

Annual Report 2007/2008

# Highlights of Financial Year 2007/2008

## October 2007

### **Analytik Jena Successful at the BIOTECHNICA Trade Fair**

At Europe's largest trade fair for biotechnology, Analytik Jena presented a total of four new equipment systems for applications in research, diagnostics, and industry. The successful trade fair appearance with a large number of visitors, representing more than 700 direct contacts, provided substantial stimulus for international marketing in the area of bio solutions.

## November 2007

### **Analytik Jena Acquires Majority Interest in eBiochip Systems GmbH**

As a result of the acquisition of the Itzehoe-based company, Analytik Jena is expanding its product portfolio with key technologies in the chip array area and exclusive usage rights. Analytik Jena acquired 70.0% of the business shares based on a cash/share deal.

## February 2008

### **Analytik Jena Begins the New Financial Year with a Jump in Earnings**

The Group generated total revenue of about EUR 23.000 million in the first quarter, representing an increase of 28.7% from the previous year. The Group's operating result doubled to EUR 2.606 million.

## March 2008

### **Analytik Jena Receives a Major Order for the Delivery of Analysis Systems to Romania**

The Republic of Romania is relying on instruments from Jena and is equipping its four central environmental laboratories with devices from Analytik Jena AG.

### **Analytik Jena AG Focuses Its Strategy on the Instrument Business**

At the end of March, Analytik Jena agreed to sell a majority (51.0%) of its shares in AJZ Engineering GmbH to a management investment company founded by managers of the project company. Thus, the Group is focusing its strategy entirely on its core business and area of growth – the development, manufacture, and sale of products in the instrument business, which encompasses traditional analysis systems, bioinstruments, the reagents and consumables business, laboratory data systems, and optical consumer products.

## April 2008

### **Successful General Meeting Confirms Course**

On the occasion of Analytik Jena's eighth Ordinary General Meeting, the Executive Board endorsed the Group's growth path.

### **Analytik Jena with Record Order Numbers of More than EUR 2.500 Million at the IWA Trade Fair in Nuremberg**

At the leading international trade fair for the optics segment, Analytik Jena AG achieved record order entry in excess of EUR 2.500 million.

At the same time, it concluded an exclusive sales and marketing agreement with Frankonia GmbH und Co. KG.

## May 2008

### **Analytik Jena at Record Level as of Mid-Year 2007/2008**

Analytik Jena boosts Group sales by 22.5%. The operating result even grows by 37.8% to almost EUR 2.900 million.

## July 2008

### **Analytik Jena and Fisher Scientific Agree on Sales and Distribution Agreement for the German Market**

With the conclusion of the agreement, Fisher Scientific, as a comprehensive laboratory supplier, will market the products of Analytik Jena AG's business unit bio solutions in Germany.

### **Analytik Jena Receives Research Funds to Develop Fully Automated Devices for Detecting Biological Hazardous Materials**

Analytik Jena receives approval from the German Federal Ministry of Education and Research (BMBF) to participate in a joint project with several partners. The project involves a German federal government-sponsored program on »Research for Civilian Security« that is part of BMBF's high-tech strategy. Altogether, the project will be subsidized with grants totally EUR 0.325 million over a period of two years.

## August 2008

### **Analytik Jena AG boosts sales in the Third Quarter as well by More Than 20.0%**

The Group is maintaining its course for success with sales growth of 24.7% in the instrument business, which will be continuing operations on its own in the future.

## To Our Shareholders

04	Letter to the Shareholders
08	Report of the Supervisory Board
12	Analytik Jena's Shares
15	Declaration of Conformity
16	Corporate Governance

## Management Report of the Analytik Jena Group

20	Analytik Jena's Macroeconomic Environment
20	Sector-specific Situation
21	Business Development in the Group
25	Cost Trends
26	Capital Expenditure
26	Human Resources
28	Net Assets, Financial Position, and Results of Operations
31	Research and Development
32	Opportunity and Risk Report
34	Other Information
36	Supplemental Report
37	Outlook

## Consolidated Financial Statements

40	Consolidated Income Statement
42	Consolidated Balance Sheet
43	Consolidated Cash Flow Statement
44	Consolidated Statement of Changes in Equity
46	Notes to the Consolidated Financial Statements
92	Consolidated Statement of Changes in Noncurrent Assets
94	Auditor's Report
95	Responsibility Statement

## Further Information

96	Glossary
99	Contacts
100	Financial Calendar 2009
U3	Acknowledgements



*» The financial year 2007/2008 represents growth, focus on the core business, and substantially enhanced transparency for Analytik Jena's business model. The ability to innovate combined with the high market potential of the instrument business have been and remain the basis for the current and future development of the Company. «*

Dear Shareholders and Friends of Analytik Jena AG,

In financial year 2007/2008, Analytik Jena AG set the integral strategic course for its future business development and was able to impress with record results.

With earnings per share of EUR 0.51, we achieved the best results to date since the initial public offering in the year 2000. If just the instrument business is taken into account, which will continue to operate in the future by itself, earnings per share even amounted to EUR 0.70. With an operating profit of EUR 4.7 m, we were able to achieve our goal.

The financial year can be summarized in three key words: Focus. Innovation. Growth.

**Focus:** In financial year 2007/2008, Analytik Jena AG decided to sell the majority of the project business and focus solely on the manufacture of high-tech analytical instruments.

## Klaus Berka

- born on August 27, 1949 in Burgk, Germany, married, one child
- Chairman of the Executive Board, CEO

Mr. Berka is one of the founders of Analytik Jena AG. Since 1990, he has overseen product development and the Company's activities, both domestically and internationally. He was responsible for the development of analytical measuring devices that are used today by a large number of well-known corporations around the world. The graduate engineer (Dipl.-Ingenieur) for chemical process technology gained extensive experience in leading positions in research and development at Carl Zeiss.

The primary motivating factor for the sale of the interest was that the two business models for the instrument and the project business are very different: research-intensive high technology on the one hand and highly sophisticated plant construction involving long-term but volatile major projects on the other. In the past, the high degree of volatility in the project business repeatedly led to difficulties in the comparability of communicated results. In the future, shareholders and other interested parties can direct their attention more clearly to the growing instrument business, although as a minority shareholder we hope to continue to profit from the results and synergies of the project business.

Consequently, with the 51.0% sale, the majority of AJZ Engineering GmbH was transