These amendments will probably have material effects on the consolidated financial statements, in particular on the asset and liability items in the consolidated statement of financial position, the consolidated statement of comprehensive income as well as on related key financial indicators.

1.3 Estimates

The preparation of the consolidated financial statements in accordance with IFRS, as to be applied in the EU, requires that assumptions be made for certain items that may affect their recognition in the consolidated statement of financial position or in the consolidated statement of comprehensive income, and these assumptions may also affect how contingent assets and contingent liabilities are to be disclosed. All assumptions and estimates are made with sound business judgment in order to present the actual circumstances reflecting the net assets, financial position and results of operations of the Group.

The underlying assumptions and estimates are continually reviewed. The preparer of the consolidated financial statements has certain discretionary ranges, which primarily concern the following:

- measuring the recoverable amount of goodwill
- valuing intangible assets, property, plant and equipment and investment property
- inventories
- recognition and measurement of pension provisions and similar obligations as well as assets held in trust
- recognition and measurement of other provisions as well as
- realizability of future tax relief.

For further information, we refer to section Disclosures on the Statement of Financial Position from page 159 on.

2 CONSOLIDATION PRINCIPLES

2.1 The Group of Entities Consolidated

The group of entities consolidated is based on applying IFRS 10 and IFRS 11. Along with JENOPTIK AG, all significant subsidiaries have been included fully in the consolidated financial statements and a joint operation proportionately. The list of shareholdings is presented in detail in disclosure note 12 from page 193 on.

The consolidated financial statements of JENOPTIK AG contain 33 fully consolidated subsidiaries (prior year: 35). Thereof 14 (prior year 14) have their legal seat in Germany and 19 (prior year: 21) have theirs abroad. The Jenoptik Group includes one joint operation (prior year: 1).

In the 2015 fiscal year the following fully consolidated subsidiaries were merged:

- JENOPTIK Laser Technologies LLC, Brighton, Michigan (USA) merged with JENOPTIK Automotive North America, LLC (formerly: JENOPTIK Industrial Metrology North America LLC), Rochester Hills, Michigan (USA)
- JENOPTIK Defense Inc., Jupiter, Florida (USA) merged with JENOPTIK North America Inc., Jupiter, Florida (USA)

Hillos GmbH, located in Jena, has proportionately been consolidated with a shareholding of 50 percent in accordance with IFRS 11. This entity is a strategic customer of Jenoptik, operating in the area of construction and construction-related applications of laser technology. The following assets and liabilities have been allocated to the Group:

in thousand euros	2015	2014
Non-current assets	810	532
Current assets	8,829	8,548
Non-current liabilities	25	46
Current liabilities	2,471	2,027
Income	18,612	19,619
Expenses	18,005	18,904

17 subsidiaries, thereof 8 are non-operating entities, have not been consolidated as their influence on the net assets, financial position and results of operations of Jenoptik is of minor significance. In total the revenue of the non-consolidated entities amounts to about 0.5 percent of group revenue; EBIT was around minus 0.8 percent of group EBIT. The estimated effect of consolidating all of the entities in the group's balance sheet total is approximately 0.4 percent of the group's balance sheet total.

The following subsidiaries have material investments held by non-controlling shareholders:

Name	Legal seat of the entity	Non-controlling interests
JENOPTIK Korea Corporation Ltd.	Korea	33.40
JENOPTIK Japan Co. Ltd.	Japan	33.42
Vysionics Group	Great Britain	8.03

The following table summarizes the financial information of the subsidiaries mentioned above, which is based on the separate financial statements of the entities, including IFRS adjustments as well as adjustments due to purchase price allocations for the Vysionics Group. Effects of the consolidation were hereby not taken into consideration.

in thousand euros	JENOPTIK Korea	JENOPTIK Japan	Vysionics
Revenue	4,025 (3,129)	7,326 (4,636)	22,835 (3,988)
Earnings after tax	–272 (–202)	451 (–18)	3,557 (699)
Earnings after tax from non-controlling interests	–91 (–68)	151 (–6)	286 (56)
Other comprehensive income	0 (0)	0 (0)	0 (0)
Total results	–272 (–202)	451 (–18)	3,557 (699)
Total results from non-controlling interests	–91 (–68)	151 (–6)	286 (56)
Non-current assets	211 (115)	72 (198)	8,977 (10,255)
Current assets	4,154 (5,072)	3,024 (2,429)	9,078 (9,744)
Non-current liabilities	0 (2)	387 (440)	31,901 (37,419)
Current liabilities	2,880 (3,487)	2,473 (2,389)	6,774 (5,351)
Net assets	1,486 (1,697)	236 (–202)	–20,620 (–22,772)
Net assets from non-controlling interests	496 (567)	79 (–67)	–1,656 (–1,829)
Cash flows from operating activities	–758 (–567)	499 (–641)	8,265 (–63)
Cash flows from investing activities	–131 (–8)	0 (–0)	–1,058 (–437)
Cash flows from financing activities	–337 (2,136)	–249 (962)	–7,510 (–498)
Change in cash and cash equivalents	–1,225 (1,561)	250 (321)	–302 (–998)

Prior year figures are in parentheses.

2.2 Consolidation Procedures

The assets and liabilities of domestic and foreign entities included fully or proportionately in the consolidated financial statements have been recognized uniformly in accordance with the accounting policies and measurement methods valid throughout the entire Jenoptik Group.

At the acquisition date, the capital consolidation of a newly acquired entity is based on the acquisition method. The assets and liabilities of the subsidiaries are thereby to be measured at fair value. Furthermore, identified intangible assets are to be capitalized, and contingent liabilities as defined in IFRS 3.23 are to be classified as liabilities. The remaining difference between the purchase price and the net assets acquired is goodwill, which is not to be amortized under a regular schedule over subsequent accounting periods, but is to undergo an annual impairment test as prescribed by IAS 36.

Receivables and payables as well as income and expenses between the consolidated entities are to be eliminated. The Group's intercompany receivables and payables are measured on the basis of market prices, and transfer prices are determined on the basis of the arm´s length principle. The inventories as well as property, plant and equipment contain assets from intercompany transactions that had been eliminated by intercompany results. The consolidation procedures govern the measurement of deferred taxes through profit or loss, whereby deferred tax assets and deferred tax liabilities are netted if there is a legally enforceable right to offset current tax assets against current tax liabilities and only if they concern income taxes levied by the same tax authority.

The consolidation methods applied in the 2015 fiscal year were not changed and thus are the same as those applied in the prior year.

2.3 Foreign Currency Exchange Effects

Annual financial statements prepared by subsidiaries in foreign currencies are translated on the basis of the functional currency concept as defined in IAS 21 "The Effects of Changes in Foreign Exchange Rates" by using the modified reporting date exchange rate method. Since the subsidiaries conduct their business activities independently in view of financial, economic and organizational concerns, the functional currency is generally identical to that of the currency of the country in which the subsidiary is located.

Assets and liabilities are thereby translated by using the exchange rate at the reporting date, whereas income and expenses are translated at the average exchange rate, which is determined by weighting revenue. The resulting foreign currency exchange effects are offset outside of profit or loss and presented in equity as a special line item called foreign currency exchange reserve.

If a consolidated entity leaves the group of consolidated entities, the corresponding foreign currency exchange effects are reversed through profit or loss.

Receivables and payables in the separate financial statements of consolidated entities prepared in a local currency, which is not the functional currency of the subsidiary, are to be translated at the exchange rate at the reporting date in accordance with IAS 21. Foreign currency exchange effects are to be recognized through profit or loss in the items other operating income and other operating expenses (see Disclosures on Statement of Income from page 152 on).

The exchange rates used are listed in the following table:

		Average exchange rate		Reporting date exchange rate	
	1 EUR =	2015	2014	2015	2014
USA	USD	1.1042	1.3071	1.0887	1.2141
Switzerland	CHF	1.0642	1.2114	1.0835	1.2024
China	CNY	6.9448	7.9120	7.0608	7.5358
Malaysia	MYR	4.6959	4.4951	4.6959	4.2473
Australia	AUD	1.4808	1.4654	1.4897	1.4829
Singapore	SGD	1.5127	1.6417	1.5417	1.6058
Great Britain	GBP	0.7241	0.7789	0.7340	0.7789
Japan	JPY	133.4325	141.5810	131.0700	145.2300
Korea	KRW	1,268.5484	1,358.9254	1,280.7800	1,324.8000

2.4 Entities Acquired and Sold

By signing a share purchase agreement on November 14, 2014, Jenoptik acquired 92 percent of the shares in Vysionics Limited, Milton Keynes (Great Britain). By gaining control over Vysionics Limited, control was also gained over the following associated entities of Vysionics Limited: Vysionics ITS Holdings Limited, Milton Keynes (Great Britain), Vysionics ITS Limited, Camberley (Great Britain), and Computer Recognition Systems Limited, Milton Keynes (Great Britain).

The consolidation of the Vysionics Group in accordance with IFRS 3 was based on preliminary amounts in 2014. The preliminary amounts result from the tax assessments for fiscal years 2013 and 2014 not yet completed and not only could affect changes in the opening balances in tax asset and liability items and thereby affect the net assets acquired, but they also were to be included in the calculation of the purchase price. Furthermore, the determination of the purchase price was preliminary with regard to the underlying completion accounts on which it was based. This affected the final purchase price allocation and thereby affected the amount of goodwill to be capitalized. The purchase price was finalized by the end of the reporting period.

The following changes resulted from finalizing and allocating the purchase price and comparing these results with the preliminary values shown in the consolidation presented in the 2014 consolidated financial statements:

in thousand euros	Total
Change in purchase price	313
Change in net assets purchased	−43
Change in non-controlling interests of the shareholders	4
Change in goodwill	**274**

In 2015 the development of the goodwill from acquiring Vysionics is presented in the following:

in thousand euros	Total
Goodwill as of 1/1/2015	**38,458**
Change in goodwill after finalizing first-time consolidation	274
Foreign currency exchange effects	2,348
Goodwill as of 31/12/2015	**41,080**

In the 2015 fiscal year no companies were bought or sold.

2.5 Notes on Other Entities

Jenoptik holds shares in 9 (prior year: 10) entities with a proportional investment of less than 50 percent for each. The investments in these entities are accounted for at fair value in accordance with IAS 39. If no reliable fair value can be determined, then the purchase price is recognized. These investments are of minor importance to Jenoptik.

The interest held in Martec S.p.A., Vignate, Milan (Italy) was sold in the 2015 fiscal year. The gain from the sale was accounted for in other operating income. Cash inflows were disclosed in the statement of cash flows as incoming payments in the item proceeds from sale of investments.

The general disclosures regarding interests held are contained in the list of shareholdings of the Jenoptik Group.

2.6 Discontinued Operations

Concerning operations discontinued in previous years, a positive disclosure amounting to EUR 175 thousand (prior year: EUR 2,847 thousand) was shown under EBIT. Earnings before tax comprised income from discontinued operations amounting to EUR 175 thousand (prior year: EUR 3,265 thousand).

Certain issues involving the sale of M+W Zander Holding AG, which had economically remained with JENOPTIK AG, have now been predominantly concluded. Also the arbitration proceedings between M+W Group GmbH as the legal successor to M+W Zander Holding AG and a customer were concluded with a settlement in December 2014. The monthly payments from the settlement concluded are disclosed as income from discontinued operations.

The prior year income mainly resulted from reversing a provision that had been set up because of the sale of M+W Zander Holding AG in 2005 as well as from tax refunds and interest income related to the sale.

3 ACCOUNTING POLICIES AND MEASUREMENT METHODS

3.1 Goodwill

The accounting rules of IFRS 3 are to be used for all business combinations.

Goodwill as stated in IFRS 3 corresponds to the positive difference between the consideration transferred for a business combination and the remeasurement of assets newly acquired and liabilities assumed including certain contingent liabilities remaining after allocating the purchase price and thereby identifying intangible assets. The assets and liabilities identified for such a purchase price allocation are not to be accounted for at their previous carrying amounts but at fair value. In connection with an acquisition of control, non-controlling interests are to be measured in proportion to the net assets identified.

Goodwill is to be recognized as an asset and is to undergo an impairment test at a specific date at a minimum of once a year or if there is any indication that the cash-generating unit could be impaired. Impairment is to be recognized immediately through profit or loss and is not to be reversed in later reporting periods.

In accordance with IFRS 3, negative differences are to be recognized immediately through profit or loss in the item other operating income.

3.2 Intangible Assets

Purchased intangible assets, primarily software, patents and customer relationships, are to be capitalized at their acquisition costs. Intangible assets with finite useful lives are to be amortized in scheduled amounts over their economic useful lives. Generally this is a period of between three and ten years. The Group is to review whether its intangible assets with finite useful lives should undergo impairment testing (see section 3.4 Impairment of Property, Plant and Equipment and Intangible Assets).

Intangible assets with indefinite useful lives are to undergo impairment testing at a minimum of once a year and if necessary their values are to be adjusted in line with the generation of expected future cash flows.

Internally generated intangible assets are capitalized if the recognition criteria given in IAS 38 "Intangible Assets" have been fulfilled.

Development costs are capitalized if a newly developed product or procedure can be clearly identified and technically realized and if production, own use or marketing are intended. Furthermore, it is assumed that if capitalized, there is a reasonable probability that the development costs will be covered by future financial cash inflows and can be reliably determined. Finally there must be adequate resources available to finish the development and to be able to use or sell the asset.

Capitalized development costs are to be amortized in scheduled amounts over the selling period of the resulting products. Such amortizations are to be presented in R+D expenses. Thereby the acquisition or production costs include all of the costs directly attributable to the development process as well as appropriate portions of the general and administrative expenses related to the development. If the requirements for capitalization have not been fulfilled, the expenditures are to be recognized through profit or loss in the year they occurred.

IAS 38 requires research costs to be recognized as current expenses in R+D expenses.

The amortization of intangible assets is to be classified to the appropriate item in the consolidated statement of comprehensive income.

3.3 Property, Plant and Equipment

Property, plant and equipment are to be measured at acquisition cost less scheduled straight-line depreciation. The depreciation method is to reflect the expected period of use for gaining future economic benefits. As far as required, impairment reduces the amortized acquisition or production costs. In principle, grants from public institutions (government grants) are to be deducted from the acquisition or production costs as prescribed by IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance” (see section „Government Grants”). Production costs are to be recognized on the basis of directly attributable specific costs as well as proportionate directly attributable cost of materials and production overheads including depreciation. In accordance with IAS 23 “Borrowing Costs”, borrowing costs directly attributable to acquisition or production costs of a qualifying asset are to be capitalized as a portion of the acquisition or production costs.

Costs incurred for repairing property, plant and equipment are generally to be recognized as an expense. For any components of property, plant and equipment replaced at regular intervals, acquisition costs can be capitalized subsequently as far as future economic benefits can be reasonably expected and the respective costs can be reliably measured.

In general, scheduled depreciation is based on the following useful lives:

	Useful life
Buildings	20 – 80 years
Machinery and technical equipment	4 – 20 years
Other equipment, operating and office equipment	3 – 10 years

If any items of property, plant and equipment are decommissioned, shut down, sold or have become obsolete, the gain or loss from the difference between the proceeds of the sale and the residual value are recorded in other operating income or other operating expenses.

3.4 Impairment of Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets with finite useful lives are to be assessed at the reporting date to see if there are any indications for possible impairments as specified in IAS 36 “Impairment of Assets”. If any such indications for specific assets or cash-generating units are identified, impairment tests are to be performed on these assets.

The demarcation between cash-generating units is primarily based on the structure of the divisions or business units constituting divisions.

An impairment test is performed by first determining the recoverable amount of an asset or cash-generating unit and then comparing it with the carrying amount in order to identify if there is any need for performing an impairment test.

The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use.

An amount is designated as at fair value less costs to sell if the sale of an asset can be transacted at arm’s length between knowledgeable and willing parties.

Value in use is determined on the basis of discounted expected future cash inflows. This is based on a fair value interest rate before tax that reflects the risks of using the asset that do not yet fall under the estimated future cash inflows.

If the recoverable amount of an asset is estimated to be less than the carrying amount, it is then written down to the recoverable amount. An impairment loss is recognized immediately through profit or loss.

If an impairment loss is reversed in a subsequent accounting period, then the carrying amount of the asset is to be adjusted to the recoverable amount determined. The maximum limit of the impairment loss reversal is determined by taking the amount of the depreciated acquisition or production costs that would have been recorded if an impairment loss had not been recognized in prior periods. An impairment loss reversal is immediately recorded through profit or loss.

3.5 Government Grants

IAS 20 distinguishes between grants related to acquiring non-current assets and grants related to income.

In general, IAS 20 states that grants are to be accounted for through profit or loss in the same period as the relevant expenses.

In the Jenoptik Group a grant for a non-current asset is deducted from the acquisition costs. Correspondingly, the amount to be depreciated is determined on the basis of the reduced acquisition costs.

3.6 Leases

When items in property, plant and equipment are leased, the conditions for finance leases as defined in IAS 17 "Leases" are fulfilled if all significant risks and rewards incidental to ownership have been transferred to the respective consolidated entity of the Group. All other leases are classified as operating leases.

Finance leases. The Group, as a lessee of a finance lease, is to capitalize the assets leased at the inception of the lease at the amount equal to their fair value, or if lower, the present value of the minimum lease payments. The straight-line depreciation method is to be used to depreciate the asset over the period of its economic useful life or the shorter term of the lease agreement if it is unlikely that an option to purchase the asset will be exercised. Liabilities from finance lease agreements are to be shown at the present value of the minimum lease payments.

If the Group is a lessor, the amount equal to the net investment in the lease is to be capitalized as a receivable. Financial income is to be recognized through profit or loss in the respective reporting period, so that there is a constant periodic return on the net investment over the term of the lease.

Operating leases. Lease payments from operating lease agreements are to be recognized through profit or loss on a straight-line basis over the lease term.

Any incentives received or outstanding for entering into an operating lease agreement are also to be recognized on a straight-line basis over the lease term.

3.7 Investment Property

Investment property comprises plots of land and buildings held for gaining rental income or for the purpose of their value increasing. These properties are not held for the Group's own production, for supplying goods or rendering services, for administration purposes or for any sales in the ordinary course of business activities.

In accordance with IAS 40 "Investment Property", such assets are to be accounted for at depreciated acquisition or construction costs (see page 163). The basis for determining fair value is standard land values or the application of the discounted cash flow method.

The straight-line depreciation method provides for a useful life between 20 to 80 years.

In accordance with IAS 36, depreciation resulting from impairment losses of investment property is charged if the value in use or fair value less costs to sell of the respective asset is less than the carrying amount. If the reasons for an impairment loss from a prior period cease to exist, corresponding write ups are to be recorded.

3.8 Financial Instruments

Financial instruments are contracts giving rise to a financial asset of one entity and to a financial liability or an equity instrument of another entity. As defined in IAS 32, such instruments are either primary financial instruments such as trade receivables and trade payables or financial receivables and financial payables. On the other hand, derivative financial instruments are used for hedging risks arising from fluctuations in interest and foreign currency exchange rates.

Financial assets and financial liabilities are to be recognized in the consolidated statement of financial position as soon as the Group becomes a contractual party in a financial instrument agreement. In principle, financial assets are to be accounted for at the settlement amount.

The accounting treatment of financial instruments presently held depends on their classification: those classified as receivables and loans are recognized at amortized cost and those classified as available-for-sale assets are recognized at fair value.

The amortized acquisition cost of a financial asset or a financial liability is the amount at which the financial asset or financial liability was measured at initial recognition:

- minus any repayments
- minus any reduction for impairment or uncollectibility as well as
- plus/minus the cumulative amortization of any difference between the initial amount and the maturity amount (e.g. premiums). Under the effective interest method, premiums are spread over the full contractual term of the financial asset or financial liability.

Amortized cost for current receivables and payables generally reflects the nominal amount or the repayment value.

Fair value generally corresponds to the market or stock market value. If no active market exists, the fair value is determined by using financial mathematical methods such as by discounting estimated future cash flows at market interest rates or by applying standard option price models and by checking confirmations issued by the banks that sold the instruments.

A) Primary Financial Instruments
Shares in Entities

Initial recognition of shares in entities in the statement of financial position is based on fair value including transaction costs.

Within the Jenoptik Group all shares in publicly listed subsidiaries and shareholdings in publicly listed stock corporations, which have not been fully or partially consolidated and have also not been accounted for at equity in the consolidated financial statements, are classified as available for sale and are measured at fair value without deducting any transaction costs in subsequent reporting periods. Value adjustments of available-for-sale financial assets are recognized not through profit or loss but in other comprehensive income. In the case of permanent impairment, this is to be recognized through profit or loss.

Shareholdings in subsidiaries not publicly listed and in other investments are also generally to be classified as available-for-sale financial assets. They are, however, to be shown at their respective acquisition costs since there is no active market for such entities and fair value cannot reliably be determined with a reasonable amount of effort. As far as there are any indications of being lower than fair value, this is to be recognized.

Loans

Loans concern loans granted by the Jenoptik Group, and they are to be measured at amortized cost in accordance with IAS 39.

Non-current non-interest-bearing loans or low interest-bearing loans are to be accounted for at present value. If any objective, substantial evidence of impairment can be identified, then unscheduled impairment losses are accounted for. The carrying amounts are to be reduced by using an impairment loss account.

Securities
Securities belong to the category available-for-sale financial assets and are measured at fair value. Until such securities are sold, they are to be remeasured and reported outside of profit or loss in other comprehensive income by taking deferred taxes into consideration. When securities are sold or if permanent impairment occurs, the cumulative gains or losses that had been accounted for directly in equity are reclassified in profit or loss of the current reporting period. Initial measurement is recorded at acquisition costs at the settlement date and reflects its fair value.

Trade Receivables
Trade receivables are not interest bearing owing to their being short term and are recognized at nominal value less impairments because of their probable uncollectibility. Both individual default risks as well as general default risks derived from past events have been taken into account by setting up an impairment loss account. When the loss of a trade receivable is finally realized, the receivable is booked out by using a bad debt allowance possibly recognized before.

Other Receivables and Assets
Other receivables and assets are recognized at amortized cost. All default risks identified are accounted for by a corresponding impairment.

All material non-current non-interest-bearing or low interest-bearing receivables are discounted.

Cash and Cash Equivalents
Cash and cash equivalents are liquid assets comprising cash on hand, checks, bank balances and demand deposits with an original maturity of up to three months. All are accounted for at their nominal value.

Restricted Cash
Restricted cash is disclosed separately.

Financial Liabilities and Equity Instruments
In principle, financial liabilities are measured at amortized cost by applying the effective interest method. Those not affected are financial liabilities accounted for at fair value through profit or loss.

Liabilities from finance lease agreements are disclosed at the present value of the minimum lease payments.

An equity instrument is any contractual agreement containing a residual interest in the assets of the Group after all liabilities have been deducted. Share capital is classified as equity, whereby the costs (less related income tax benefits) attributable to issuing treasury shares have been deducted from equity.

Liabilities to Banks
Interest-bearing bank loans and overdraft lines of credit are accounted for at the amounts received less any directly attributable disbursement expenses. Financing costs, including premiums due to be paid on repayments or redemption, are accounted for on an accrual basis by applying the effective interest method and are increasing the carrying amount of the instrument as far as they have not been settled at the date of its inception.

B) Derivative Financial Instruments
Within the Jenoptik Group derivative financial instruments are used for hedging risks from fluctuations in interest and foreign currency exchange rates. They serve to reduce earnings volatility resulting from interest and foreign currency exchange rate risks. Fair value is determined by taking the market conditions – interest rates, foreign currency exchange rates – at the reporting date into account and by using the measurement methods presented in the following.

Derivative financial instruments are not used for speculation purposes. The use of derivative financial instruments is governed by group guidelines authorized by the Executive Board giving fixed written guidelines on how to transact derivative financial instruments. In order to hedge risks from fluctuations in interest and foreign currency exchange rates, the Group uses cash flow hedges.

Cash flow hedging is defined as a transaction for fixing future variable cash flows. By using such a procedure, the Jenoptik Group hedges risks resulting from changes in interest and foreign currency exchange rates. Currency derivative agreements, which can unequivocally be allocated to hedging future cash flows from foreign currency exchange transactions and servicing debt capital and which fulfill the requirements given in IAS 39 with respect to documentation and to being effective, are concluded directly with banks.

Changes in the fair value of derivative financial instruments serving to hedge cash flow risks are documented. If hedge accounting has been classified as effective, the changes in fair value are recognized outside of profit or loss in other comprehensive income. Reclassifications from equity to profit or loss are to be performed in the period, in which a hedged underlying transaction affects income. Value fluctuations from financial instruments classified as not effective are to be recorded directly through profit or loss.

3.9 Inventories

Inventories are recognized at the lower of acquisition or production costs and their net realizable value.

Net realizable value is the estimated selling price less the estimated production costs and any costs incurred until sale.

Acquisition costs include all costs incurred in acquiring inventories as well as any other costs incurred to convert them to their present condition. Thereby any measures for reducing purchase prices such as rebates, bonuses or trade discounts are to be considered.

Production costs include all costs related to production that have been determined on the basis of normal production capacity utilization. In addition to direct costs, these also include the appropriate portion of the necessary material and production overheads as well as production related depreciation as far as they can be directly attributable to the production process. In particular, costs are considered that are allocated to specific production cost centers.

Administrative expenses are also considered as far as they can be allocated to production. If carrying amounts at the reporting date have decreased owing to lower prices on the sales market, they are recognized. In principle, similar inventory asset items are measured by using the weighted average cost formula. If the reasons that led to a write-down of inventories cease to exist and in turn result in an increase of their net realizable value, reversals of write-downs are to be recognized as a reduction in material expenses in the periods in which the reversal of the write-downs occurs.

3.10 Borrowing Costs

Borrowing costs that can directly be attributed to the construction or production of a qualifying asset are capitalized as a portion of the acquisition or production costs of the asset.

3.11 Advances Received

Advance payments received from customers are recognized as liabilities as far as such payments do not deal with any construction contracts.

3.12 Construction Contracts

In accordance with IAS 11 “Construction Contracts”, revenue and profits from construction contracts are recognized by using the percentage of completion method. The percentage of completion is derived from the proportion of the actual construction costs incurred for work performed by the end of the fiscal year in ratio to the currently estimated total contract costs (cost-to-cost method). Independent of the level of completion, losses from construction contracts are immediately and fully recognized in the fiscal year they are identified.

Construction contracts measured by the percentage of completion method are recognized as receivables or payables depending on the amount of the progress payments received or progress billings outstanding. They are measured at construction costs plus any proportion of income received corresponding to the percentage completed. As far as the cumulative services rendered (construction costs and construction outcome) exceed the progress payments and advances received in individual cases, construction contracts are to be disclosed under receivables from construction contracts. If after deducting progress payments

and advances received, there is a negative balance, this is to be disclosed as a payable under liabilities from construction contracts. Any contract losses expected are considered as write-downs or as a provision for impaired construction contracts. They are determined
by considering all identifiable risks.

3.13 Deferred Taxes

The accounting for and measurement of deferred taxes is performed in accordance with IAS 12 "Income Taxes". Deferred taxes are computed by using the internationally recognized liability method. Deferred tax assets and deferred tax liabilities are presented in separate items in the statement of financial position in order to take future tax effects resulting from timing differences between the measurement of assets and liabilities and tax losses carried forward into account.

Deferred tax assets and deferred tax liabilities are computed in the amount of expected tax burdens or tax relief in following fiscal years on the basis of the tax rate in effect at the date of realization. Impacts from changes in tax rates affecting deferred taxes are recognized in the reporting period when the legislative procedures creating the change in the tax law have been completed and the tax rates have been enacted.

Deferred tax assets resulting from differences between the commercial and tax balance sheets and from tax losses carried forward are only then recognized if it is probable to gain any tax advantages in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset against each other as far as there is any congruence between tax creditors and tax deadlines. Any discounting of deferred tax assets and liabilities is not to be performed as prescribed by IAS 12.

3.14 Provisions for Pensions and Similar Obligations

Pensions and similar obligations comprise not only the pension obligations of the Jenoptik Group but also defined benefit plans as well as defined contribution plans.

In accordance with IAS 19, pension obligations for defined benefit plans are determined by using the so-called projected unit credit method. Actuarial expert opinions are annually obtained for this procedure.

Mortality rates are determined by using the Mortality Tables 2005 G for Germany computed by Heubeck Richttafeln and in compliance with the Occupational Pensions Act (BVG 2010) in Switzerland. Actuarial gains and losses are not recognized through profit or loss but in other comprehensive income. Service expenses are disclosed in personnel expenses and the interest portion of the provision increase is recorded in the financial result.

For defined contribution plans (for example, direct insurance schemes), the contributions payable are recognized immediately as an expense.

3.15 Tax Provisions

Tax provisions contain obligations for current income tax payables. Deferred taxes are disclosed in separate items in the statement of financial position.

Tax provisions for trade tax, corporate income tax and other similar taxes on income are determined on the basis of taxable income of the entities consolidated less any prepayments paid. Any other taxes to be assessed are considered in the same manner.

3.16 Other Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are set up as far as any liability to a third party exists from a past event that is probable to lead to an outflow of resources in the future and whose amount can be reliably estimated. Other provisions are only set up for legal or factual obligations to third parties that are more likely than not at the reporting date.

Provisions are recognized at the discounted present value of the expenditures expected to settle the obligations at the reporting date only if the interest effect is material. The present value of the expenditures expected to settle the obligation includes expected price or cost increases. Discounting is based on interest rates before taxes that reflect current market expectations with regard to the interest effect and to risks specific to the liability and that depend on the corresponding term of the obligation. The interest portion of the compounded interest in a provision is recorded in the financial result.

Provisions are measured on the basis of values derived from past events taking the circumstances at the reporting date into consideration. Provisions for warranties and guarantees are set up on the date of the sale of the goods affected or of the services rendered. The amount of the provision is based on the historical development of such guarantees and warranties as well as on considering all future possibilities of guarantee or warranty claims weighted by the probability of their occurence.

Provisions are only offset against any claims to the right of recourse if the claims are virtually certain.

3.17 Share-based Payment

The long-term incentive components (LTI) for the current members of the Executive Board as well as for some members of top management of JENOPTIK AG are accounted for as cash-settled share-based payments as defined in IFRS 2 "Share-based Payment". At the reporting date a long-term liability is set up as a payment obligation either at fair value pro rata temporis or at fair value of the total payment obligation depending on the respective contracts. Allocations to share-based payments are made on the basis of annual targets agreed upon. Changes in fair value are recognized through profit or loss.

3.18 Contingent Liabilities

Contingent liabilities are obligations that may possibly occur based on past events, and their existence may only be confirmed by one or more uncertain future events, which are, however, beyond the influence of the Jenoptik Group. Moreover, present obligations can be presented as contingent liabilities if the likelihood of outflows of resources is too uncertain to set up a provision and/or the amount of the obligation cannot be reliably estimated. The carrying amount of each contingent liability corresponds with the existing scope of the liability at the reporting date. In principle, they are not accounted for in the statement of financial position but are explained in the Notes.

3.19 Revenue

Revenue generated from the sale of goods is recognized through profit or loss as soon as all significant risks and rewards related to the ownership of the goods have fully been transferred to the buyer by having agreed upon or set a price and the payment thereof can be assumed. For individual cases for so-called bill-and-hold-back agreements the risks and rewards are transferred to the customer at the time of the final acceptance by the customer, even if the goods were not yet delivered on behalf of the customer's request. The item revenue shows the calculations of charges to customers for the deliveries of goods and services less sales reductions, penalties and trade discounts.

Revenue from services is recognized according to the percentage of completion of the contract at the reporting date, which is determined by assessing services rendered. Income is only then recognized if it is probable that the entity is to receive the economic benefit from the contract. Otherwise income is only recognized to the extent that expenses incurred are refundable.

Rental income received from investment property is recognized on a straight-line basis over the term of the corresponding rental contract and is disclosed in revenue.

3.20 Cost of Sales

All costs incurred in generating revenue are disclosed in the item cost of sales, which also includes costs allocated to the provisions for warranties and guarantees. The scheduled amortization of intangible assets and the scheduled depreciation of property, plant and equipment are recognized in the respective functional costs and assigned to cost of sales as far as they are attributed to the production process. Research and development expenses, which do not qualify for being capitalized, and amortized development costs are disclosed under the item research and development expenses.

3.21 Selling Expenses and General Administrative Expenses

Along with personnel expenses and cost of materials, selling expenses comprise expenses for distribution, advertising, promotion, market research, and customer service.

General and administrative expenses consist of personnel expenses and the cost of materials as well as administration-related depreciation and amortization.

3.22 Other Operating Income and Expenses

In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", income from the reversal of provisions is recognized through profit or loss. In case the underlying provisions were set up in functional costs, the provision reversals are also allocated to functional costs. If a provision is set up in other operating expenses, then the provision reversal is also shown in other operating expenses, unless such a provision reversal is higher than the item other operating expenses was before the reversal. In such cases the provision reversal is presented in other operating income.

Other taxes are allocated to other operating expenses.

3.23 Financial Income and Financial Expenses

The financial income and financial expenses comprises in particular interest income and interest expenses. Furthermore, this item contains currency exchange gains and losses of financial assets and liabilities, net gains or losses of derivatives of those financial assets and liabilities and expenses deriving from recycling of net gains or losses of other comprehensive income. Additionally, the financial income and financial expenses comprise net gains or losses from fair value measurement of contingent consideration that are classified as financial liabilities.

4 DISCLOSURES ON THE STATEMENT OF INCOME

4.1 Revenue

In contrast to 2014, revenue increased overall by EUR 78,424 thousand or 13.3 percent to EUR 668,637 thousand and mainly resulted from sales of goods:

in thousand euros	2015	2014
Sales of goods	573,063	498,315
Services rendered	92,751	88,287
Rental income	2,823	3,611
Total	**668,637**	**590,213**

The item revenue comprised revenue from construction contracts accounted for by their degree of completion at the reporting date amounting to EUR 7,360 thousand (prior year: EUR 3,046 thousand). For these construction contracts, progress billings sent to customers amounted to EUR 5,404 thousand (prior year: EUR 3,738 thousand).

Revenue for construction contracts not yet completed at the reporting date and from previous years totaled overall to EUR 9,144 thousand (prior year: EUR 6,249 thousand).

Revenues contain an amount of EUR 11,671 thousand deriving from bill-and-hold agreements (prior year: EUR 0 thousand).

Detailed disclosures on revenue according to segments and regions are presented in Segment Report from page 179 on.

4.2 Cost of Sales

in thousand euros	2015	2014
Cost of materials	268,975	219,242
Personnel expenses	127,730	114,375
Depreciation and amortization	21,238	18,499
Other cost of sales	24,525	32,646
Total	**442,468**	**384,762**

In contrast to 2014 cost of sales had an overall increase of EUR 57,706 thousand or 15.0 percent and totaled EUR 442,468 thousand. Cost of sales disclosed all costs incurred to generate revenue. In this item costs for setting up provisions for sales-related transactions were recognized as well as costs for development services ordered by customers.

As in the prior year, cost of sales did not contain any unscheduled impairment costs for intangible assets nor for property, plant and equipment.

Total cost of sales of EUR 8,488 thousand (prior year: EUR 6,242 thousand) were recognized for construction contracts that had not yet completely been fulfilled from the fiscal year and from previous years. The profit realized from these contracts totaled EUR 656 thousand (prior year: EUR 7 thousand), and a loss amounting to EUR 2,285 thousand (prior year: EUR 2.281 thousand) was recorded.

4.3 Research and Development Expenses

In contrast to the 2014 fiscal year, research and development expenses have increased overall by EUR 2,354 thousand or 6.0 percent to EUR 41,774 thousand.

They consisted of all costs allocable to R+D. R+D expenses did not contain any expenditure covered by customers, which amounted to EUR 10,908 thousand (prior year: EUR 10,516 thousand). Such expenditures were allocated to cost of sales.

As in the prior year, R+D expenses did not contain impairments.

4.4 Selling Expenses

When compared to the 2014 figures, selling expenses increased overall by EUR 5,067 thousand or 7.5 percent to EUR 72,591 thousand.

They primarily comprised marketing costs, sales commissions and public relations work.

4.5 General Administrative Expenses

When compared to the prior year, general administrative expenses rose by EUR 2,943 thousand or 5.8 percent to EUR 53.997 thousand.

General administrative expenses consisted of personnel expenses and cost of materials as well as any depreciation and amortization related to administration activities.

4.6 Expenses According to Types of Expense

The following types of major expenses were included in revenue, selling and administrative expenses as well as in research and development expenses:

in thousand euros	2015	2014
Material costs	281,511	253,636
Personnel expenses	239,629	219,662
Depreciation and amortization	28,770	24,571
Other expenses	60,921	44,891
Total	**610,830**	**542,760**

4.7 Other Operating Income

in thousand euros	2015	2014
Foreign currency exchange gains	8,639	7,988
Income from reversed bad debt allowances	4,069	2,645
Income from government grants	2,886	3,146
Income from services, offsets and rentals	2,565	1,865
Income from impairment reversals of investment property	1,986	0
Gains from the sale of associates	1,916	0
Income from non-cash contributions	1,364	985
Income from the sale of materials	691	574
Gains from disposals of property, plant and equipment and investment property	580	1,561
Income from damage claims/ insurance benefits	283	166
Income from the sale of technologies	0	1,500
Income from step acquisitions	0	783
Miscellaneous	2,040	2,023
Total	**27,019**	**23,237**

Other operating income thereby increased by EUR 3,782 thousand and thus by 16.3 percent to EUR 27,019 thousand.

Income from gains resulting from foreign currency exchange effects mainly contained gains resulting from fluctuations in exchange rates between the transaction date and the payment date of receivables and payables in foreign currencies as well as gains from exchange rate measurements taken at the reporting date. Losses from foreign currency exchange effects for these items were disclosed in other operating expenses.

Income from government grants generally contained grants for research and development projects that Jenoptik received from the Federal Ministry for Education and Research.

Income from impairment reversals for investment properties that had been impaired in previous years concerned two pieces of real estate in Jena, which were sold in the reporting period. Since the purchase prices rose above the residual value, the reasons for their impairment no longer applied. The gains from the sales were accounted for in the item gains from disposals of property, plant and equipment and investment property.

Gains from the sale of associates was generated by the sale of the 25-percent interest held in Martec S.p.A.

The item Miscellaneous contained income from various sources, among which were income from running canteens and refunds from other taxes.

4.8 Other Operating Expenses

in thousand euros	2015	2014
Foreign currency exchange losses	7,923	5,927
Expenses for services and rentals	2,697	2,077
Reorganization and restructuring expenses	2,667	1,462
Additions/reversals of provisions and bad debt allowances for receivables	2,480	2,063
Losses from disposals of intangible assets, property, plant and equipment and investment property	883	428
Impairments of intangible assets, property, plant and equipment and investment property	761	50
Expenses for group projects	747	3,490
Other taxes	523	448
Amortization of intangible assets from a first-time consolidation	517	1,200
Acquisition costs	0	1,247
Miscellaneous	4,581	3,575
Total	**23,777**	**21,967**

When compared with the prior year, other operating expenses have risen by EUR 1,810 thousand or 8.2 percent to EUR 23,777 thousand.

The expenses incurred for foreign currency exchange losses primarily contained losses from foreign currency exchange transactions between the transaction date and the date of payment of a receivable or a payable as well as any exchange rate losses incurred from the valuation at the exchange rate at the end of the reporting period. Any gains from foreign currency exchange transactions resulting from these items were recognized in other operating income. In taking a net view, foreign currency gains and losses resulted in a net gain of EUR 716 thousand (prior year: EUR 2,061 thousand).

The item for reorganization and restructuring expenses chiefly contained additions to provisions for severance payments in connection with the restructuring of the laser business activities of JENOPTIK Laser GmbH in Jena.

In the 2015 fiscal year additions to the bad debt allowance for receivables totaled EUR 5,144 thousand (prior year: EUR 3,964 thousand). The additions to and reversals of provisions consisted of additions of EUR 251 thousand (prior year: EUR 312 thousand) as well as reversals of EUR 2,915 thousand (prior year: EUR 2,213 thousand). More information on these items can be found in Disclosures on the statement of financial position from page 159 on.

The expenses for group projects primarily concerned the JOE and HCM projects as well as the one for our new website.

The item Miscellaneous was mainly for recharges and expenses for running canteens, legal and consulting fees, as well as numerous individual items.

4.9 Result from Other Investments

in thousand euros	2015	2014
Impairments and impairment reversals of financial assets	1,295	–214
Earnings from shareholdings	263	192
Total	**1,558**	**–22**

Earnings from investments improved by EUR 1,580 thousand to EUR 1,558 thousand.

In the reporting period the impairments of non-current financial assets amounted to EUR 212 thousand and mainly comprised write downs of available-for-sale assets. Revaluations of financial assets were recorded in the amount of EUR 1,507 thousand and mostly concerned a loan.

As in the prior year, the earnings from shareholdings chiefly consisted of dividend income from investments.

4.10 Financial Income and Financial Expenses

in thousand euros	2015	2014
Income from measuring financial instruments in foreign currencies	4,320	1,214
Income from financial instrument remeasurements	608	0
Income from financial asset securities and loans	292	310
Other interest and similar income	250	345
Total financial income	**5,469**	**1,869**
Expenses for measuring financial instruments in foreign currencies	2,501	479
Interest expenses for debenture loans	2,364	2,936
Expenses for restructuring debenture loans	1,370	0
Interest expenses for syndicated loan	817	627
Expenses for recycling derivatives on interest rate hedges	604	0
Net interest expenses for pension provisions	486	654
Other interest and similar expenses	2,676	3,041
Total financial expenses	**10,819**	**7,737**
Total	**–5,350**	**–5,868**

Financial income and financial expenses increased by EUR 519 thousand or 8.8 percent to minus EUR 5,350 thousand (prior year: minus EUR 5,868 thousand).

In the 2015 fiscal year income from measuring financial instruments amounting to EUR 4,320 thousand (prior year: EUR 1,214 thousand) and expenses for measuring financial instruments amounting to EUR 2,501 thousand (prior year: EUR 479 thousand) led to a net gain of EUR 1,819 thousand (prior year: EUR 735 thousand). This income and these expenses resulted from foreign currency exchange gains and losses from measuring financial assets in foreign currencies, less the valuation of the respective derivatives.

In connection with restructuring and extending the terms of the debenture loans, transaction expenses amounting to EUR 1,370 thousand were recognized as an expense in the reporting period.

Interest derivatives were concluded in order to hedge risks of interest rates changing. In 2014 the changes in fair market value of cash flow hedges proved to be highly effective and were recognized in other result. Owing to the restructured terms of the debenture loans, the effectiveness of these interest derivatives has changed so that the amount of EUR 604 thousand that had been disclosed in other result was reclassified to the statement of income. Since then all changes in market values have been recognized through profit or loss in the financial result.

The item other interest and similar income primarily comprised interest from bank deposits. The item other interest and similar expenses contained guaranty and bank charges as well as interest expenses from accrued interest of non-current liabilities and other provisions.

4.11 Income Taxes

Income taxes disclosed the income tax paid or owing on income generated in the respective countries as well as deferred tax assets and deferred tax liabilities. The calculation of the current income taxes of the Jenoptik Group was performed by using the tax rates valid at the reporting date.

A tax rate of 29.9 percent (prior year: 29.9 percent) was used to calculate deferred taxes for domestic entities. Along with a corporate income tax rate of 15.0 percent (prior year: 15.0 percent) and a solidarity surcharge of 5.5 percent (prior year: 5.5 percent) levied on the corporate income tax burden, an effective trade tax rate of 14.1 percent (prior year: 14.08 percent) was also considered. The calculation of deferred taxes for foreign companies was based on the tax rates applicable in the respective country where each entity was located.

Deferred taxes were recognized as either tax income or tax expenses in the statement of comprehensive income unless they directly affected items outside of profit or loss in other comprehensive income. In this event, deferred taxes were then also recognized outside of profit or loss in other comprehensive income.

Tax expenses were classified according to origin as follows:

in thousand euros	2015	2014
Current income taxes		
Domestic	3,043	4,704
Foreign	2,741	2,967
Total	**5,784**	**7,671**
Deferred taxes		
Domestic	–1,244	–2,406
Foreign	2,976	–773
Total	**1,732**	**–3,179**
Total income tax	**7,516**	**4,492**

The item current income taxes contained a tax liability of EUR 0 thousand (prior year expense: EUR 49 thousand) for discontinued operations.

In current income taxes, tax expenses amounting to EUR 183 thousand (prior year expense: EUR 829 thousand) were included for current taxes from prior fiscal periods. Deferred taxes contained income from other accounting periods amounting to EUR 782 thousand (prior year income: EUR 1,511 thousand).

The item deferred taxes contained an expense of EUR 1,119 thousand (prior year income: EUR 1,884 thousand) resulting from the development of timing differences.

As at the reporting date, the Jenoptik Group had the following unused tax losses carried forward at its disposal for offsetting against future profits:

in thousand euros	2015	2014
Corporate income tax	363,935	380,805
Trade tax	528,970	548,139

The reduction in tax losses carried forward mainly resulted from their being used in the reporting period. They were further reduced by the results of the tax audit completed in 2015. Taking all currently known positive and negative factors influencing future tax results of the Jenoptik Group into consideration, the use of a corporate income tax loss carried forward of EUR 154,059 thousand (prior year: EUR 160,088 thousand) and the use of a trade tax loss carried forward of EUR 159,405 thousand (prior year: EUR 155,732 thousand) have been anticipated.

With regard to unused tax losses carried forward, a deferred tax asset of EUR 47,145 thousand (prior year: EUR 48,287 thousand) was recognized. Thereof EUR 22,436 thousand (prior year: EUR 21,919 thousand) was allocated to trade tax losses carried forward.

No deferred tax assets were recognized for the remaining losses carried forward for corporate income tax purposes in the amount of EUR 209,876 thousand (prior year: EUR 220,717 thousand) and for trade tax purposes in the amount of EUR 369,565 thousand (prior year: EUR 392,407 thousand). Tax losses carried forward in the amount of EUR 6,733 thousand (prior year: EUR 9,563 thousand) are subject to a restricted time period in which they can be carried forward.

In addition, no deferred tax assets were recognized for deductible timing differences amounting to EUR 14,437 thousand (prior year: EUR 12,208 thousand) as they will not be realized during the period under consideration.

The following recognized deferred tax assets and deferred tax liabilities were attributed to recognition and measurement differences in individual balance sheet items and to tax losses carried forward:

	Deferred tax assets		Deferred tax liabilities	
in thousand euros	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Intangible assets	1,190	1,658	2,687	3,572
Property, plant and equipment	1,799	1,002	2,279	2,025
Financial assets	3,606	7,023	1,553	1,545
Inventories	8,006	5,912	57	123
Receivables and other assets	5,935	5,379	2,020	1,582
Provisions	12,468	15,315	449	266
Liabilities	3,144	2,839	1,540	1,689
Tax losses carried forward and tax refunds	48,873	49,790	0	0
Gross value	**85,021**	**88,918**	**10,585**	**10,802**
(thereof non-current)	(61,561)	(67,520)	(7,857)	(8,303)
Impairments	−2,820	−3,536	0	0
Offsets	−8,599	−9,060	−8,599	−9,060
Value presented on the statement of financial position	**73,602**	**76,322**	**1,986**	**1,742**

The balance of the excess deferred tax assets decreased by EUR 2,964 thousand. Taking into consideration the deferred taxes (minus EUR 1,743 thousand) recognized outside of profit or loss when offset in the reporting year as well as the foreign currency exchange effects (EUR 511 thousand), deferred tax expense as shown in the statement of comprehensive income came to a total of EUR 1,732 thousand.

The following table shows the tax reconciliation between the tax expenses expected in the respective fiscal year and the actual tax expense recognized. In order to calculate the expected tax expense, the group tax rate of 29.9 percent (prior year: 29.9 percent) for the 2015 fiscal year was multiplied by earnings before tax.

in TEUR	2015	2014
Earnings before tax	57,431	46,097
thereof earnings before tax – discontinued operations	175	3,265
Earnings before tax – continuing operations	57,256	42,832
Corporate income tax rate for the Jenoptik Group in percent	29.9	29.9
Expected tax expense	**17,120**	**12,807**
Following tax effects resulted from the difference between the actual and the expected tax expense:		
Non-deductible expenses, tax-free income and permanent deviations	−271	−109
Changes in impaired deferred taxes and unrecognized deferred taxes	−9,081	−7,228
Effects resulting from tax rate differences	175	585
Effects of tax rate changes	20	−1,183
Taxes for prior years	−599	−680
Other tax effects	152	300
Total adjustments	**−9,604**	**−8,315**
Actual tax expense	**7,516**	**4,492**

4.12 Earnings from Non-controlling Interests

The earnings from non-controlling interests in group earnings amounted to EUR 345 thousand (prior year: minus EUR 50 thousand) and concerned non-controlling interests in three consolidated entities.

More information on the entities not consolidated is available in section 2.1 The Group of Entities Consolidated from page 140 on.

4.13 Earnings from Discontinued Operations

Certain issues involving the sale of M+W Zander Holding AG, which had economically remained with JENOPTIK AG, have now been predominantly concluded. Also the arbitration proceedings between M+W Group GmbH as the legal successor to M+W Zander Holding AG and a customer were concluded with a settlement in December 2014. The monthly payments from the settlement concluded were disclosed as income from discontinued operations and amounted to EUR 175 thousand in the reporting period.

In the prior year earnings from discontinued operations primarily resulted from a partial reversal of provisions that were set up in 2005 in connection with the sale of M+W Zander Holding AG as well as for tax refunds and interest income related to the sale. Earnings after taxes were positively influenced and amounted to EUR 3,265 thousand.

No income tax resulted from the earnings from discontinued operations. Cash flow was influenced positively by an amount of EUR 175 thousand (prior year: EUR 1,421 thousand).

4.14 Earnings per Share

Earnings per share corresponded to earnings attributable to shareholders divided by the weighted average of outstanding shares.

	2015	2014
Shareholder earnings (in thousand euros)	49,570	41,655
Weighted average of outstanding shares	57,238,115	57,238,115
Earnings per share in euros – continuing operations	0.86	0.67
Earnings per share in euros – Group (undiluted = diluted)	**0.87**	**0.73**

5 DISCLOSURES ON STATEMENT OF FINANCIAL POSITION

5.1 Intangible Assets

in thousand euros	Development costs from internal development projects	Patents, trademarks, software licenses, customer relationships	Goodwill	Other intangible assets	Total
Acquisition or production costs Balance at 1/1/2015	**16,445 (15,961)**	**68,227 (49,819)**	**106,833 (67,371)**	**1,571 (6,528)**	**193,077 (139,678)**
Foreign currency exchange effects	19 (3)	906 (482)	2,804 (574)	2 (2)	3,730 (1,060)
Changes in the group of entities consolidated	0 (0)	–39 (9,463)	273 (38,889)	0 (0)	234 (48,352)
Additions	365 (305)	3,365 (2,547)	0 (0)	570 (1,732)	4,300 (4,584)
Disposals	2,616 (0)	995 (166)	0 (0)	455 (449)	4,066 (615)
Reclassifications (+/-)	0 (176)	447 (6,082)	0 (0)	–420 (– 6,241)	27 (17)
Acquisition or production costs Balance at 31/12/2015	**14,213 (16,445)**	**71,911 (68,227)**	**109,911 (106,833)**	**1,268 (1,571)**	**197,302 (193,077)**
Amortization and impairments Balance at 1/1/2015	**13,845 (13,089)**	**45,915 (41,353)**	**9,892 (9,891)**	**162 (0)**	**69,814 (64,332)**
Foreign currency exchange effects	13 (3)	377 (390)	2 (1)	0 (0)	392 (394)
Changes in the group of entities consolidated	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Additions	1,152 (916)	6,286 (4,282)	0 (0)	0 (0)	7,438 (5,198)
Impairments	253 (0)	0 (0)	0 (0)	93 (0)	346 (0)
Disposals	2,206 (0)	964 (110)	0 (0)	255 (0)	3,425 (110)
Reclassifications (+/-)	0 (–162)	0 (0)	0 (0)	0 (162)	0 (0)
Amortization and impairments Balance at 31/12/2015	**13,058 (13,845)**	**51,614 (45,915)**	**9,894 (9,892)**	**0 (162)**	**74,566 (69,814)**
Net carrying amount at 31/12/2015	**1,155 (2,599)**	**20,297 (22,312)**	**100,017 (96,941)**	**1,268 (1,409)**	**122,737 (123,262)**

Prior year figures are in parentheses.

Owing to the finalization of the first-time consolidation in accordance with IFRS 3, the intangible assets and goodwill identified in conjunction with the acquisition of Vysionics were recognized at different values in 2015 than the preliminary values in 2014. These changes have been separately disclosed as changes in the group of entities consolidated. Further information on the first-time consolidation of the Vysionics Group is provided in section 2.4 from page 142 on.

Impairments of capitalized development costs of internal development projects were recognized in the reporting period in other operating expenses. As in the prior year, intangible assets were not subject to any disposal restrictions. Purchase commitments for intangible assets amounted to EUR 390 thousand (prior year: EUR 392 thousand).

Internally generated intangible assets amounting to EUR 805 thousand (prior year: EUR 2,776 thousand) were included in the additions.

Other than goodwill, there were no intangible assets with an indefinite useful life.

An impairment test for goodwill is performed at the level of the cash-generating units benefiting from the synergies of the respective business combination and representing the lowest level at which goodwill is monitored for internal company management. If the carrying amounts of the cash-generating units exceed their recoverable amounts, the goodwill allocated is correspondingly reduced. Determinative for the impairment test is the recoverable amount, which is the higher of fair value less costs to sell or value in use.

Jenoptik computes the value in use by applying the discounted cash flow method and uses a five-year business plan approved by management and the Supervisory Board as the basis for the computation. It takes past experience into consideration and is based on the best estimates of management on future development. Cash flows considered during the detailed planning phase are forecasted on the basis of differentiated growth rates, which take the development and dynamics of the respective industries and target markets into consideration. A perpetual annuity is assumed, the amount of which is individually derived by management from the fifth plan year of the planning horizon for each cash-generating unit. The perpetual annuity includes a growth component in the form of a deduction at a nominally discounted interest rate between 0.9 and 1.1 percent. Non-recurring effects in the last year of the plan are eliminated prior to calculating the perpetual annuity.

The weighted average cost of capital after taxes necessary for impairment testing is determined by using a capital asset pricing model for determining the cost of equity. The components for calculating the cost of equity are a risk-free interest rate, the market risk premium, a beta factor customary in our industry determined from peer groups and the average country risk of each cash-generating unit. Borrowing costs were determined by including a risk-free interest rate, the spread customary in our industry and the standard average tax rate. The weighted costs of equity and borrowing costs resulted from applying the capital structure customary in our industry.

Impairment testing was conducted assuming a weighted average cost of capital after taxes at a rate between 5.51 and 7.44 percent. This corresponded to the weighted average cost of capital before taxes at a rate between 7.26 and 12.50 percent. The discount rates used in the prior year were based on a cost of capital study for HDAX companies and before taxes these discount rates were between 9.72 and 15.62 percent.

As at December 31, 2015 goodwill amounted to EUR 100,017 thousand (prior year: EUR 96,941 thousand). The finalization of the first-time consolidation of the Vysionics Group led to an increase in goodwill of EUR 273 thousand. In addition, the change in the carrying amount of EUR 2,806 thousand (prior year EUR 575 thousand) resulted from foreign currency change effects.

As in the prior year, no impairments were required for goodwill in the 2015 fiscal year.

The following table summarizes the goodwill for each cash-generating unit according to segment:

in thousand euros	31/12/2015	31/12/2014
Laser & Optical Systems		
Optoelectronic Systems business unit	38,191	38,122
Optical Systems USA	1,609	1,443
Lasers business unit	3,071	3,071
Metrology		
Industrial Metrology division	4,564	4,337
Traffic Solutions Equipment business unit	42,326	39,704
Traffic Solutions business unit Traffic Service Provision	2,336	2,345
Defense & Civil Systems		
Energy Systems business area	7,920	7,920
Total	**100,017**	**96,941**

The following table represents the allocation of goodwill to the segments by percentage:

in percent	31/12/2015	31/12/2014
Laser & Optical Systems	43	44
Metrology	49	48
Defense & Civil Systems	8	8
Total	**100**	**100**

Since January 1, 2016 a new group structure has been in effect, wherein business activities were realigned and became more concentrated on growth markets. In the course of this reorganization, the cash-generating units benefiting from the synergies embodied by goodwill were restructured. This led to goodwill being reallocated to the restructured cash-generating units existing in 2016.

The following table illustrates the information on the allocation of goodwill to the individual cash-generating units by segments as if the new structure had already been applied as at December 31, 2015:

in thousand euros	31/12/2015
Optics & Life Science	
Optical Systems	1,609
Healthcare & Industry	41,262
Mobility	
Automotive	4,564
Traffic Solutions	44,662
Defense & Civil Systems	7,920
Total	**100,017**

If impairment testing had been conducted under the presumption that the goodwill would already have been reallocated to the cash-generating units listed in the table above as at December 31, 2015, there would also have been no impairment of goodwill.

Sensitivity analyses were performed for all cash-generating units to which goodwill was allocated as at December 31, 2015. Even a 45-percent reduction in cash flow or an increase in the discount factor of 4.4 percentage points would not have caused the recoverable amount to fall below the carrying amount of the cash-generating unit.

5.2 Property, Plant and Equipment

in thousand euros	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction	Total
Acquisition or production costs Balance at 1/1/2015	**141,000 (134,627)**	**167,802 (154,450)**	**94,251 (86,683)**	**8,676 (3,776)**	**411,729 (379,535)**
Foreign currency exchange effects	1,227 (1,255)	2,764 (2,213)	454 (509)	79 (57)	4,524 (4,034)
Changes in the group of entities consolidated	0 (4)	0 (8,287)	0 (240)	0 (0)	0 (8,531)
Additions	947 (5,647)	8,860 (5,374)	7,295 (7,020)	3,265 (7,308)	20,366 (25,349)
Disposals	471 (854)	10,589 (2,252)	3,109 (2,807)	32 (224)	14,200 (6,137)
Reclassifications (+/-)	8,576 (321)	6,638 (–269)	418 (2,607)	–8,025 (–2,241)	7,607 (417)
Acquisition or production costs Balance at 31/12/2015	**151,279 (141,000)**	**174,859 (167,802)**	**99,309 (94,251)**	**3,962 (8,676)**	**429,408 (411,729)**
Depreciation and impairments Balance at 1/1/2015	**58,785 (54,973)**	**131,149 (118,828)**	**71,047 (65,102)**	**0 (0)**	**260,982 (238,903)**
Foreign currency exchange effects	613 (583)	2,131 (1,759)	350 (368)	0 (0)	3,094 (2,710)
Changes in the group of entities consolidated	0 (0)	0 (5,742)	0 (66)	0 (0)	0 (5,808)
Additions	4,232 (3,870)	9,332 (8,188)	7,431 (6,698)	0 (0)	20,995 (18,756)
Impairments	0 (0)	190 (0)	0 (0)	0 (0)	190 (0)
Disposals	322 (634)	10,271 (2,182)	2,893 (2,707)	0 (0)	13,486 (5,523)
Reclassifications (+/-)	2,586 (–7)	49 (–1,188)	–44 (1,520)	0 (0)	2,591 (326)
Depreciation and impairments Balance at 31/12/2015	**65,893 (58,785)**	**131,965 (131,149)**	**75,891 (71,047)**	**0 (0)**	**273,749 (260,982)**
Net carrying amount at 31/12/2015	**85,385 (82,215)**	**42,894 (36,653)**	**23,418 (23,204)**	**3,962 (8,676)**	**155,659 (150,747)**

Prior year values are in parentheses.

Land and buildings of the Group in the amount of EUR 85,385 thousand (prior year: EUR 82,215 thousand) contained in particular the production and administration buildings in Jena, Altenstadt, Huntsville (USA) and Shanghai (China).

In 2015 real estate in Jena was reclassified out of investment property and into the item land and buildings resulting in that item having increased by EUR 5,143 thousand. Counteracting this is a reclassification in the amount of EUR 101 thousand (prior year: EUR 193 thousand) from the item advance payments in property, plant and equipment to investment property.

Impairments made in the reporting period were recognized in other operating expenses.

Purchase order commitments for property, plant and equipment amounted to EUR 4,019 thousand (prior year: EUR 3,043 thousand). In the 2015 fiscal year no investment subsidies have been granted that needed to be deducted from the acquisition costs of property, plant and equipment (prior year: EUR 341 thousand).

At the reporting date property, plant and equipment amounting to EUR 151 thousand (prior year: EUR 121 thousand) were pledged, and loans amounting EUR 176 thousand (prior year: EUR 62,994 thousand) were collateralized. This massive reduction resulted from the complete repayment of a collateralized loan and the subsequent termination of the land charge. There are no further disposal restrictions for property, plant and equipment.

5.3 Investment Property

in thousand euros	Investment Property
Acquisition or production costs Balance at 1/1/2015	**29,954 (33,086)**
Additions	0 (142)
Disposals	11,925 (3,467)
Reclassifications	–7,633 (193)
Acquisition or production costs Balance at 31/12/2015	**10,396 (29,954)**
Depreciation Balance at 1/1/2015	**13,596 (13,979)**
Additions	337 (557)
Impairments	270 (0)
Reversal of impairments	–1,986 (0)
Disposals	3,766 (940)
Reclassifications	–2,591 (0)
Depreciation Balance at 31/12/2015	**5,860 (13,596)**
Net carrying amount at 31/12/2015	**4,536 (16,358)**

Prior year values are in parentheses.

Investment property held at December 31, 2015 primarily included a real estate fund containing largely commercial property in Jena-Göschwitz. This real estate fund was consolidated in the consolidated financial statements in accordance with IFRS 10.

There were no additions to real estate in the real estate fund mentioned above (prior year: EUR 142 thousand) in the fiscal year. Net disposals of EUR 8,159 thousand (prior year: EUR 2,527 thousand) were the result of selling two pieces of non-operating real estate in Jena. Before the sale of these real properties was concluded, the impairment from previous years was reversed in the amount of EUR 1,986 thousand since the selling prices exceeded the carrying amounts.

In the 2015 fiscal year reclassifications amounting to EUR 5,143 thousand were made from investment property to the item land and buildings in property, plant and equipment since the utilization of a property had changed. In addition, advance payments in the amount of EUR 101 thousand (prior year: EUR 193 thousand), which had been booked under property, plant and equipment, were reclassified to the item investment property.

Investment property was measured at amortized acquisition cost amounting to EUR 4,536 thousand (prior year: EUR 16,358 thousand). In the reporting period impairments amounting to EUR 270 thousand were made since the net carrying amount of a property exceeded its fair value.
In 2014 there were no impairments or reversals of impairments.

Fair value was determined on the basis of the discounted cash flow method. Thereby the net rents without utilities were estimated for the entire remaining useful lives of the real properties and were discounted over the remaining useful lives. Risk-adjusted interest rates were used as the discount rate. Fair value was allocated to level 3 of the hierarchy of fair values because of the use of non-observable parameters such as interest rates, rents without utilities as well as maintenance and ancillary expenses.

In total, the fair value of the item investment property was determined to be EUR 5,821 thousand (prior year: EUR 16,606 thousand).

Rental income from investment property held at the end of the fiscal year amounted to EUR 510 thousand (prior year: EUR 2,386 thousand).

The direct operating expenses of immobile and mobile property recognized at year end of the 2015 fiscal year amounted to EUR 236 thousand (prior year: EUR 1,265 thousand) for leased space, plus impairments of EUR 270 thousand determined in the fiscal year and of EUR 133 thousand (prior year: EUR 25 thousand) for unleased space.

5.4 Leases

Finance Leases

The Group as lessee. The item finance leases included other equipment, operating and office equipment. There were several lease-purchase agreements for vehicles based on an average incremental borrowing rate of interest of 6.5 percent.

The assets contained in finance lease agreements were recognized in property, plant and equipment at EUR 338 thousand (prior year: EUR 501 thousand). At the reporting date, the original acquisition or construction costs of the assets in the item finance leases amounted to EUR 4,967 thousand (prior year: EUR 5,246 thousand).

In the 2015 fiscal year, EUR 6 thousand (prior year: EUR 5 thousand) of the total lease payments amounting to EUR 48 thousand (prior year: EUR 45 thousand) were recognized through profit or loss.

Future lease payments are shown in the following table:

in thousand euros	Up to 1 year	1 to 5 years	More than 5 years	Total
Minimum lease payments	53 (51)	75 (47)	0 (0)	128 (98)
Interest portion included in payments	5 (3)	5 (1)	0 (0)	9 (4)
Present value	48 (49)	70 (46)	0 (0)	118 (94)

Prior year values are in parentheses.

The Group as lessor. One entity of the Group in the Metrology segment concluded contracts qualifying as finance lease contracts as the lessor in 2009 allowing a customer to utilize traffic safety equipment. This lease contract was prematurely terminated by mutual agreement in 2015.

Of the minimum lease payments received amounting to EUR 123 thousand (prior year: EUR 385 thousand) in the 2015 fiscal year, EUR 8 thousand (prior year: EUR 21 thousand) were recognized through profit or loss.

At December 31, 2015 there were no outstanding minimum lease payments (prior year: EUR 2,332 thousand) nor any unrecognized finance lease income (prior year: EUR 141 thousand).

in thousand euros	Up to 1 year	1 to 5 years	More than 5 years	Total
Minimum lease payments	0 (1,784)	0 (689)	0 (0)	0 (2,473)
Interest portion included in payments	0 (101)	0 (40)	0 (0)	0 (141)
Present value	0 (1,683)	0 (649)	0 (0)	0 (2,332)

Prior year values are in parentheses.

Operating Leases

The Group as lessee. Operating leases mainly included lease agreements for commercial space as well as for office and data processing equipment.

Payments made under finance leases amounting to EUR 8,138 thousand (prior year: EUR 8,284 thousand) were recorded through profit or loss. As in the prior year, no contingent rent payments were included therein.

At the reporting date, open obligations from non-terminable operating leases existed with the following maturities:

in thousand euros	Up to 1 year	1 to 5 years	More than 5 years	Total
Minimum lease payments	8,987 (7,854)	21,071 (21,775)	22,573 (21,200)	52,631 (50,829)

Prior year values are in parentheses.

The Group as lessor. Within the framework of operating leases, the Group leases commercial property. Rental income from the leasing of property, plant and equipment and from investment property amounted to EUR 2,823 thousand (prior year: EUR 3,615 thousand) during the reporting period.

At the reporting date the following minimum lease payments had been contractually agreed upon with tenants:

in thousand euros	Up to 1 year	1 to 5 years	More than 5 years	Total
Minimum lease payments	1,601 (2,848)	1,907 (4,175)	315 (1,242)	3,823 (8,265)

Prior year values are in parentheses.

The strong reduction of future minimum lease payments (prior year: EUR 8,265 thousand) resulted from the selling of two real properties as well as the increased utilization of our own commercial space.

Lease agreements without a termination date were recorded in rental income only up until the date of the earliest possible termination. The probability of leasing the space further or of granting extensions on the lease agreements was not included in the calculation.

5.5 Financial Assets

in thousand euros	31/12/2015	31/12/2014
Shares in unconsolidated associates	2,877	2,414
Investments	14,129	15,457
Loans to unconsolidated associates and investments	1,072	1,174
Long-term securities	2,167	2,018
Other loans	1,500	0
Total	**21,745**	**21,064**

In 2015 the carrying amount of investments was reduced by EUR 2,564 thousand through selling the 25-percent investment in Martec S.p.A. Further changes resulted from foreign currency exchange effects in translating the foreign currencies used in preparing the separate financial statements of the entities consolidated.

Default risks were taken into consideration when impairments were performed. The following table reflects the changes in the financial assets impaired:

in thousand euros	2015	2014
Impairment at 1/1	**48,252**	**49,050**
Additions	1,046	1,165
Utilization	24,927	1,706
Reversals/derecognition	1,507	257
Foreign currency exchange effects	0	0
Impairment at 31/12	**22,864**	**48,252**

The balance of the impairments and the reversal of impairments performed in previous years on financial assets amounted to minus EUR 461 thousand (prior year: EUR 908 thousand) in the reporting period.

In the fiscal year shares in a company amounting to EUR 7 thousand were purchased. An already existing loan granted to this company was disclosed in the item other loans in the prior year and was completely written off. A portion of this loan with initial acquisition costs of EUR 1,264 thousand was invested as a shareholder contribution, the impairments remained unchanged. Also with regard to the loan granted to the company mentioned above, an impairment of EUR 1,500 thousand from previous years was reversed since the loan granted was completely paid off in 2016.

The utilization of impairments on financial assets is related to loans granted to third parties. In previous years there was an obligation to a real estate fund that had been recognized as an impairment of the existing loans granted to this real estate fund. This obligation was realized in the amount expected of EUR 13,870 thousand, and accordingly impairment was utilized. In addition, loans in the amount of EUR 11,057 thousand granted to this company were contributed to plan assets.

5.6 Other Non-current Assets

Other non-current assets included the following:

in thousand euros	31/12/2015	31/12/2014
Long-term trade receivables	3,100	0
Derivatives	1	32
Receivables from lease agreements	0	649
Miscellaneous	1,447	1,074
Total	**4,548**	**1,755**

In the 2015 fiscal year receivables were recognized from customer contracts that were due in more than one year. Because of the due dates and the particularities of the business, disclosure was made in the item other non-current assets.

Other non-current assets essentially comprised the deferred financing costs of the syndicated loan in the amount of EUR 936 thousand (prior year: EUR 475 thousand).

Further details on the aggregated item of derivative financial instruments are provided in Note 8.2 from page 181 on.

5.7 Deferred Taxes

The development of deferred taxes shown as an item in the statement of financial position is presented in the Note 4.11 from page 155 on.

5.8 Inventories

in thousand euros	31/12/2015	31/12/2014
Raw materials, consumables and supplies	60,122	63,942
Unfinished goods and work in progress	89,007	91,667
Finished goods and merchandise	18,004	23,408
Total	**167,132**	**179,018**

The carrying amount of inventories was the lower of net realizable value and acquisition or production costs.

Part of the inventories are long-term stocks in the amount of EUR 17,146 thousand (prior year: EUR 19,676 thousand), which mainly comprised development services for customers.

At the end of the fiscal year, cumulative write-downs of EUR 44,055 thousand (prior year: EUR 37,213 thousand) were included in the net realizable value. Write-downs amounting to EUR 1,029 thousand (prior year: EUR 890 thousand) were reversed because the reasons for write-downs in previous years no longer applied.

In the 2015 fiscal year the consumption of inventories influenced expenses by EUR 216,588 thousand (prior year: EUR 176,503 thousand). Their allocation is displayed in the following table:

in thousand euros	31/12/2015	31/12/2014
Cost of sales	214,417	174,826
Research & development expenses	1,428	1,448
Selling expenses	470	169
Administrative expenses	273	60
Total	**216,588**	**176,503**

At the reporting dates, inventories had no restrictions on availability.

5.9 Trade and Other Receivables

in thousand euros	31/12/2015	31/12/2014
Trade receivables	120,009	115,690
Receivables from unconsolidated associates	1,847	2,356
Receivables from construction contracts	1,359	233
Receivables from entities in which investments are held	405	640
Other assets	11,345	14,478
Total	**134,966**	**133,396**

The fair values of trade receivables corresponded to their carrying amounts.

With regard to receivables from construction contracts less progress payments, construction contracts satisfying specific customer requirements were recognized as assets if the construction costs incurred plus the portion of profit exceeded the progress payments and partial billings. In the 2015 fiscal year, progress payments totaling EUR 1,047 thousand (prior year: EUR 225 thousand) were applied against receivables from construction contracts.

As in the prior year, there were no restrictions on other assets.

Current other receivables largely bore no interest.

Trade receivables comprised the following:

in thousand euros	31/12/2015	31/12/2014
Trade receivables (before impairments)	129,506	127,193
Cumulative impairments	−9,497	−11,504
Carrying amount at 31/12	**120,009**	**115,690**

Default risks were taken into account when impairments were performed. The following table shows the changes in bad debt allowances for impaired trade receivables:

in thousand euros	2015	2014
Bad debt allowances at 1/1	**11,504**	**10,446**
Additions	3,696	4,261
Claims	694	928
Reversals/derecognition	4,745	2,638
Foreign currency exchange effects	–264	342
Bad debt allowances at 31/12	**9,497**	**11,504**

The gross carrying amounts of trade receivables amounted to EUR 129,506 thousand (prior year: EUR 127,193 thousand). Thereof receivables amounting to EUR 6,465 thousand (prior year: EUR 9,075 thousand) were subject to individual impairments. The age structure of unimpaired trade receivables is as follows:

in thousand euros	2015	2014
Not due	89,443	82,355
Overdue	33,598	35,764
Less than 60 days	22,472	24,376
Between 60 and 120 days	3,963	3,053
Between 120 and 240 days	2,559	2,594
Between 240 and 360 days	802	1,019
More than 360 days	3,802	4,721
Total	**123,041**	**118,119**

There was a decrease in overdue but unimpaired receivables compared to the prior year because of an improved dunning process. Overdue but unimpaired receivables were owed primarily by public contractors and companies in the automobile industry as well as their suppliers. The default risk for receivables at the reporting date was not considered by individual impairments but by a collective impairment amounting to EUR 4,053 thousand (prior year: EUR 3,075 thousand).

Securitization through a bank guarantee in the amount of EUR 2,130 thousand (prior year: EUR 2,354 thousand) existed for receivables that are more than 360 days overdue for which impairments have not been made.

Other assets contained the following:

in thousand euros	31/12/2015	31/12/2015
Accruals	3,154	3,286
Receivables from the tax authorities	2,025	3,431
Receivables from Pension Trust	1,615	1,528
Receivables from subsidies and grants	1,811	1,563
Receivables from compensation claims	1,174	0
Derivatives	342	153
Receivables from short-term finance leases	0	1,683
Other current assets	1,224	2,833
Total	**11,345**	**14,478**

The aggregated item derivatives is explained in greater detail in Note 8.2 from page 181 on.

5.10 Securities

Information on securities held for sale is provided below:

in thousand euros	31/12/2015	31/12/2014
Fair value	418	312

Short-term securities largely involved stocks and money market funds.

5.11 Cash and Cash Equivalents

in thousand euros	31/12/2015	31/12/2014
Checks, cash on hand, bank balances and demand deposits with a maturity of less than 3 months	83,824	69,495

The development of cash and cash equivalents is provided in Note 6 from page 177 on.

5.12 Equity

The development of the equity of Jenoptik is shown in the consolidated statement of changes in equity.

Share Capital
Share capital amounted to EUR 148,819 thousand and was divided into 57,238,115 no-par value shares.

At the beginning of July 2011 Thüringer Industriebeteiligungs GmbH & Co. KG, Erfurt, Thüringer Industriebeteiligungsgeschäftsführungs GmbH, Erfurt, bm-t beteiligungsmanagement thüringen GmbH, Erfurt, Stiftung für Unternehmensbeteiligungen und -förderungen in der gewerblichen Wirtschaft Thüringens (StUWT), Erfurt, Thüringer Aufbaubank Erfurt and the Freistaat Thüringen, Erfurt, disclosed that they had exceeded the thresholds of 3, 5 and 10 percent of the voting rights in JENOPTIK AG on June 30, 2011 and that they had held 11.00 percent of the voting rights (6,296,193 voting rights) on that day. Thüringer Industriebeteiligungs GmbH & Co. KG acquired the voting rights from ECE Industriebeteiligungen GmbH.

ECE Industriebeteiligungen GmbH, Vienna, Austria, informed us on April 1, 2015 that it had fallen below the thresholds of 10, 5 and 3 percent of the voting rights in JENOPTIK AG on March 31, 2015. Accordingly, ECE Industriebeteiligungen GmbH held 0 percent of the voting rights (0 shares) on that day. Alpha Holding GmbH, Hinterbrühl, ECE European City Estates GmbH, Hinterbrühl, HPS Holding GmbH, Hinterbrühl, and Humer Privatstiftung indirectly hold shares via ECE Industriebeteiligungen GmbH, and they informed us with very similar notifications on April 1, 2015 that they had also fallen below the thresholds of 10, 5 and 3 percent of the voting rights in JENOPTIK AG on March 31, 2015. On that day they were accordingly attributed 0 percent of the voting rights in accordance with § 21 (1) of the German Securities Trading Act [Wertpapierhandelsgesetz (WpHG)] in association with § 22 (1) (1) No.1 of the WpHG.

On May 28, 2015, Dimensional Fund Advisors LP, Austin, Texas, USA, notified us it had exceeded the threshold of 3 percent of the voting rights in JENOPTIK AG, Jena, Germany, on May 22, 2015. Accordingly, Dimensional Fund Advisors LP directly held 3.01 percent of the voting rights (1,721,289 voting rights) in JENOPTIK AG on that day. Thereof 2.89 percent of the voting rights (1,654,185 voting rights) were attributable to Dimensional Fund Advisors LP in accordance with § 22 (1) (1) No. 6 of the WpHG and 0.13 percent of the voting rights (73,295 voting rights) were attributed in accordance with § 22 (1) (1) No. 6 of the WpHG in association with § 22 (1) (2) of the WpHG. Thereof 6,191 voting rights were attributed to Dimensional Fund Advisors LP not only in accordance with § 22 (1) (1) No. 6 of the WpHG, but also in accordance with § 22 (1) (1) No. 6 of the WpHG in association with § 22 (1) (2) of the WpHG. Dimensional Holdings Inc., Austin, Texas, USA, indirectly holds shares through Dimensional Fund Advisors LP, to which 3.01 percent of the voting rights (1,721,289 shares) are attributed in accordance with § 22 (1) (1) No. 6 of the WpHG in association with § 22 (1) (2) of the WpHG.

ODDO Asset Management, Paris, France, informed us on July 10, 2015 that it had exceeded the threshold of 3 percent of the voting rights in JENOPTIK AG, Jena, Germany, on July 8, 2015. Thus ODDO Asset Management held 3.02 percent of the voting rights (1,730,832 voting rights) on that day. Thereof, 3.02 percent of the voting rights (1,730,832 voting rights) were attributed to ODDO Asset Management in accordance with § 22 (1) (1) No. 6 of the WpHG. ODDO & CIE, Paris, France, indirectly held shares through ODDO Asset Management. Accordingly, on that day 3.03 percent of the voting rights (1,731,832 shares) were attributed to ODDO & CIE in accordance with § 22 (1) (1) No. 6 of the WpHG in association with § 22 (1) (2) of the WpHG. Financière IDAT, Paris, France, and Mr. Philippe Oddo, France indirectly held shares through ODDO & CIE, and on August 27, 2015 they notified us that they had also exceeded the threshold of 3 percent of the voting rights on July 8, 2015. Accordingly, 3.03 percent of the voting rights (1,731,832 shares) were attributed to Financière IDAT and Mr. Philippe Oddo on this date in accordance with § 22 (1) (1) No. 6 of the WpHG in association with § 22 (1) (2) of the WpHG. On December 22, 2015, Mr. Philippe Oddo notified us that voting rights were no longer attributable to him in accordance with § 22 (1) (1) No. 6 of the WpHG in association with § 22 (1) (2) of the WpHG pursuant to the preceding notification (Declaration of Independence). On January 25, 2016 ODDO Meriten Asset Management SA notified us that it had fallen below the threshold of 3 percent of the voting rights on January 22, 2016. Accordingly, ODDO Meriten Asset Management SA held 2.97 percent of the voting rights (1,699,036 voting rights) on that day. Thereof 2.17 percent of the voting rights (1,241,798 voting rights) were directly attributable to ODDO Asset Management in accordance with § 21 of the WpHG and 0.80 percent of the voting rights (457,238 voting rights) in accordance with § 22 of the WpHG.

On August 21, 2014, Deutsche Asset & Wealth Management Investment GmbH, Frankfurt, Germany, notified us that it had exceeded the threshold of 5 percent of the voting rights in JENOPTIK AG on August 19, 2014. Accordingly, Deutsche Asset & Wealth Management Investment GmbH directly held 5.20 percent of the voting rights (2,978,179 voting rights) in JENOPTIK AG on that day. Thereof 5.06 percent of the voting rights (2,898,579 voting rights) were held directly by Deutsche Asset & Wealth Management Investment GmbH and 0.14 percent of the voting rights (79,600 voting rights) were attributed to them in accordance with § 22 (1) (1) No. 6 of the WpHG.

Templeton Investment Counsel, LLC, Wilmington, Delaware, USA, notified us on November 9, 2015 that it had exceeded the threshold of 5 percent of the voting rights in JENOPTIK AG, Jena, Germany, on November 6, 2015. Accordingly, on that day Templeton Investment Counsel, LLC held 5.09 percent of the voting rights (2,915,682 voting rights) as attributed to it in accordance with § 22 (1) (1) (No. 6) of the WpHG. On February 17, 2016 Templeton Investment Counsel, LLC, notified us that it had fallen below the threshold of 5 percent of the voting rights on February 12, 2016. Accordingly, Templeton Investment Counsel, LLC, held 4.69 percent of the voting rights (2,682,522 of the voting rights) on that day. Thereof 4.69 percent of the voting rights (2,682,522 voting rights) were indirectly attributable to Templeton Investment Counsel LLC in accordance with § 22 of the WpHG.

The voting right notifications of recent years and the notifications of shareholders that had closed out their investments have been published on our internet page: www.jenoptik.com under Investors/Share/Voting rights announcements.

Authorized capital

At the annual general meeting (AGM) held on June 3, 2015, the shareholders resolved to reformulate the resolution "Authorized Capital 2010", which was subject to a time limit until May 31, 2015, as follows: With the consent of the Supervisory Board, the Executive Board is authorized to increase the share capital of the entity by up to EUR 44,000 thousand through single or multiple issuances of new no-par value bearer shares for cash and/or contributions in-kind ("Authorized Capital 2015") by June 2, 2020. The new shares may be taken on by a bank or by several banks with the obligation to offer them to shareholders (indirect subscription rights). With the consent of the Supervisory Board, the Executive Board is authorized to preclude subscription rights for shareholders in certain cases: a) fractional amounts; b) capital increases against contributions in-kind in particular also within the framework of business combinations or the acquisition of companies, units of companies or investments in companies (including increasing existing investments) or other contributable assets in conjunction with such an intended acquisition as well as claims against the entity; c) capital increases against cash contributions, under the condition that the percentage of any new shares in the share capital does not in total exceed 10 percent of the share capital at the time the authorized shares are registered or in total 10 percent of the share capital at the time the new shares are issued, taking into consideration resolutions of the AGM or the use of other authorizations to preclude subscription rights in a direct or corresponding application of § 186 (3) (4) of the Stock Corporation Act [Aktiensgesetz (AktG)] since the effective date of this authorization and the issuance price of the new shares is not to be significantly lower than the stock market price; d) issuances of new shares to employees of the entity and to associates in which the entity holds a majority interest.

All of the authorizations above with regard to precluding subscription rights for shareholders are limited in total to 20 percent of the existing share capital at the point in time the authorizations go into effect – or if this value is lower – to 20 percent of the existing share capital at the point in time the authorizations are to be exercised. The maximum threshold of 20 percent is to be applied to shares that (i) were issued or are to be issued during the term of the authorized capital, precluding subscription rights in certain cases, to service option certificates or convertible bonds or (ii) are to be sold by the entity as treasury shares during the term of the authorized capital, precluding subscription rights in certain cases.

With the consent of the Supervisory Board, the Executive Board is to decide on the details for the issuance of new shares, in particular with regard to their conditions as well as the substance of the rights of the new shares.

Conditional Capital

The shareholder resolution resolved at the Annual General Meeting (AGM) held on June 4, 2013, to contingently raise the share capital of the entity by up to EUR 28,600 thousand through issuance of up to 11,000,000 new no-par value bearer shares ("Conditional Capital 2013"). The conditional capital increase will be implemented only to the extent that

- creditors or holders of option certificates or conversion rights issued by the entity, or by a domestic and/or foreign corporation in which the entity either directly or indirectly holds a majority interest, make use of their option or conversion rights by June 3, 2018 as resolved by the shareholders in their AGM resolution dated June 4, 2013, and/or
- creditors of the entity or of a domestic and/or foreign corporation in which the entity either indirectly or directly holds a majority interest, and which are obligated to convert, satisfy the conversion obligation no later than June 3, 2018, on convertible bonds issued on the basis of the AGM shareholder resolution dated June 4, 2013, and no treasury shares are to be used or no settlement is to be made in cash. The new shares are to participate in profits from the commencement of the fiscal year in which an AGM resolution has not yet been made on appropriating net profits retained at the time of their issuance. The Executive Board is authorized to determine additional details on the issuance of the conditional capital increase.

Reserves

Capital reserve. The capital reserve contained the adjustments recognized within the framework of the first-time adoption of IFRS as well as the differences resulting from the capital consolidation being offset against reserves up to December 31, 2002.

Other reserves. A component of other reserves is retained earnings realized by companies included in the consolidated financial statements less dividends paid.

Other reserves also contained value adjustments accounted for outside of profit or loss for

- securities held for sale,
- cash flow hedges,
- accumulated foreign currency exchange effects and
- remeasurements.

In the 2015 fiscal year value adjustments in securities held for sale amounted to EUR 202 thousand (prior year: EUR 220 thousand). Within the framework of hedge accounting, the effective part of the change in the value of derivatives amounting to EUR 778 thousand (prior year: minus EUR 1,299 thousand) serving to hedge cash flows was also recognized outside of profit or loss. Accumulated foreign currency exchange effects encompassed the influences of foreign currency translations of the separate financial statements of subsidiaries, whose functional currency deviated from that of the Group, as well as influences from foreign currency translations of assets and liabilities of overall EUR 4,633 thousand (prior year: EUR 6,217 thousand).

Actuarial gains (prior year: losses) from the measurement of pensions in the amount of EUR 6,255 thousand (prior year: minus 13,595 thousand) were recognized.

In the 2015 fiscal year the changes in deferred taxes recognized outside of profit or loss decreased the reserves by EUR 1,743 thousand (prior year increase: EUR 3,825 thousand). The amount of deferred tax assets in equity totaled EUR 5,553 thousand (prior year: EUR 7,296 thousand).

Treasury Shares

In accordance with the shareholder resolution made at the Annual General Meeting held on June 12, 2014, the Executive Board was authorized to purchase up to 10 percent of the no-par value shares of the existing share capital as treasury shares for purposes other than trade in treasury shares no later than June 11, 2019. The purchased treasury shares together with treasury shares that the entity had already purchased and still holds (including the attributable shares in accordance with §§ 71a et seq. of the Stock Corporation Act) may not exceed 10 percent of the share capital of the entity. The authorization may be fully or partially exercised, on a single occasion or several times, for the purpose of one or several permissible purposes. The purchase and the sale of treasury shares can be performed by the entity or, for certain permissible purposes, by dependent or associated enterprises with a controlling interest in the entity or for its or their account by third parties. In adherence with the principles of equal treatment (§ 53a of the Stock Corporation Act), it is the option of the Executive Board to perform such a purchase by buying on the stock exchange or by means of a public share purchase offer or by a public calling to the shareholders to render an offer for sale. Other details about the repurchase of treasury shares are described in the publically accessible invitation to the 2014 AGM of the shareholders on our internet site under www.jenoptik.com/Investors/Annual General Meeting.

5.13 Non-Controlling Interests

This balance sheet item contained reconciliation items from the capital consolidation of shares held by other shareholders in the capital to be consolidated as well as the profits and losses allocated to them.

5.14 Pension Provisions

Pension provisions are set up on the basis of funding schemes for retirement, as well as disability and survivor benefit commitments. The benefits provided by the Group vary according to the legal, tax and economic circumstances of the respective country and, as a rule, depend on the duration of employment and on the compensation of the employee at the commencement of retirement. Within the Group, company pension plans are provided both on the basis of defined contribution plans as well as on the basis of defined benefit plans. In the case of defined contribution plans, the company pays contributions in accordance with statutory or contractual provisions or voluntarily makes contributions to public or private pension insurers. Upon payment of the contributions, the company has no further benefit obligations.

Most pension benefit schemes are based on defined benefit plans, wherein a distinction is made between pension schemes financed through provisions or externally financed pension schemes.

The company is subject to various risks in conjunction with defined benefit plans. Along with general actuarial risks such as longevity risks and interest rate change risks, the company is subject to foreign currency exchange as well as investment risks.

In accordance with IAS 19, pension provisions for benefit obligations are computed by using the projected unit credit method, which requires that future obligations be measured on the basis of acquired benefit claims at the reporting date as well as on trend assumptions for measurement parameters that have an effect on the amount of benefits. All benefit schemes require actuarial calculations.

Jenoptik determines the net interest expense (net interest income) by multiplying the net liability (net asset) at the commencement of the period by the underlying interest rate, discounting the benefit-oriented gross pension obligation.

The revaluation component includes both the actuarial profits and losses from the measurement of the gross defined benefit pension obligation and the difference between the actual yield realized on plan assets and the typical yield assumed at the commencement of the period.

The benefit obligations of the Group included 908 entitled persons, including 362 active employees, 84 former employees as well as 462 retirees and survivors.

In compliance with IAS 19, the assets held by the Mitarbeitertreuhand e.V., Jena, are offset as plan assets against pension obligations. The pension obligations of JENOPTIK Industrial Metrology Switzerland SA and ESW GmbH are also covered by means of plan assets and are accordingly shown as a net amount.

The change in the defined benefit obligations (DBO) is shown as follows:

in thousand euros	2015	2014
DBO at 1/1	**72,834**	**58,799**
Foreign currency exchange effects	1,246	213
Past service cost	836	514
Contributions to the plan	370	291
Thereof by employer	190	154
Thereof by plan participants	180	137
Interest expenses	1,006	1,509
Actuarial gains (-) and losses (+)	−5,774	14,305
Thereof due to demographic changes	−70	−198
Thereof due to financial assumptions	−5,704	14,503
Pension benefits	−3,085	−2,798
DBO at 31/12	**67,432**	**72,834**

The effects of the expense recognized through profit or loss are summarized as follows:

in thousand euros	2015	2014
Current service cost	836	668
Net interest expenses	486	687
Total expenses	**1,322**	**1,356**

The amounts shown above were generally contained in the personnel expenses of the functional costs. The interest expense of the obligation as well as the interest yield on plan assets were recorded in the interest result.

Changes in plan assets were shown as follows:

in thousand euros	2015	2014
Plan assets at 1/1	**31,791**	**30,573**
Foreign currency exchange effects	766	144
Interest income from plan assets	520	855
Return on plan assets less interest income	481	708
Contributions	394	316
Other changes	0	1,556
Pension benefits	–2,614	–2,362
Plan assets at 31/12	**31,339**	**31,791**

Other changes in the 2014 fiscal year resulted from the first-time qualification of reinsurances as plan assets in accordance with IAS 19.

The net obligation at the reporting date was as follows:

in thousand euros	2015	2014
Present value of the obligation covered by plan assets	60,159	62,609
Plan assets	–31,339	–31,791
Net liability of the obligation covered by plan assets	28,820	30,818
Net liability of the obligation not covered by plan assets	7,274	10,226
Total	**36,095**	**41,044**

The portfolio structure of the plan assets was composed as follows:

in thousand euros	2015	2014
Loans rendered (loans and receivables)	1,870	13,732
Insurance policies	9,094	8,609
Stocks and other securities	5,624	5,142
Investments	4,400	4,400
Cash equivalents	11,966	1,432
Other assets and liabilities	–1,615	–1,524
Total	**31,339**	**31,791**

There is an active market for the stocks and other securities held in plan assets.

Actuarial assumptions were reached as follows:

in %	2015	2014
Discount rate at 31/12	Between 0.7 and 2.19	Between 0.95 and 1.63
Cost of living increase	Between 0.1 and 1.9	Between 1.0 and 1.9
Expected salary increases	Between 0.35 and 2.8	2.70
Expected pension increases	Between 0.1 and 1.9	Between 1.0 and 1.9

Corresponding to the discount factor used in calculating the defined benefit obligation for the prior year, a yield of 1.5 percent on plan assets was assumed. The actual yield on plan assets in the 2015 fiscal year amounted to EUR 1,001 thousand (prior year: EUR 1,563 thousand).

A change in the significant actuarial assumptions of one percentage point at the reporting date December 31, 2015 would influence the defined benefit obligation as follows:

	Changes in DBO	
in thousand euros	Increase	Decrease
Discount rate at 31/12	–8,283	11,006
Expected salary increases	213	–83
Expected pension increases	9,250	–5,310

A sensitivity analysis shows the changes in a defined benefit obligation when an assumption is changed. The cumulative change in the defined benefit obligation resulting from changes in several assumptions cannot be directly derived because the changes do not have a straight-line effect on the calculation of defined benefit obligations due to actuarial effects.

Actuarial gains or losses resulted from changes in pension beneficiaries and deviations from actual trends such as increases in income or pensions vis á vis calculation assumptions. In accordance with the regulations stated in IAS 19, this amount was offset against other comprehensive income in equity.

The weighted average of the remaining service time is five years as at December 31, 2015. The weighted average of the remaining obligation term is 15 years as at December 31, 2015.

The financing of the pension plans of ESW GmbH, Wedel, and of JENOPTIK SSC GmbH, Jena, is performed by using a CTA model. The pension plan of JENOPTIK Industrial Metrology Switzerland SA provides for risk participation of the beneficiaries. Thus the pension plan is financed by contributions made by both the employer and the employees. The payments expected in favor of plan assets totaled EUR 310 thousand.

The expected pension payments from the pension plans as at December 31, 2015, amounted to EUR 2,592 thousand for the subsequent fiscal year and to EUR 11,546 thousand for the fiscal years from 2017 to 2020.

In the subsequent fiscal year contributions amounting to EUR 400 thousand are to be paid into defined contribution pension plans (prior year: EUR 330 thousand).

5.15 Tax Provisions

Details on tax provisions are provided in Note 4.11 from page 155 on.

5.16 Other Provisions

The development of other provisions is as follows:

in thousand euros	Balance at 1/1/2015	Foreign currency exchange effects	Additions	Compound interest	Utilization	Reversals	Balance at 31/12/2015
Personnel	18,141	189	17,178	26	–13,396	–1,294	20,843
Guaranty and warranty obligations	13,219	76	9,394	23	–5,126	–4,027	13,559
Restructuring	1,367	0	2,662	0	–315	0	3,714
Trademark and license fees	2,674	0	441	0	–100	–85	2,930
Price adjustments	1,381	0	92	5	–7	0	1,471
Provisions for disposals	3,660	65	510	0	–980	–2,226	1,028
Onerous contracts	507	0	148	0	–153	–43	459
Other	6,724	163	6,053	–6	–2,803	–1,115	9,016
Total	**47,672**	**493**	**36,478**	**48**	**–22,881**	**–8,790**	**53,020**

Significant items included in personnel provisions were performance bonuses, profit sharing and similar obligations. In addition, personnel provisions contained a provision for employees´ anniversary bonuses in the amount of EUR 2,215 thousand (prior year: EUR 2,658 thousand) and a provision for partial retirement amounting to EUR 464 thousand (prior year: EUR 781 thousand). Expert opinions were obtained for the partial retirement obligations with the assumption of income increasing at 2.8 percent (prior year: 2.7 percent). The amount of the liability for already earned top-up payments was EUR 80 thousand as at December 31, 2015 (prior year: EUR 196 thousand). Top-up payments in the amount of EUR 75 thousand (prior year: EUR 174 thousand) are payable in the coming fiscal year, and in the following years top-up payments in the amount of EUR 5 thousand (prior year: 22 thousand) are to be paid.

The provision for guaranty and warranty obligations contained expenses for individual guaranty cases as well as for general guaranties. The calculation was largely based on past experience. The amounts that were reversed in the 2015 fiscal year chiefly comprised guaranty and warranty provisions for individual guaranty cases for which the underlying obligations no longer exist.

The provision for restructuring included expenses for obligations that derive from restructuring measures in Germany. This exclusively included expenses for severance payments for employees.

The provision for trademark and license fees was set up for risks in connection with possible patent violations as well as expected expenses resulting from a risk of being under licensed.

Provisions for price adjustments exist for customer contracts that are subject to risks of subsequent changes of selling prices. Additions are made from and reversals are made to revenue.

Provisions for disposals mainly contained expenses from the sale as well as the residual risks of Jenoptik from discontinued operations and from related contractual obligations as well as legal and advisory costs. The utilizations and reversals were predominantly for a partial use of one provision that was set up from 2010 to 2012 in conjunction with the sale of parts of a business unit and the associated personnel measures.

The provision for onerous contracts primarily contained the obligation surplus for a customer project as well as for backlog of deliveries as part of a service contract.

Other provisions included, amongst others, provisions for potential contractual penalties and damage claims, as well as for outstanding payments on invoices. In addition, they involved numerous identified specific risks as well as contingent liabilities that were accounted for in the amount expected for their probable settlement. In the 2015 fiscal year additions included setting up a provision for the possible repayment of subsidies and grants received.

The timing of expected cash outflows is shown in the following:

in TEUR	Up to 1 year	1 to 5 years	More than 5 years	2015
Personnel	17,627	1,168	2,049	20,843
Guaranty and warranty obligations	10,950	2,609	0	13,559
Restructuring	3,714	0	0	3,714
Trademark and license fees	800	2,130	0	2,930
Price adjustments	1,000	471	0	1,471
Provisions for disposals	494	534	0	1,028
Onerous contracts	459	0	0	459
Other	7,702	726	588	9,016
Total	**42,745**	**7,638**	**2,637**	**53,020**

5.17 Share-based Payments

As at December 31, 2015 the Jenoptik Group held share-based payment instruments in the form of virtual shares for the two current members of the Executive Board as well as for some members of top management.

In association with share-based payments, the following effects occurred in the statement of income as well as in the statement of financial position in the 2015 fiscal year:

	Profit or loss		Balance sheet	
in thousand euros	2015	2014	2015	2014
Virtual shares current year	−1,127	−653	1,127	653
Virtual shares previous years (as of 2009)	−851	−387	3,777	3,491
Total	**−1,978**	**−1,040**	**4,904**	**4,144**

The measurement basis for determining the fair value was the volume-weighted daily share price of JENOPTIK AG of the last twelve months.

At the end of their four-year contractual term or in the event of premature termination of contract, the virtual shares are to be settled in cash. On the basis of preparations made by the Personnel Committee and subject to the approval of the Supervisory Board, the members of the Executive Board are to be granted a total of 90,737 virtual shares in the 2015 fiscal year. The virtual shares allocated in the fiscal years from 2010 to 2015 were measured at the fair value of EUR 12.42 per virtual share at the reporting date of the 2015 fiscal year and were recognized in provisions.

The development of the virtual shares of the Executive Board is shown in the following table:

Number of shares	Number 2015	Number 2014
Dr. Michael Mertin		
1/1	299,024	283,187
Adjustment	–15	
Granted for period	69,408	43,080
Granted for protection of existing shares	4,688	4,230
Paid out	45,039	31,473
31/12	328,066	299,024
Hans-Dieter Schumacher (Member of the Board since April 1, 2015)		
1/1	0	0
Granted for period	21,329	0
Granted for protection of existing shares	0	0
Paid out	0	0
31/12	21,329	0
Rüdiger Andreas Günther (Member of the Board until March 31, 2015)		
1/1	69,130	49,035
Adjustment	–95	
Granted for period	0	19,271
Granted for protection of existing shares	0	824
Paid out	69,035	0
31/12	0	69,130

For further disclosures, we refer to the Remuneration Report in the section Corporate Governance that is part of the combined Management Report.

Virtual shares have also been granted to some members of top management. The system of allocation and payment of the virtual shares essentially follows the same procedures as those prescribed for the Executive Board.

The development of these virtual shares is shown in the following table:

Number of shares	Number 2015	Number 2014
Members of the Executive Management Board		
1/1	88,428	65,386
Granted for period	34,949	25,361
Granted for adjusted achievement of prior year's goals	–2,945	–2,319
Forfeited rights	–6,086	0
31/12	114,346	88,428

5.18 Financial Liabilities

Details of current and non-current financial liabilities are shown in the following table:

in thousand euros	Up to 1 year	1 to 5 years	More than 5 years	2015
Liabilities to banks	14,802 (5,028)	44,763 (156,691)	68,410 (89)	127,975 (161,807)
Liabilities from finance leases	48 (49)	70 (46)	0 (0)	118 (94)
Total	**14,850 (5,077)**	**44,833 (156,737)**	**68,410 (89)**	**128,093 (161,902)**

Prior year figures are in parentheses.

In the 2015 fiscal year financial liabilities to banks were restructured and the advantageous terms and conditions on the money and capital markets were exploited in order to ensure long-term financing at favorable terms.

These measures encompassed not only the change and increase in the syndicated loan from EUR 120,000 thousand to EUR 230,000 thousand in March 2015, but also the exchange of old debenture loans and the issuance of new debenture loans in the amount of EUR 125,000 thousand (previously EUR 90,000 thousand) in April 2015.

As a consequence of these measures, the due date structure of liabilities was clearly shifted into the future in comparison to the prior year.

Liabilities to banks with a term up to one year essentially comprised debenture loans totaling EUR 11,000 thousand originally with 5-year terms due in 2016, which were not renewed. Furthermore, the short-term utilization of revolving lines of credit by our Chinese entity was also comprised in this item. During the reporting period the interest rates of these liabilities ranged from 3.77 to 4.99 percent.

Liabilities to banks with a term of one to five years included debenture loans with a nominal value of EUR 11,000 thousand originally with a 7-year term, which were not renewed, and new or exchanged debenture loans with a 5-year term and a nominal value of EUR 34,000 thousand. In this case the interest rates ranged from 0.81 to 4.39 percent during the reporting period.

Liabilities to banks with a term of more than five years included new or exchanged debenture loans amounting to EUR 69,000 thousand. Their interest rates were between 1.01 and 1.28 percent.

As at December 31, 2015, the syndicated loan was merely utilized for guarantees in the amount of EUR 13,259 thousand. In consideration of further lines of credit that were not completely utilized the total volume of unused line of credit amounts to EUR 222,406 thousand as at December 31, 2015.

5.19 Other Non-current Liabilities

Other non-current liabilities included:

in thousand euros	31/12/2015	31/12/2014
Other non-current liabilities	7,226	6,326
Derivatives	689	717
Total	**7,915**	**7,043**

Other non-current liabilities contained, amongst others, a put option amounting to EUR 1,423 thousand (prior year: EUR 1,697 thousand) for purchasing the remaining non-controlling interests as stipulated in the agreement for purchasing the Vysionics Group as well as for the purchase of the intangible assets of the non-current assets.

Further disclosures on derivatives are provided in Note 8.2 from page 181 on.

5.20 Other Current Liabilities

Other current liabilities included:

in thousand euros	31/12/2015	31/12/2014
Trade payables	47,801	53,599
Liabilities from advance payments received	25,162	23,820
Liabilities to unconsolidated associates and joint operation	2,874	3,163
Liabilities to entities in which investments are held	177	178
Liabilities from construction projects	0	3
Other current liabilities	27,632	39,241
Total	**103,646**	**120,004**

Trade payables decreased by EUR 5,798 thousand, in contrast to the increase in liabilities from advance payments received by EUR 1,342 thousand.

The item liabilities to unconsolidated associates and joint operation substantially contained liabilities to a joint operation amounting to EUR 2,345 thousand (prior year: EUR 2,740 thousand), which represent the non-consolidated part of liabilities. Market interest rates were agreed upon for liabilities to unconsolidated associates.

Other current liabilities comprised the following:

in thousand euros	31/12/2015	31/12/2014
Liabilities to employees	6,845	6,752
Other tax liabilities	5,782	5,499
Accruals	4,097	3,179
Liabilities from purchasing intangible assets and property, plant and equipment	3,163	3,615
Derivatives	2,752	2,368
Liabilities to employer's insurance association	1,275	1,184
Other social security liabilities	1,087	997
Interest payables from financial liabilities	841	591
Terminable financial instruments	0	12,351
Liabilities from acquiring associates	0	533
Miscellaneous liabilities	1,789	2,172
Total	**27,632**	**39,241**

Liabilities to employees included, amongst others, vacation entitlements and flexitime credits.

Other tax liabilities mainly contained value added tax payables.

The items derivative financial instruments and liabilities from acquiring associates are explained in Note 8.2 from page 181 on.

In the past the Jenoptik Group founded real estate firms with the legal form of a GmbH & Co. KG (limited partnership with a limited liability company as a general partner), in which, amongst others, atypical silent partners held investments. As at December 31, 2014, the last atypical silent partner made use of his extraordinary termination right. The severance payment was disclosed as a terminable financial instrument and was disbursed in the 2015 fiscal year.

6 DISCLOSURES ON CASH FLOWS

Liquid funds comprised cash and cash equivalents recognized in the statement of financial position in the amount of EUR 83,824 thousand (prior year: EUR 69,495 thousand). Liquid funds are defined as the sum of cash on hand and demand deposits at banks with a maturity of less than three months.

The statement of cash flows explains the flow of payments, divided between the inflows and outflows of cash from operating activities as well as from investing and financing activities. Changes in the items of the statement of financial position used for preparing the statement of cash flows cannot be directly derived from the statement of financial position because the foreign currency exchange effects and changes in the group of entities consolidated are non-cash transactions and have therefore been eliminated. Starting with earnings before tax, cash flows from operating activities are indirectly derived. Non-cash income and expenses are eliminated from earnings before tax. Cash flows from operating activities result after changes in working capital, provisions and other operating balance have been taken into account.

The cash flows from operating activities amounted to EUR 85,124 thousand (prior year: EUR 46,328 thousand). This increase primarily resulted from a change in working capital that was reduced in the reporting year by EUR 5,582 thousand (prior year increase: EUR 18,256 thousand). Despite an increase in trade receivables due to the positive course of business, the active customer and supplier management led to reducing commitments to resources. Cash flows from operating activities, which were EUR 11,334 thousand more than in the prior year, were also positively influenced by earnings before tax as well as by the change in other provisions, which at EUR 3,419 thousand were EUR 7,506 thousand higher than in the prior year. More information on other provisions is provided in Note 5.16 from page 173 on.

The cash flows from investing activities amounted to minus EUR 7,152 thousand (prior year: minus EUR 37,586 thousand) and were particularly affected by cash payments for investments in property, plant and equipment in the amount of EUR 17,743 thousand (prior year: EUR 25,344 thousand). Cash payments for investments in intangible assets amounting to EUR 2,500 thousand (prior year: EUR 4,584 thousand) reflected the investments made within the framework of the Jenoptik projects, such as JOE and HCM, as well as the software required for them. Since payments amounting to EUR 4,362 thousand for intangible assets and property, plant and equipment purchased in the 2015 fiscal year will not become due until following years, they did not affect the cash flows from investing activities in the current fiscal year.

Further information is provided in the section Earnings, Financial and Asset Position in the Management Report from page 87 on.

Proceeds from the sale of associates resulting from the sale of the 25-percent investment in Martec S.p.A. were disclosed in the 2015 fiscal year.

Furthermore, cash flows from investing activities amounting to minus EUR 708 thousand were marginally influenced by payments for the acquisition of consolidated entities. This mainly concerned the retroactive purchase payments for acquiring 91.97 percent of the shares in the Vysionics Group. More information on the finalization of the first-time consolidation of the Vysionics Group is provided in the notes in section 2.4 from page 142 on.

Proceeds from the disposal of investment property resulting from the sale of two pieces of non-operating real estate in Jena Deposits were disclosed in the amount of EUR 9,100 thousand.

Cash flows from financing activities amounted to minus EUR 66,544 thousand (prior year: minus EUR 13,760 thousand). This decrease by EUR 52,785 thousand was essentially influenced by the repayment of EUR 46,001 thousand for the syndicated loan that was utilized in 2014. This repayment was countered by the cash inflows from debenture loans having been restructed and extended, which positively influenced the cash flows from financing activities in the amount of EUR 32,604 thousand. In addition, a real estate loan in the amount of EUR 20,597 thousand was repaid ahead of term in part by using cash inflows from the sale of two real properties.

In 2015 a severance payment was also made to the last atypical silent shareholder in a real estate firm belonging to the Jenoptik Group. The cash outflow of EUR 12,351 thousand was included in the item change in group financing. In the prior year change in group financing was strongly influenced by restructuring a loan of a newly-consolidated company into an intercompany loan. The item change in group financing also included payments from or to unconsolidated associates and investments.

Dividend payments of EUR 11,447 thousand disbursed in the 2015 fiscal year influenced the cash flow from financing activities in the same amount as last year.

Increased interest payments were largely attributable to one-time payments for financing ancillary expenses in conjunction with extending the syndicated loan as well as with restructuring and extending the debenture loans and issuing new ones.

Information regarding the allocation of free cash flows to the segments is provided in the Segment Report from page 179 on.

The total amount of cash flows from operating, investing and financing activities of the proportionately consolidated joint operation was of minor significance for Jenoptik.

Additional information on the statement of cash flows is provided in the Group Management Report in the section Financial Position.

7 DISCLOSURES ON SEGMENT REPORT

The segments are presented in accordance with the regulations laid down in IFRS 8 “Operating Segments”.

IFRS 8 follows a management approach. Accordingly, external reporting is made to the chief operating decision makers on the basis of internal group organizational and management structures as well as the internal reporting structure. The Executive Board analyzes the financial information that serves as the basis for making decisions on allocating resources and for assessing performance. The accounting policies and principles for the segments are the same as those for the Group. Key performance indicators of the company are the operating results before financial results and taxes (EBIT) as well as before financial result, taxes, depreciation and amortization (EBITDA) and free cash flow.

In the 2015 fiscal year, segment reporting was done in the same way as the prior year and included the operating segments Lasers & Optical Systems, Metrology, Defense & Civil Systems and Other.

Business activities are classified into three operating segments and the segment Other, which are managed by the Executive Board and are supported by the Executive Management Board.

The three operating segments are also the reporting segments.

In the Laser & Optical Systems segment, the Lasers & Material Processing division controls the entire value added chain of laser material processing – from semiconductor material, semiconductor lasers up to complete laser systems. The product portfolio of the Optical Systems division contains polymer optics, traditional optics, micro optics, optoelectronic systems, and digital imaging.

In the Metrology segment, the Industrial Metrology division is a manufacturer and system supplier for high precision, contact and non-contact production metrology. The Traffic Solutions division develops, produces and sells metrology components and systems for traffic safety.

The focus of the Defense & Civil Systems segment is on the fields of vehicle, rail and aircraft equipment, drive and stabilization technology, energy systems as well as sensor systems.

The segment called Other contains JENOPTIK AG, JENOPTIK SSC GmbH, and the real estate firms, JENOPTIK North America Inc., JENOPTIK (Shanghai) Precision Instruments and Equipment Co., Ltd. with its SSC and general administration business units, JENOPTIK Korea Corporation, Ltd. and JENOPTIK Japan Co., Ltd., respectively with their general administration business units as well as JENOPTIK Asia-Pacific Pte. Ltd.

The item consolidation comprised the consolidation of the business relationships between the segments as well as required reconciliations.

As of 2016, Jenoptik will be reporting on the segments Optics & Life Science, Mobility as well as Defense & Civil Systems. The strategic and operating planning process has been reorganized to match this new structure as of January 2016. The future segment reporting corresponds to the new organizational structure of the Group. More information on the new organizational structure of the Jenoptik Group is provided in the Group Management Report in the section General Group Information from page 60 on. As a matter of principle, the business relationships between the entities of the segments of the Jenoptik Group were based on prices set at arm’s length.

There were no customer relationships with individual customers, whose portion of revenue was material when measured against group revenue.

The evaluation of revenue according to regions was performed according to the country where the customer has its legal seat.

7.1 Segment Report

in thousand euros	Lasers & Optical Systems	Metrology	Defense & Civil Systems	Other	Consolidation	Group
Revenue	249,370 (231,342)	207,025 (185,008)	211,443 (170,768)	32,141 (32,041)	–31,342 (–28,946)	668,637 (590,213)
Germany	57,362 (61,360)	48,588 (47,827)	111,012 (98,554)	29,861 (30,659)	–28,985 (–27,255)	217,838 (211,144)
Europe	72,133 (64,190)	65,906 (46,430)	60,056 (48,526)	90 (81)	–91 (–80)	198,093 (159,146)
thereof Great Britain	4,804 (3,842)	24,183 (7,260)	13,542 (13,996)	0 (0)	0 (0)	42,529 (25,097)
thereof Netherlands	47,455 (45,089)	7,739 (5,127)	1,728 (301)	0 (0)	0 (0)	56,922 (50,517)
Americas	54,235 (49,044)	42,398 (38,880)	31,789 (15,951)	1,765 (971)	–1,775 (–1,261)	128,412 (103,584)
thereof USA	46,379 (45,039)	26,914 (30,079)	30,790 (15,576)	1,762 (971)	–1,775 (–1,261)	104,070 (90,404)
Middle East and Africa	13,748 (11,241)	17,130 (15,714)	3,371 (5,096)	0 (0)	0 (0)	34,250 (32,052)
Asia/Pacific	51,892 (45,508)	33,003 (36,157)	5,216 (2,643)	425 (330)	–492 (–350)	90,044 (84,288)
thereof China	17,591 (18,481)	17,114 (15,819)	681 (404)	62 (79)	–62 (–80)	35,386 (34,704)
thereof Singapore	21,028 (15,539)	1,423 (4,015)	223 (642)	0 (0)	–1 (0)	22,673 (20,196)
EBITDA	33,400 (35,972)	30,585 (26,931)	23,135 (7,153)	1,716 (5,925)	–22 (102)	88,814 (76,082)
EBIT	23,744 (26,967)	22,969 (22,498)	17,895 (2,135)	–3,364 (–133)	–22 (102)	61,223 (51,569)
Investment income	–348 (–253)	51 (0)	349 (227)	2,412 (828)	–906 (–824)	1,558 (–22)
Research and development expenses	16,849 (16,486)	19,141 (17,227)	5,634 (5,817)	591 (588)	–441 (–698)	41,774 (39,420)
Free cash flow (before income taxes)	32,740 (24,973)	29,024 (15,275)	14,554 (–13,052)	–3,583 (–3,647)	–983 (–1,061)	71,752 (22,489)
Working capital	56,575 (59,223)	57,916 (60,738)	106,026 (103,381)	–4,961 (–5,794)	–18 (–30)	215,537 (217,518)
Order intake	248,236 (240,052)	211,103 (174,690)	177,806 (170,191)	32,143 (32,041)	–32,554 (–27,755)	636,734 (589,220)
Property, plant and equipment, investment property and intangible assets	85,926 (85,172)	71,938 (71,304)	35,273 (36,113)	89,795 (97,778)	0 (0)	282,932 (290,368)
Capital expenditure without acquisition	9,649 (9,231)	4,936 (5,545)	4,917 (5,423)	5,164 (9,734)	0 (0)	24,666 (29,933)
Depreciation, amortization and impairments	9,656 (9,005)	7,616 (4,432)	5,240 (5,017)	5,080 (6,058)	0 (0)	27,592 (24,512)
Numbers of employees on average (without trainees)	1,313 (1,344)	1,000 (943)	835 (845)	273 (243)	0 (0)	3,421 (3,375)

Prior year figures are in parantheses.

7.2 Non-current Assets by Regions

in thousand euros	31/12/2015	31/12/2014
Group	282,932	290,368
Germany	206,959	216,848
Europe	53,357	52,627
Thereof Great Britain	50,049	48,709
America	13,993	12,154
Thereof USA	13,993	12,154
Asia/Pacific	8,623	8,738

Non-current assets comprised intangible assets, property plant and equipment as well as investment property. The assets were allocated to the individual regions according to where the consolidated entities were legally seated.

8 OTHER DISCLOSURES

8.1 Financial Management

The aim of the Jenoptik's financial management is to maintain a strong capital base in order to retain the trust of the shareholders, creditors and markets as well as to ensure the sustained development of the company. The Executive Board especially monitors the equity ratio and the net debt as part of the regular management reporting. In the event key ratios significantly take a downturn, alternative courses of action are worked out and the resulting measures are implemented.

8.2 Financial Instruments

Within the framework of its operating activities, the Jenoptik Group is exposed to credit, liquidity and market risks in the financial area. Market risks, in particular, include the risks of fluctuations in interest rates and foreign currency exchange rates.

General

Detailed disclosures on risk management and the control of risks are presented in the Combined Management Report in section Risk and Opportunity Report. Additional information on capital management disclosures is provided in the Combined Management Report in section Financial Position.

The risks described above impact the financial assets and liabilities. The carrying amounts listed below for the items cash and cash equivalents, available-for-sale financial assets, contingent liabilities and derivatives held for hedging purposes corresponded to their fair value. The carrying amounts of the remaining items represented an appropriate approximation of their fair value.

in thousand euros	Carrying amount 31/12/2015	Carrying amount 31/12/2014
Financial assets	**222,142**	**201,434**
Loans granted and receivables	135,390	127,092
Cash and cash equivalents	83,824	69,495
Available-for-sale financial assets	2,585	2,330
Finance lease receivables	0	2,332
Derivatives with hedging relations	343	185
Financial liabilities	**196,254**	**256,399**
Liabilities to banks and other financial liabilities	127,975	161,807
Trade payables	47,897	53,599
Finance lease liabilities	118	94
Other non-derivative financial liabilities		
Contingent liabilities	1,423	2,230
Other	15,400	35,584
Derivatives with hedging relations	3,441	3,085

The classification of fair values resulted from the following overview of financial assets and liabilities measured:

in thousand euros	Carrying amounts 31/12/2015	Level 1	Level 2	Level 3
Available-for-sale financial assets	2,585 (2,330)	2,286 (2,085)	0 (0)	299 (245)
Derivatives with hedging relations (assets)	343 (185)	0 (0)	343 (185)	0 (0)
Contingent liabilities	1,423 (2,230)	0 (0)	0 (0)	1,423 (2,230)
Derivatives with hedging relations (liabilities)	3,441 (3,085)	0 (0)	3,441 (3,085)	0 (0)

Prior year figures are in parentheses.

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

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 value of derivatives with hedging relations was determined by using standard measurements made available to us by banks, e.g. the present value method, as well as by the increased support of our own treasury management system.

The fair value of contingent liabilities was measured by taking the expected and discounted payment outflows at the reporting date into consideration. In the prior year the put option, agreed upon with the sellers in conjunction with acquiring the shares in the Vysionics Group, for purchasing the remaining non-controlling interests and for the liability resulting thereof of EUR 1,697 thousand was recognized at the present value of the expected exercise price. In the fiscal year just past the expected cash outflows were remeasured on the basis of current information and the resulting adjustment of the liability were recognized through profit and loss. As at December 31, 2015 the present value of EUR 1,423 thousand resulted from applying interest rates of 0.62 and 0.71 percent that were appropriate to the term.

Last year contingent liabilities comprised the purchase price obligation recognized in the 2013 fiscal year in conjunction with the acquisition of DCD Systems Pty Ltd. The last payment was made in the 2015 fiscal year; the remaining liability was subsequently derecognized through profit or loss.

The development of assets and liabilities allocated to level 3 is shown in the following table:

in thousand euros	Available-for-sale	Contingent liabilities
Balance at 1/1/2015	**245**	**2,230**
Additions	317	0
Disposals	0	–395
Gains and losses recognized in operating result	0	140
Gains and losses recognized in financial result	–263	–585
Foreign currency exchange effects	0	33
Balance at 31/12/2015	**299**	**1,423**

Gains and losses from the disposal of available-for-sale financial assets amounting to EUR 201 thousand (prior year: EUR 220 thousand) were recorded in other equity outside of profit or loss. As in the prior year, no reclassifications were made from other comprehensive income into profit or loss in the 2015 fiscal year.

Credit and Default Risks

A credit or default risk is the risk that a customer or a contract partner of the Jenoptik Group does not fulfill its contractual obligations. This results in both a risk of an impairment of financial instruments due to reduced creditworthiness as well as a risk of a partial or a complete default on contractual payments.

Credit risks primarily exist for trade receivables. These risks are counteracted by an active receivables management and are accounted for by setting up bad debt allowances. To a lesser extent, the Jenoptik Group is exposed to default risks from other financial assets, in particular from cash and cash equivalents, loans granted and derivatives. The maximum default risk corresponded to the carrying amount of all financial assets at the reporting date, which amounted to EUR 222,142 thousand (prior year: EUR 201,434 thousand). The gross amount of trade receivables before impairments amounted to EUR 129,506 thousand (prior year: EUR 127,193 thousand). Further explanations are provided in Note 5.9 from page 166 on.

Impairments made in the fiscal year amounted to EUR 783 thousand for non-current loans and receivables (prior year: EUR 736 thousand), to EUR 3,696 thousand for current trade receivables (prior year: EUR 4,261 thousand) and to EUR 263 thousand for available-for-sale financial assets (prior year: EUR 254 thousand).

Liquidity Risk

The liquidity risk involves the possibility that the Group may be unable to meet its financial obligations. In order to assure our ability to pay as well as our financial flexibility, credit facilities and cash are planned by means of a 5-year financial plan as well as a monthly rolling of a 3-month liquidity forecast. The liquidity risk is mitigated by effective cash and working capital management as well as through unused lines of credit in the amount of EUR 222,406 thousand.

Owing to our very stable long-term financing that has remained constant due to exchanging and issuing new debenture loans that totaled EUR 125,000 thousand in April 2015, to changing and increasing the syndicated loan to the amount of EUR 230,000 thousand in March 2015 as well as to distinctly improving cash flow, the Jenoptik Group shows a solid liquidity reserve. Repayments of EUR 11,000 thousand each are to be made in 2016 and 2018 from the debenture loans. Further repayments are to be made in 2020 and 2022. The syndicated loan has a term through March 2020.

	Carrying amounts				Cash outflows
in thousand euros	31/12/2015	Total	Up to 1 year	1 to 5 years	More than 5 years
Variable interest-bearing liabilities to banks	30,124 (86,400)	31,614 (89,070)	3,969 (5,635)	13,431 (83,388)	14,214 (47)
Fixed interest-bearing liabilities to banks	97,851 (75,408)	106,843 (84,361)	12,966 (3,694)	37,422 (80,626)	56,455 (41)
Fixed interest finance lease liabilities	118 (94)	118 (94)	48 (48)	70 (46)	0 (0)
Total	**128,093** **(161,902)**	**138,575** **(173,525)**	**16,983** **(9,377)**	**50,923** **(164,060)**	**70,669** **(88)**

Prior year figures are in parentheses.

Cash outflows of up to one year primarily included the influx from the debenture loan amounting to EUR 11,000 thousand, which was not renewed and originally had a 5-year term.

The repayment of existing debenture loans, which were not renewed, and the repayment of the new debenture loans with a 5-year term were included in the cash outflows in the period from one to five years. The repayment of the new debenture loans with a 7-year term has been taken into consideration in the period over five years.

Cash outflows for variable interest-bearing liabilities to banks were based on an average interest rate of 1.4 percent (prior year: 1.5 percent). Fixed interest-bearing liabilities bore interest rates of between 1.0 and 4.4 percent.

Further disclosures are provided under Note 5.18 on page 177.

Interest Rate Fluctuation Risk

The Jenoptik Group is mainly exposed to the risk of interest rate fluctuations in the area of medium-term and long-term interest-bearing financial assets and liabilities as a consequence of fluctuations in market interest rates. This risk is counteracted by using appropriate hedging transactions.

	Carrying amounts	
in thousand euros	31/12/2015	31/12/2014
Interest-bearing financial assets	86,695	70,914
Variable interest	84,623	70,395
Fixed interest	2,072	519
Interest-bearing financial liabilities	128,093	161,902
Variable interest	30,124	86,400
Fixed interest	97,969	75,502

A change in a market interest rate within a range of 100 basis points at December 31, 2015, would result in an opportunity loss or gain in the amount of EUR 21 thousand (prior year: EUR 5 thousand) for fixed interest financial assets.

If a change in fixed interest financial liabilities occurred in a similar range, an opportunity loss or gain in the amount of EUR 980 thousand (prior year: EUR 755 thousand) would result.

A change of 100 basis points for variable interest-bearing assets would have an effect of EUR 846 thousand (prior year: EUR 704 thousand). An interest increase of 100 basis points would have an effect of EUR 301 thousand (prior year: EUR 864 thousand) on variable interest-bearing liabilities.

	Nominal volumes		Market values	
in thousand euros	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Interest cap	12,000	12,000	0	0
Interest swap 1	8,000	8,000	–472	–553
Interest swap 2	4,000	4,000	–67	–116
Interest & currency swap	2,661	0	–150	0

Interest derivatives totaling EUR 24,000 thousand concluded in 2012 served to hedge variable interest rate liabilities to banks. Because the debenture loans were exchanged and reissued in 2011, these interest derivatives were no longer directly connected with the original business transaction. As at the reporting date on December 31, 2015, the market value changes amounting to EUR 130 thousand were therefore recognized through profit or loss in the interest cap, the interest swap 1 and the interest swap 2 items in the statement of income.

The following cash flows are expected to result from the interest swaps mentioned above: up to one year in the amount of EUR 226 thousand, between one and five years in the amount of EUR 241 thousand and more than five years none.

In March 2015 a combined interest and currency swap in the amount of CNY 17,980 thousand with a term of ten years was concluded to hedge a loan to finance real estate in Shanghai, China. The market value of minus EUR 150 thousand was recorded through profit or loss in the statement of income.

The following cash flows are expected to result from the combined interest and currency swap mentioned above: up to one year in the amount of EUR 127 thousand, between one and five years in the amount of EUR 510 thousand and more than five years EUR 574 thousand.

Derivatives have the following structure:

Interest cap	EUR 12,000 thousand
Term	April 28, 2012 to October 28, 2016
Maximum interest rate	2.00 percent
Reference interest rate	6-month EURIBOR
Interest swap 1	EUR 8,000 thousand
Term	April 28, 2012 to October 28, 2018
Fixed interest rate	1.985 percent p.a.
Variable interest rate	6-month EURIBOR
Interest swap 2	EUR 4,000 thousand
Term	April 28, 2012 to October 28,2016
Fixed interest rate	1.615 percent p.a.
Variable interest rate	6-month EURIBOR
Interest & currency swap	CNY 17,980 thousand
Term	March 12, 2015 to March 12, 2025
Fixed interest rate	5.10 percent p.a.
Variable interest rate	6-month EURIBOR

Foreign Currency Exchange Risk

Foreign currency exchange risks arise from fluctuations of financial assets and liabilities held in foreign currencies.

Currency hedges are used to hedge foreign currency exchange risks. In the 2015 fiscal year foreign exchange forwards with a nominal value of EUR 65,586 thousand (prior year EUR 79,710 thousand) were exclusively used and documented as a cash flow hedge for hedging underlying transactions. These transactions were related to exchange rate hedging of material cash flows in foreign currencies from the operating business (in particular for revenue and for the procurement of materials).

Along with hedging the underlying operating business for the group entities, JENOPTIK AG has also hedged expected cash flows from intercompany loans in foreign currencies this year. This refers to derivatives in Japanese yen, British pounds and Swiss francs.

The following positive market values resulted from derivative financial instruments:

in thousand euros	31/12/2015	31/12/2014
Cash flow hedges for mitigating foreign currency exchange rate risks: forward exchange contracts		
Long term	1	32
Short term	342	153
Total	**343**	**185**

The following negative market values resulted from derivative financial instruments:

in thousand euros	31/12/2015	31/12/2014
Cash flow hedges for mitigating foreign currency exchange rate risks: forward exchange contracts		
Long term	0	48
Short term	2,752	2,368
Interest cap	689	669
Total	**3,441**	**3,085**

The market values indicated were determined by using standard measurements made available to us by banks, e.g. the present value method, as well as by the increased support of our own treasury management system.

Due to the change in the EUR/USD currency exchange rate by 13 cents at the expense of the euro in comparison to last year's reporting date, the market values of the derivative financial instruments developed negatively.

Gains and losses from cash flow hedges amounting to minus EUR 570 thousand (prior year: minus EUR 650 thousand) were recognized in other equity outside of profit or loss. In the 2015 fiscal year a reclassification was recognized amounting to minus EUR 1,348 thousand (prior year: minus EUR 649 thousand) from other comprehensive income into profit or loss.

Foreign currency hedges have secured foreign currency exchange risks in the amount of EUR 52,044 thousand for the time period up to the end of 2016. Foreign currency exchange risks in the amount of EUR 13,542 thousand have also been hedged for the time period up to the end of 2020.

Foreign exchange forwards have been grouped according to sales and purchases in foreign currencies as follows:

in thousand euros	31/12/2015	31/12/2014
USD/EUR sale	32,632	31,697
USD/EUR purchase	3,471	11,294
GBP/EUR sale	28,389	35,285
GBP/EUR purchase	525	296
CNY/EUR sale	354	0
CHF/EUR purchase	0	627
JPY/EUR sale	215	215

The material foreign exchange forwards of the Jenoptik Group have involved US dollars. The table shows the net foreign currency risk item in US dollars:

in thousand euros	31/12/2015	31/12/2014
Financial assets	18,843	22,872
Financial liabilities	5,423	5,582
Foreign currency exchange rate risks resulting from balance sheet items	**13,419**	**17,289**
Foreign currency exchange rate risks resulting from pending transactions	21,001	18,393
Transactions related to foreign currency items	**34,420**	**35,682**
Items effectively hedged by derivatives	29,161	29,989
Net risk item	**5,259**	**5,693**

At the reporting date a net risk item in US dollars in the amount of EUR 5,259 thousand was reported. A change in the US dollar exchange rate of 5 percent at the reporting date would have had a positive effect of EUR 250 thousand or a negative effect of EUR 277 thousand in the statement of financial position. A change in the US dollar exchange rate of 10 percent would have had a positive effect of EUR 478 thousand or a negative effect of EUR 584 thousand in the statement of financial position.

8.3 Contingent Liabilities and Contingent Payables

In comparison with the prior year, the volume of guarantees has decreased and totaled EUR 5,995 thousand (prior year: EUR 9,469 thousand) as at December 31, 2015, thereof approximately 56 percent were secured with counter-guarantees.

in thousand euros	31/12/2015	31/12/2014
Guarantees for unconsolidated associates	5,662	5,632
Guarantees for third parties	333	3,837
Contingent payables from guarantees	**5,995**	**9,469**

With regard to a warranty in connection with Klinikum 2000, Jena, in the amount of EUR 5,500 thousand (prior year: EUR 5,500 thousand), a release from the liability through the Free State of Thuringia has remained pending. From Jenoptik's perspective, there are no longer any potential warranty claims since any disputed claims have been reinsured 100-percent by the subcontractor.

We were able to reduce the obligations resulting from guarantees for third parties amounting to EUR 333 thousand (prior year: EUR 3,837 thousand), and this item now consists of a surety for which Jenoptik has 100-percent counter-guarantees.

8.4 Other Financial Obligations

The financial obligations resulting from rental contracts or lease agreements are presented in the explanations given in Note 4 from page 164 on.

Along with order commitments for purchasing intangible assets and property, plant and equipment amounting to EUR 4,409 thousand (prior year: EUR 3,435 thousand), there were other financial obligations amounting to EUR 54,724 thousand (prior year: EUR 68,289 thousand), particularly for order commitments of inventories amounting to EUR 47,671 thousand (prior year: EUR 59,621 thousand).

8.5 Legal Disputes

JENOPTIK AG and the entities of its Group are involved in 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.

8.6 Related Party Disclosures in Accordance with IAS 24

Related parties are defined in IAS 24 “Related Party Disclosures” as being entities or persons that have control over or are controlled by the Jenoptik Group to the extent that they have not already been included in the consolidated financial statements as consolidated entities as well as entities or persons that, on the basis of the Articles of Association or by contractual agreements, have the possibility of significantly influencing the financial and corporate policies of the management of JENOPTIK AG or participate in the joint control of JENOPTIK AG. Control exists if a shareholder holds more than half of the voting rights in JENOPTIK AG. The largest single shareholder of JENOPTIK AG is Thüringer Industriebeteiligungs GmbH & Co. KG, Erfurt, which directly holds in total 11 percent of the voting rights and thus does not have control over JENOPTIK AG.

Members of the Executive Board and of the Supervisory Board of JENOPTIK AG also qualify as being related parties. In the 2015 fiscal year no exchange of goods or of services was transacted between the entity and members of these bodies.

The following table presents the composition of the business relationships with unconsolidated entities and with the joint operation considered to be other related parties.

		Thereof with	
in thousand euros	Total	Unconsolidated entities	Joint operations
Revenue	2,592	2,181	411
Purchased services	2,662	2,277	385
Receivables from operations	2,252	2,230	23
Payables from operations	3,051	706	2,345
Loans	1,072	1,072	0

In addition, there are guarantees amounting to EUR 5,662 thousand (prior year: EUR 5,632 thousand) within the Group to related parties.

Information on the disclosure of the remuneration of the members of the Executive Board and of the Supervisory Board as required by IAS 24.9 has been published in the Remuneration Report as part of the Combined Management Report in the section Corporate Governance from page 53 on as well as in the section Required and Supplementary Disclosures under HGB in the Notes to the Consolidated Financial Statements on pages 189 and 192.

9 EVENTS AFTER THE REPORTING DATE

On March 8, 2016 the Executive Board submitted the consolidated financial statements to the Supervisory Board for review and approval.

Dividends. In compliance with the German Stock Corporation Act, the amount that can be paid as a dividend to shareholders is set on the basis of the accumulated profit of the parent company, JENOPTIK AG, which has been determined in accordance with German commercial law. For the 2015 fiscal year the accumulated profit of JENOPTIK AG totaled EUR 47,012,196.40 comprising net profit for the 2015 fiscal year in the amount of EUR 29,794,453.80 less an allocation to the revenue reserves of EUR 738,958.50 and plus retained profits of EUR 17,956,701.20.

Owing to the overall positive annual result for the 2015 fiscal year, the Executive Board recommended to the Supervisory Board that approval be sought at the 2016 AGM for a dividend increased by 10 percent to EUR 0.22 (prior year: EUR 0.20) to be paid for each share eligible for receiving a dividend for the 2015 fiscal year. Thereby the amount of EUR 12,592,385.30 of the accumulated profit of JENOPTIK AG for the 2015 reporting period is designated for distribution, and the amount EUR 34,419,811.10 is to be carried forward.

No further events of significance occurred after December 31, 2015.

10 REQUIRED DISCLOSURES UNDER HGB

10.1 Required Disclosures in Compliance with § 315a of the HGB and § 264 (3) or § 264b of the HGB

The consolidated financial statements of JENOPTIK AG were prepared in accordance with § 315a of the HGB, which states that if consolidated financial statements are prepared in accordance with the accounting standards issued by the IASB, the entity may be exempted from preparing consolidated financial statements in accordance with the HGB. Concurrently, the consolidated financial statements and the Group Management Report are to be prepared in conformity with the Directive on Consolidated Accounting (Directive 83/349/EEC) of the European Union. The Accounting Standards Committee of Germany [Deutsche Rechnungslegungs Standards Committee e.V. (DRSC)] has accordingly interpreted this Directive to be in alignment with the German Accounting Standard No. 1 (GAS 1) "Exempting Consolidated Financial Statements in Accordance with § 315a of the HGB". In order to achieve comparability with a set of consolidated financial statements prepared in accordance with the commercial regulations of the HGB, all of the required disclosures and explanations under the HGB as well as any required disclosures above and beyond those needed to be in compliance with IFRS are to be published.

Through having been included in the consolidated financial statements of JENOPTIK AG, the following fully consolidated German associates have made use of the simplification relief measures defined in § 264 (3) or § 264b of the HGB:

- SAALEAUE Immobilien Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach im Isartal
- LEUTRA SAALE Gewerbegrundstücksgesellschaft mbH & Co. Vermietungs KG, Grünwald
- JENOPTIK Robot GmbH, Monheim am Rhein
- JENOPTIK Industrial Metrology Germany GmbH, Villingen-Schwenningen
- JENOPTIK Automatisierungstechnik GmbH, Jena
- ESW GmbH, Wedel
- JENOPTIK Optical Systems GmbH, Jena
- JENOPTIK Diode Lab GmbH, Berlin
- JENOPTIK Laser GmbH, Jena
- JENOPTIK Power Systems GmbH, Altenstadt
- JENOPTIK Polymer Systems GmbH, Triptis
- JENOPTIK SSC GmbH, Jena
- JORENT Techno GmbH, Jena.

10.2 Number of Employees

The breakdown of the average number of employees is presented in the following table:

	2015	2014
Employees	3,421	3,375
Trainees	120	129
Total	**3,542**	**3,504**

For the 2015 fiscal year, the proportionately consolidated entities employed 32 employees (prior year: 33 employees) on average.

10.3 Cost of Materials and Personnel Expenses

in thousand euros	2015	2014
Cost of materials		
Expenditures for raw materials, consumables and merchandise	207,263	187,492
Expenditures for services purchased	74,248	66,144
Total	**281,511**	**253,636**
Personnel expenses		
Wages and salaries	209,674	190,627
Social security, pension contributions and retirement benefits	29,955	29,035
Total	**239,629**	**219,662**

10.4 Financial Statement Auditor Fees

The fees for services rendered by our financial statement auditor amounted to:

in thousand euros	2015	2014
Financial statement audit services	974	1,124
Other attestation services	85	138
Fees for other services	60	59
Tax consulting services	9	8
Total	**1,129**	**1,329**

The fees for financial statement audit services are in reference to expenses for the audit of the consolidated financial statements of the Jenoptik Group as well as the statutory annual financial statements of the subsidiaries consolidated and the joint operations included in the consolidated financial statements.

11 GERMAN CORPORATE GOVERNANCE CODE

On December 9, 2015 the Executive Board and the Supervisory Board of JENOPTIK AG submitted a declaration of conformity in accordance with § 161 of the German Stock Corporation Act as required by the recommendations of the Government Commission's German Corporate Governance Code in the version dated May 5, 2015. The declaration has been made permanently available to shareholders on the JENOPTIK AG website under: www.jenoptik.com in the section Investors/Corporate Governance. The declaration can also be viewed on site in the offices of JENOPTIK AG (Carl-Zeiss-Straße 1, 07743 Jena, Germany).

11.1 Executive Board

The following persons were appointed as members of the Executive Board for the 2015 fiscal year:

	Other positions at:
Dr. Michael Mertin President & CEO of JENOPTIK AG	None
Rüdiger Andreas Günther Member of the Executive Board of JENOPTIK AG (until March 31, 2015)	LIS Orbotech GmbH (CCB member until March 31, 2015)
Hans-Dieter Schumacher Member of the Executive Board of JENOPTIK AG (since April 1, 2015)	None

CCB – comparable controlling body

The following overview presents the remuneration of the Executive Board for the 2015 fiscal year. Along with direct and indirect remuneration components earned, this overview also comprises the fair value of share-based remuneration instruments used as long-term incentives (LTI).

Fringe benefits consisted of contributions to disability and accident insurances as well as to the provision of company cars. A more detailed explanation of the Executive Board remuneration system is provided in the Remuneration Report in the section Corporate Governance that is part of the summarized Management Report.

Retirement benefits paid to former Executive Board members amounted to EUR 290 thousand (prior year: EUR 286 thousand). The pension provisions for former Executive Board members totaled EUR 4,957 thousand (prior year: EUR 5,261 thousand) at the reporting date.
The interest expenses for these provisions existing in the 2015 fiscal year amounted to EUR 69 thousand (prior year: EUR 115 thousand).

In the 2015 fiscal year – as well as in preceding years – no loans were granted nor any advances paid to the members of either the Executive Board or the Supervisory Board. Consequently, there were no loans to be redeemed.

The members of the Executive Board did not hold any shares in Jenoptik nor in any related financial instruments at the reporting date.

	Dr. Michael Mertin (President & CEO)		Hans-Dieter Schumacher (Member of Executive Board since April 1, 2015)		Rüdiger Andreas Günther (Member of Executive Board until March 31, 2015)	
in thousand euros	**2015**	**2014**	**2015**	**2014**	**2015**	2014
Fixed remuneration	600.0	600.0	300.0	0.0	150.7	380.0
Variable remuneration	631.2	529.0	194.0	0.0	131.0	236.6
LTI of fiscal year – measured at issue price	631.2	529.0	194.0	0.0	0.0	236.6
LTI of fiscal year – share price development in fiscal year	230.9	–78.0	71.0	0.0	0.0	–34.9
Granted for protection of existing shares	50.8	50.3	0.0	0.0	0.0	9.8
Total remuneration	**2,144.1**	**1,630.4**	**758.9**	**0.0**	**281.7**	**828.2**
Retirement benefits	240.0	240.0	120.0	0.0	20.0	80.0
Fringe benefits	46.7	46.5	8.2	0.0	3.4	13.6
Total other benefits	**286.7**	**286.5**	**128.2**	**0.0**	**23.4**	**93.6**

11.2 Supervisory Board

The following persons were appointed as members of the Supervisory Board for the 2015 fiscal year:

			Meetings attended			
	Member of	Additional positions at	Super-visory Board	Audit Commit-tee	Personnel Commit-tee	Nomi-nation Commit-tee
Rudolf Humer Entrepreneur (Chair until June 30, 2015)	- Personnel Committee (Chair until June 30, 2015) - Mediation Committee Chair until June 30, 2015) - Nomination Committee Chair until June 30, 2015)	- Baumax AG, Austria (SB Chair) - Baumax Anteilsverwaltung AG, Austria (SB member) -Ühinenud Farmid AS, Estonia (CCB member) - K.A.M. ESSL Holding AG, Austria (SB member)	2/2		2/2	3/3
Matthias Wierlacher Chair of Thüringer Aufbaubank (Chair since July 15, 2015)	- Audit Committee (Deputy. Chair until August 6, 2015) - Personnel Committee (since March 26, 2015, Chair since July 1, 2015) - Nomination Committee (since March 26, 2015, Chair since July 1, 2015) - Mediation Committee (Chair since July 15, 2015)	- Mittelständische Beteiligungs gesellschaft Thüringen mbH, (SB member) - bm-t beteiligungsmanagement thüringen GmbH (GI, SB Chair) - ThüringenForst - Anstalt öffentlichen Rechts, (SB member)	7/7	3/4	1/1	3/3
Michael Ebenau[1)] Trade union secretary IG Metall Central Regional Office (Deputy Chair)	- Personnel Committee - Mediation Committee	- Samag Saalfelder Werkzeugmaschinen GmbH, (CCB member)	6/7		1/3	
Astrid Biesterfeldt[1)] Head of Product Management and Deputy Head of Business Unit Energy & Drive at ESW GmbH		None	6/7			
Evert Dudok (since July 22, 2015) Executive Vice President CIS Airbus Defense & Space		- Dornier Consulting GmbH (GI, SB Chair) - EURASSPACE Gesellschaft für Raumfahrttechnik mbH (Gi, SB member)	4/4			
Brigitte Ederer Chair of Supervisory Board of Österreichische Bundesbahnen-Holding Aktiengesellschaft	- Personnel Committee (since July 1, 2015) - Nomination Committee (since July 1, 2015)	- Boehringer Ingelheim RCV GmbH, Austria (SB member) - Infineon Technologies Austria AG, Austria (SB member) - Österreichische Bundesbahnen-Holding Aktiengesellschaft (SB Chair) - Österreichische Bundesbahn Personen verkehr AG, Austria (SB member) - Rail Cargo Austria AG, Austria (SB member) - Schoeller–Bleckmann Oilfield Equipment AG, Austria (SB member) - Wien Holding GmbH, Austria (CCB Chair)	5/7		0/1	

	Member of	Additional positions at	Meetings attended: Super-visory Board	Audit Commit-tee	Personnel Commit-tee	Nomi-nation Commit-tee
Christian Humer Merchant, Chair of the Executive Board of ECE European City Estates GmbH, Austria (until June 30, 2015)	- Personnel Committee (until June 30, 2015) - Nomination Committee (until June 30, 2015)	- Ühinenud Farmid AS, Estonia (CCB Chair)	2/2		2/2	3/3
Thomas Klippstein[1] Chairman of Group Works Council of Jenoptik	- Personnel Committee - Audit Committee	None	7/7	5/5	3/3	
Dieter Kröhn[1] Process coordinator at ESW GmbH	- Audit Committee	None	7/7	5/5		
Sabine Lötzsch[1] Mathematician, Manager of IT Helpdesk of JENOPTIK SSC GmbH	- Personnel Committee (since March 26, 2015)	None	6/7		1/1	
Doreen Nowotne (since July 22, 2015) Auditor	- Audit Committee (since August 7, 2015, Dep. Chair since January 1, 2016	- Brenntag AG (SB member)	4/4	1/1		
Heinrich Reimitz Member of the Executive Board of ECE European City Estates GmbH, Austria	- Audit Committee (Chair) - Personnel Committee (since July 1, 2015) - Nomination Committee (since July 1, 2015)	- Ühinenud Farmid AS, Estonia (CCB member)	6/7	5/5	1/1	
Stefan Schaumburg[1] Division chair and trade union secretary of IG Metall Executive Board, Frankfurt	- Personnel Committee - Mediation Committee	- GKN Holdings Deutschland GmbH (SB member)	6/7		2/3	
Prof. Dr. rer. nat. habil., Dipl.-Physiker Andreas Tünnermann Director of the Institute for Applied Physics and Lecturer for Applied Physics at the Friedrich Schiller University and Head of the Fraunhofer Institute for Applied Optics and Fine Mechanics, Jena	- Personnel Committee - Mediation Committee - Nomination Committee	- BioCentiv GmbH (SB Chair) - Docter Optics GmbH (CCB member)	7/7		3/3	3/3

1) Employee representative
Abbreviations: SB – Supervisory Board, CCB – Comparable controlling body, GI – Group internal appointment, Dep. - Deputy

Supervisory Board Remuneration

For the 2015 fiscal year the members of the Supervisory Board received the following remuneration in total:

		Thereof			
in thousand euros	Total remuneration	Fixed annual remuneration 2015	Variable remuneration 2015	Meeting fees (plus reimbursement of expenses)	Value added tax[1)]
Rudolf Humer (Chair until June 30, 2015)[2)]	–	–	–	–	–
Matthias Wierlacher (Chair since July 15, 2015)	91.8	60.6	17.4	13.8	14.7
Michael Ebenau (Deputy Chair)	66.6	41.7	17.9	7.1	10.6
Astrid Biesterfeldt	42.0	23.8	11.9	6.3	5.7
Evert Dudok (since July 22, 2015)	17.2	8.9	4.5	3.8	–
Brigitte Ederer	41.8	25.0	10.0	6.8	–
Christian Humer (until June 30, 2015)	25.5	14.9	5.0	5.7	–
Thomas Klippstein	69.0	41.6	11.9	15.5	11.0
Dieter Kröhn	60.7	35.7	11.9	13.1	9.7
Sabine Lötzsch	47.4	28.4	11.9	7.1	7.5
Doreen Nowotne (since July 22, 2015)	26.1	15.4	5.3	5.4	4.2
Heinrich Reimitz	70.5	45.0	10.0	15.5	–
Stefan Schaumburg	51.2	29.7	11.9	9.6	8.2
Prof. Dr. rer. nat. habil. Andreas Tünnermann	59.0	35.7	11.9	11.4	9.4
Total	**668.8**	**406.4**	**141.4**	**121.0**	**81.0**

1) Included in fixed annual remuneration, variable remuneration and meeting fees; Mrs. Brigitte Ederer, Mr. Rudolf Humer, Mr. Christian Humer (member of the Supervisory Board until June 30, 2015) as well Mr. Mag. Heinrich Reimitz have a limited tax liability in Germany due to their place of residence being abroad, since their remuneration is subject to a withholding tax in accordance with § 50 a (1) No. 4 of the German Income Tax Act, no value added tax was incurred. Mr. Evert Dudok is an entrepreneur in accordance with § 19 of the German VAT Act, no value added tax was incurred.

2) By way of written declaration to the Executive Board, Mr. Rudolf Humer, who ended his duties of Supervisory Board Chair on June 30, 2015, had, waived all remuneration claims due to him for his activities as Supervisory Board Chair and Committee member from April 1, 2011 on. This also applied to any meeting fees and any potential performance-related payments.

A more detailed explanation of the remuneration system of the Supervisory Board is provided in the Remuneration Report in the section Corporate Governance that is part of the combined Management Report.

At the end of the 2015 fiscal year the members of the Supervisory Board together held 41,207 shares or thereto related financial instruments, consequently holding more than 1 percent of the share capital of JENOPTIK AG.

12 LIST OF SHAREHOLDINGS OF THE JENOPTIK GROUP AS AT DECEMBER 31, 2015 IN ACCORDANCE WITH § 313 (2) OF THE GERMAN COMMERCIAL CODE (HGB)

No.	Name and legal seat of company	Shareholding of JENOPTIK or shareholder directly in percent	Equity 31/12/2015 in thousand euros	Earnings for 2015 in thousand euros
	1.1. Consolidated associates – direct shareholdings			
1	JENOPTIK Robot GmbH, Monheim am Rhein, Germany	100		
2	JENOPTIK Industrial Metrology Germany GmbH, Villingen-Schwenningen, Germany	100		
3	JENOPTIK Automatisierungstechnik GmbH, Jena, Germany	100		
4	ESW GmbH, Wedel, Germany	100		
5	JENOPTIK Optical Systems GmbH, Jena, Germany	100		
6	JENOPTIK Laser GmbH, Jena, Germany	100		
7	JENOPTIK Polymer Systems GmbH, Triptis, Germany	100		
8	JORENT Techno GmbH, Jena, Germany	100		
9	SAALEAUE Immobilien Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach in Isartal, Germany	100		
10	LEUTRA SAALE Gewerbegrundstücksgesellschaft mbH & Co. KG, Grünwald, Germany	100		
11	JENOPTIK SSC GmbH, Jena, Germany	100		
12	JENOPTIK North America, Inc., Jupiter (FL), USA	100		
13	JENOPTIK Asia-Pacific Pte. Ltd., Singapore, Singapore	100		
	– indirect shareholdings			
14	Traffipax, LLC, Jupiter (FL), USA	100		
15	Multanova AG, Uster, Switzerland	100		
16	JENOPTIK Robot Malaysia SDN BHD, Kuala Lumpur, Malaysia	100		
17	JENOPTIK Industrial Metrology Switzerland SA, Peseux, Switzerland	100		
18	JENOPTIK Industrial Metrology France SA, Bayeux, France	100		
19	JENOPTIK Automotive North America, LLC (formerly: JENOPTIK Industrial Metrology North America, LLC), Rochester Hills (MI), USA	100		
20	JENOPTIK (Shanghai) Precision Instruments and Equipment Co., Ltd., Shanghai, China	100		
21	JENOPTIK Australia Pty Ltd, Sydney, Australia	100		
22	JENOPTIK Power Systems GmbH (formerly: LECHMOTOREN GmbH), Altenstadt, Germany	100		
23	PHOTONIC SENSE GmbH, Eisenach, Germany	100		
24	JENOPTIK Diode Lab GmbH, Berlin, Germany	100		
25	JENOPTIK Optical Systems, LLC, Jupiter (FL), USA	100		
26	JENOPTIK Advanced Systems, LLC, El Paso (TX), USA	100		
27	JENOPTIK Korea Corporation, Ltd., Pyeongtaek, Korea	66.6		
28	JENOPTIK Japan Co. Ltd., Yokohama, Japan	66.58		
29	Robot Nederland B.V., Riel, Netherlands	100		
30	Vysionics Ltd., Milton Keynes, Great Britain	91.97		
31	Vysionics ITS Holdings Ltd., Milton Keynes, Great Britain	100[10]		
32	Vysionics ITS Ltd., Camberley, Great Britain	100[10]		
33	Computer Recognition Systems Ltd., Milton Keynes, Great Britain	100[10]		

No.	Name and legal seat of company	Shareholding of JENOPTIK or shareholder directly in percent	Equity 31/12/2015 in thousand euros	Earnings for 2015 in thousand euros
	1.2. Unconsolidated associates – direct shareholdings			
34	JENOPTIK Einundsiebzigste Verwaltungsgesellschaft mbH, Jena, Germany	100	23	[3)]
35	JENOPTIK MedProjekt GmbH, Jena, Germany	100	–4,038	–5
36	FIRMICUS Verwaltungsgesellschaft mbH, Jena, Germany	100	41	3
37	SAALEAUE Immobilien Verwaltungsgesellschaft mbH, Pullach im Isartal, Germany	100	50	–7
38	LEUTRA SAALE Gewerbegrundstücksverwaltungs-gesellschaft mbH, Grünwald, Germany	100	26	0
	– indirect shareholdings			
39	AD-Beteiligungs GmbH, Monheim am Rhein, Germany	100	230	–1
40	RADARLUX Radar Systems GmbH, Leverkusen, Germany	100	–302	95
41	RADARLUX RADAR Systems (UK) Ltd., Stratford upon Avon, Great Britain	75[5)]	46	5
42	Traffipax do Brasil Ltda., Sao Paulo, Brasil	100	–1,070	–9
43	JENOPTIK INDUSTRIAL METROLOGY DE MEXICO, S. DE R.L. DE C.V., Saltillo, Mexico	100[11)]		
44	JENOPTIK KATASORB GmbH, Jena, Germany	100	300	[3)]
45	PHOTONIC SENSE, INC., Nashua (NH), USA	100	3	1
46	JENOPTIK Components, LLC, St. Petersburg, Russia	100	–535	–191
47	JENOPTIK LDT GmbH, Jena, Germany, i. L. [8)]	100	–3,086	0
48	JENOPTIK India Private Limited, Bangalore, India	100[7)]	535	–21
49	JENOPTIK do Brasil Instrumentos de Precisão e Equipamentos Ltda., Sao Bernardo do Campo, Brasil	100	169	–216
50	JENOPTIK South East Asia Pte. Ltd., Singapore, Singapore	100	–225	–155

No.	Name and legal seat of company	Shareholding of JENOPTIK or shareholder directly in percent	Equity 31/12/2015 in thousand euros	Earnings for 2015 in thousand euros
	2. Joint operation			
51	HILLOS GmbH, Jena, Germany	50[1]		
	3. Investments – direct shareholdings			
52	JENAER BILDUNGSZENTRUM gGmbH SCHOTT CARL ZEISS JENOPTIK, Jena, Germany	33.33		[2]
	– indirect shareholdings			
53	JT Optical Engine Verwaltungs GmbH, Jena, Germany, i. L. [8]	50[6]		[2]
54	JT Optical Engine GmbH + Co. KG, Jena, Germany, i. L. [8]	50[6]		[2]
55	JENOPTIK Robot Algérie SARL, Alger, Algeria	49		[2]
56	HOMMEL CS s.r.o., Teplice, Czech Republic	40		[2]
57	TELSTAR-HOMMEL CORPORATION, Ltd., Pyeongtaek, Korea	33.4		[2]
58	Dr. Teschauer AG, Chemnitz, Germany, i. I. [9]	24.99[4]		[2]
59	Zenteris GmbH, Jena, Germany, i. I. [9]	24.9[6]		[2]
60	MAZeT Mikroelektronik Anwendungszentrum GmbH Thüringen, Jena, Germany	22.55		[2]

1) Proportionately consolidated
2) No data is available.
3) Profit and loss transfer agreement (HGB) with the parent company
4) Fiscal year not the calendar year – as of October 31
5) Fiscal year not the calendar year – as of May 31
6) Fiscal year not the calendar year – as of June 30
7) Fiscal year not the calendar year – as of March 31
8) i.l. = in liquidation
9) i.i. = in insolvency
10) Included in the financials of Vysionics Ltd.
11) Included in the financials of JENOPTIK Automotive Metrology North America, LLC.

Assurance by the Legal Representatives

To the best of our knowledge, we assure that the consolidated financial statements prepared in accordance with the applicable accounting principles required for financial reporting present a true and fair view of the net assets, financial position and results of operations of the Group and that the Combined Management Report provides a fair view of the development and performance of the business and the Group's position, together with a description of significant opportunities and risks associated with the expected development of the Group.

Jena, March 8, 2016

Dr. Michael Mertin
Predident & CEO

Hans-Dieter Schumacher
Chief Financial Officer

Auditors´ Report

We have issued an unqualified audit opinion as follows:

"Auditors' Report

We have audited the consolidated financial statements prepared by JENOPTIK Aktiengesellschaft, Jena, comprising the consolidated statement of comprehensive income, the consolidated statement of financial position, the statement of changes in equity, the consolidated statement of cash flows, and the notes to the consolidated financial statements, together with the combined management report of the company and the group for the fiscal year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB (Handelsgesetzbuch "German Commercial Code") are the responsibility of the parent company`s Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a (1) of the HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Berlin, March 8, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

STROM	BÜCHIN
Wirtschaftsprüfer	Wirtschaftsprüfer

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Information

The extended management of the Jenoptik Group is the Executive Management Board. It is responsible for making strategic and operational decisions for the entire Group. The Jenoptik management is supported by the Scientific Advisory Board. Twelve scientists from companies, universities and institutions throughout Germany analyze technology trends and advise Jenoptik on innovations as well as the opportunities and risks of promising future market sectors.

8.6.2016

Annual General Meeting of JENOPTIK AG

Executive Management Board

(as at January 2016)

Bernhard Dohmann
Mobility Segment
Head of Traffic Solutions division

Volkmar Hauser
Mobility Segment
Head of Automotive division

Melanie Jaklin
Head of Human Resources, Purchasing,
Supply Chain & Shared Services

Wolfgang Keller
Optics & Life Science Segment
Head of Healthcare & Industry division

Dr. Michael Mertin
President & CEO and Human Resources Director

Dr. Dirk Michael Rothweiler
Optics & Life Science segment
Head of Optical Systems division

Hans-Dieter Schumacher
Chief Financial Officer

Dr. Stefan Stenzel
Defense & Civil Systems segment
Head of Defense & Civil Systems division

Scientific Advisory Council

(as at January 2016)

Dr. Michael Mertin
JENOPTIK AG, Chairman

Prof. Dr. Hartmut Bartelt
Leibniz-Institut für Photonische Technologien e. V. (IPHT), Jena

Prof. Dr. Karlheinz Brandenburg
Ilmenau

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Glossary

B

Book-to-bill ratio – Ratio of order intake to revenue for a fiscal year. A ratio of over 1.00 indicates that the order intake surpassed revenue for the fiscal year, likely leading to an increase in order backlog.

C

Consolidated companies – Entities included in a consolidated financial statements.

D

Debenture loan – In addition to bank loans and bonds, another form of (long-term) external financing for companies. The borrower is granted a loan against a debenture by large financial intermediaries (in general credit institutions) without having to access the organized capital market.

E

EBIT – Income from operations – earnings before interest and taxes.

EBITDA – Earnings before interest, taxes, depreciation and amortization.

EBIT margin – Return on revenue – EBIT divided by revenue.

Equity ratio – Indicator used in capital structure analysis stating the relative proportion of equity in the balance sheet total (equity divided by the balance sheet total).

F

Free cash flow – Available cash flow. The free cash flow is regarded by financing institutions as an indicator of the ability to repay loans and is therefore often used as a basis to calculate financing capacity. It is calculated from the cash flows from operating activities (before income taxes and interest) less capital expenditure in property, plant, equipment and intangible assets.

G

Goodwill – Difference between the purchase price of a newly acquired company and its equity (assets minus liabilities).

Go Lean program – Internal Group program launched in 2012 with aim of end-to-end process improvements and an increase in operational performance. It will maximize far-reaching synergies thanks to a lean production system, consolidation of functions in areas such as purchasing and support for operational units from central bodies.

Gross margin – The gross margin indicates how much (in percent of revenue) a company is earning after deducting cost of sales. The indicator helps to assess how efficiently a company is operating.

J

Jenoptik Excellence Program (JEP) – This internal Group program was launched in 2012. It is aimed at generating cost savings, primarily in production, development and logistical processes, as well as in supply chain management.

JOE projekt – The company's largest program for efficient standardization of processes and settlement systems throughout the company which was initiated in 2011.

L

Lean campus – Within the framework of the Go Lean program employees and management receive training in the program topics. The focus is on teaching comprehensive lean methods expertise, the improvement tools and the personal development of the participants.

M

Market capitalization – Number of shares multiplied by the share price.

Market Excellence – A group-wide program aimed at optimizing the sales organization and processes. It combines major projects from the sales, after-sales service as well as pricing. Its aim is to ensure the organization is consistently geared toward market requirements.

N

Net debt – Calculated by deducting cash and securities from the total of non-current and current financial assets.

P

PoC Percentage of completion method – Procedure in accordance with IAS 11 which computes revenue, order costs and order results on a long-term customer-specific contract relative to the degree to which the project is completed.

R

ROCE (return on capital employed) – Is calculated by dividing income from operations (EBIT) by the average tied operating capital The total tied operating capital is calculated on the basis of the non-finance related capital in the non-current assets (such as intangible assets including goodwill, property, plant and equipment and investment properties) plus the capital tied up in current assets (primarily inventories, receivables from the operating business activities and other current receivables). Non-interest-bearing borrowings (such as provisions – excluding pensions and taxes, liabilities from the operating business activities and other non-interest-bearing liabilities) are subtracted from this figure. The calculation of the average takes into account twelve month-end balances and the opening balance at the start of the year, which corresponds to the closing balance of the prior year.

S

Swap – An agreement between two companies to exchange cash flows. In the case of an interest swap, fixed interest payments are swapped for floating payments for a nominal fee.

Syndicated loan – The syndicated loan is a credit granted jointly by several banks (members of a consortium) to one debtor. One or several banks may take the lead.

W

Working capital – The total of trade receivables and PoC as well as inventories minus trade payables and PoC as well as advance payments received.

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Historical Summary of Financial Data

		2009	2010	2011[1]	2012[2]	2013	2014	2015
Statement of Income								
Revenue	million euros	**473.6**	**478.8**	**543.3**	**585.0**	**600.3**	**590.2**	**668.6**
Lasers & Optical Systems	million euros	166.7	188.9	217.1	212.3	224.7	231.3	249.4
Metrology	million euros	96.0	113.8	140.1	182.7	187.4	185.0	207.0
Defense & Civil Systems	million euros	205.3	173.9	183.3	186.4	185.1	170.8	211.4
Foreign revenue	million euros	**271.6**	**279.7**	**321.5**	**376.9**	**371.9**	**379.1**	**450.8**
of revenue	%	57.3	58.4	59.2	64.4	62.0	64.2	67.4
Cost of sales	million euros	344.9	328.6	359.3	381.6	394.6	384.8	442.5
Gross profit	million euros	128.7	150.2	184.0	203.4	205.7	205.5	226.2
Gross margin	%	27.2	31.4	33.9	34.8	34.3	34.8	33.8
Selling expenses	million euros	51.3	53.7	61.9	65.1	66.6	67.5	72.6
R+D expenses	million euros	32.6	28.1	32.0	36.0	39.8	39.4	41.8
Administrative expenses	million euros	36.5	36.5	38.9	42.6	46.4	51.1	54.0
EBIT	million euros	**–19.7**	**29.0**	**49.2**	**54.8**	**52.7**	**51.6**	**61.2**
Lasers & Optical Systems	million euros	–16.5	13.3	29.2	27.1	24.6	27.0	23.7
Metrology	million euros	–14.6	8.6	12.0	25.6	22.6	22.5	23.0
Defense & Civil Systems	million euros	12.1	8.6	11.6	7.8	11.6	2.1	17.9
EBIT margin	%	**–4.2**	**6.1**	**9.0**	**9.4**	**8.8**	**8.7**	**9.2**
Lasers & Optical Systems	%	–9.9	7.0	13.5	12.8	10.9	11.7	9.5
Metrology	%	–15.2	7.6	8.6	14.0	12.0	12.2	11.1
Defense & Civil Systems	%	5.9	4.9	6.3	4.2	6.2	1.3	8.5
EBT	million euros	**–34.3**	**15.0**	**36.2**	**46.1**	**47.2**	**46.1**	**57.4**
EBT margin	%	–7.2	3.1	6.7	7.9	7.9	7.8	8.6
Earnings after tax	million euros	**–33.9**	**9.0**	**35.3**	**50.2**	**47.2**	**41.6**	**49.9**
EPS	EUR	**–0.73**	**0.16**	**0.62**	**0.88**	**0.82**	**0.73**	**0.87**
Cost of materials	million euros	206.6	207.6	230.4	242.0	250.9	253.6	281.5
Material intensity	%	41.9	41.0	41.1	40.3	40.7	41.3	40.4
R+D output	million euros		42.0	45.4	49.1	51.1	49.6	51.6
R+D ratio	%		8.8	8.4	8.4	8.5	8.4	7.7
EBITDA	million euros	23.3	60.1	76.8	77.7	74.8	76.1	88.8
Financial result	million euros	–14.7	–14.0	–13.0	–8.7	–5.5	–5.5	–3.8
Cash Flows and Capital Expenditure								
Cash flows from operating activities	million euros	53.3	41.6	65.6	66.6	60.6	46.3	85.1
Free cash flow (before income tax)	million euros	41.0	31.6	44.0	43.7	47.0	22.5	71.8
Captial expenditures	million euros	14.4	14.5	25.1	31.2	24.4	29.9	24.7
Personnel								
Employees on average		3.206	2.800	2.894	3.066	3.233	3.375	3.421
Revenue per employee	TEUR	147.7	171.0	187.7	190.8	185.7	174.9	195.4
Personnel expenses	million euros	187.3	177.5	183.8	201.2	210.9	219.7	239.6

		2009	2010	2011[1]	2012[2]	2013	2014	2015
Personnel intensity	%	39.5	37.1	33.8	34.4	35.1	37.2	35.8
Statement of Financial Position								
Non-current assets	million euros	336.9	310.7	312.4	333.8	329.8	389.5	382.8
Intangible assets and property, plant and equipment	million euros	230.1	211.8	207.1	213.9	216.0	274.0	278.4
Investment property	million euros	24.5	22.1	20.6	19.6	19.1	16.4	4.5
Financial assets	million euros	19.2	16.8	22.8	27.2	20.1	21.1	21.7
Other non-current assets	million euros	11.0	9.1	4.9	4.8	4.4	1.8	4.5
Deferred tax assets	million euros	52.1	50.9	57.0	68.4	70.3	76.3	73.6
Current assets	million euros	270.2	318.2	331.1	335.8	362.6	382.2	386.3
Inventories	million euros	154.7	148.8	169.1	169.3	165.1	179.0	167.1
Trade and other receivables	million euros	103.2	103.3	111.9	120.7	125.3	133.4	135.0
Securities and cash	million euros	12.3	66.1	50.1	45.9	72.2	69.8	84.2
Equity	million euros	**240.0**	**282.5**	**298.4**	**330.3**	**367.1**	**386.6**	**435.1**
Share capital	million euros	135.3	148.8	148.8	148.8	148.8	148.8	148.8
Non-current liabilities	million euros	205.8	165.3	173.7	177.6	173.1	216.6	169.5
Pension provisions	million euros	6.4	6.4	18.4	31.2	28.2	41.0	36.1
Other non-current provisions	million euros	18.5	17.6	12.4	12.1	11.0	10.0	10.3
Non-current financial liabilities	million euros	158.2	125.9	123.1	115.8	115.2	156.8	113.2
Other non-current liabilities	million euros	20.1	11.7	15.8	15.4	16.9	7.0	7.9
Deferred tax liabilities	million euros	2.5	3.7	4.0	3.1	1.8	1.7	2.0
Current liabilities	million euros	161.3	181.1	171.3	161.7	152.3	168.5	164.5
Tax provisions	million euros	2.6	2.4	6.8	6.1	4.8	5.7	3.3
Other current provisions	million euros	40.6	61.9	49.7	52.1	37.4	37.7	42.7
Current financial liabilities	million euros	13.5	19.5	4.1	4.7	1.2	5.1	14.9
Other current liabilities	million euros	104.6	97.3	110.7	98.9	109.0	120.0	103.6
Balance sheet total	million euros	**607.1**	**628.9**	**643.5**	**669.6**	**692.4**	**771.7**	**769.2**
Balance sheet ratios								
Equity ratio	%	39.5	44.9	46.4	49.3	53.0	50.1	56.6
Asset coverage		157.8	202.6	216.0	230.7	261.0	256.5	279.5
Gross debt	million euros	171.8	145.3	127.2	120.5	116.4	161.9	128.1
Net debt	million euros	159.5	79.3	77.1	74.5	44.1	92.1	43.9
Working capital	million euros	166.4	164.6	190.4	202.8	195.6	217.5	215.5
Working capital ratio	%	35.1	34.4	35.0	34.7	32.6	36.9	32.2
Debt to equity ratio		1.5	1.2	1.2	1.0	0.9	1.0	0.8
Total return on investment based on EBT	%	–5.7	2.4	5.6	6.9	6.8	6.0	7.5
Return on equity based on EBT	%	–14.3	5.3	12.1	14.0	12.9	11.9	13.2
ROCE				15.6	15.6	14.0	13.0	13.5
Dividend key figures								
Dividend per share	EUR			0.15	0.18	0.20	0.20	0.22[3]
Pay out ratio on earnings attributable to shareholders	%			24.3	20.5	24.3	27.5	25.4[3]
Dividend yield based on year-end stock exchange price	%			3,3	2,4	1,6	1,9	1,5[3]

The summary contains data as far as they were determined in previous years respectively as they were used as control parameter.
1) Continuing operations
2) Adjusted to initial application of IAS 19
3) Subject to the approval of the annual general meeting

Key Figures of Jenoptik by Segment

		2015	2014	Change in %
Revenue	million euros	**668.6**	**590.2**	**13.3**
Lasers & Optical Systems	million euros	249.4	231.3	7.8
Metrology	million euros	207.0	185.0	11.9
Defense & Civil Systems	million euros	211.4	170.8	23.8
Other[1]	million euros	0.8	3.1	–74.2
EBITDA	million euros	**88.8**	**76.1**	**16.7**
Lasers & Optical Systems	million euros	33.4	36.0	–7.2
Metrology	million euros	30.6	26.9	13.6
Defense & Civil Systems	million euros	23.1	7.2	223.4
Other[1]	million euros	1.7	6.0	–71.9
EBIT	million euros	**61.2**	**51.6**	**18.7**
Lasers & Optical Systems	million euros	23.7	27.0	–12.0
Metrology	million euros	23.0	22.5	2.1
Defense & Civil Systems	million euros	17.9	2.1	738.0
Other[1]	million euros	–3.4	0.0	
EBIT margin	%	**9.2**	**8.7**	
Lasers & Optical Systems	%	9.5	11.7	
Metrology	%	11.1	12.2	
Defense & Civil Systems	%	8.5	1.3	
R+D output	million euros	**51.6**	**49.6**	**4.1**
Lasers & Optical Systems	million euros	22.8	20.8	9.7
Metrology	million euros	22.1	20.0	10.7
Defense & Civil Systems	million euros	6.6	9.0	–27.2
Other[1]	million euros	0.1	–0.2	
Order intake	million euros	**636.7**	**589.2**	**8.1**
Lasers & Optical Systems	million euros	248.2	240.1	3.4
Metrology	million euros	211.1	174.7	20.8
Defense & Civil Systems	million euros	177.8	170.2	4.5
Other[1]	million euros	–0.4	4.3	
		31/12/2015	31/12/204	Change in %
Order backlog	million euros	**373.4**	**422.5**	**–11.6**
Lasers & Optical Systems	million euros	95.8	100.8	–5.0
Metrology	million euros	70.5	77.2	–8.7
Defense & Civil Systems	million euros	209.7	245.9	–14.7
Other[1]	million euros	–2.5	–1.4	–80.1
Employees		**3,512**	**3,553**	**–1.2**
Lasers & Optical Systems		1,321	1,377	–4.1
Metrology		1,030	1,030	0.0
Defense & Civil Systems		881	885	–0.5
Other[1]		280	261	7.3

1) including consolidation

Summary by Quarter 2015

		1st quarter 1/1–31/3	2nd quarter 1/4–30/6	3rd quarter 1/7–30/9	4th quarter 1/10–31/12
Revenue	million euros	**145.8**	**170.4**	**171.5**	**181.0**
Lasers & Optical Systems	million euros	56.3	62.9	64.0	66.2
Metrology	million euros	46.5	50.9	51.4	58.2
Defense & Civil Systems	million euros	42.7	57.0	55.0	56.7
Other[1]	million euros	0.2	–0.4	1.1	–0.2
EBIT	million euros	**8.7**	**17.8**	**17.7**	**16.9**
Lasers & Optical Systems	million euros	4.8	6.5	6.3	6.0
Metrology	million euros	2.5	3.9	6.0	10.5
Defense & Civil Systems	million euros	0.8	5.3	6.4	5.5
Other[1]	million euros	0.6	2.2	–1.0	–5.1
EBIT margin (EBIT in % of revenue)	%	**6.0**	**10.5**	**10.3**	**9.3**
Lasers & Optical Systems	%	8.6	10.4	9.9	9.1
Metrology	%	5.5	7.6	11.8	18.1
Defense & Civil Systems	%	1.9	9.3	11.6	9.6
Order intake	million euros	**166.8**	**166.9**	**145.3**	**157.8**
Lasers & Optical Systems	million euros	61.9	63.4	55.3	67.7
Metrology	million euros	55.5	57.2	46.9	51.5
Defense & Civil Systems	million euros	50.7	46.7	41.3	39.1
Other[1]	million euros	–1.3	–0.4	1.8	–0.5

1) including consolidation

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The contents of this publication address men and women equally.
For better readibility, the masculine forms are used normally.
In case of differences of opinion the German text shall prevail.

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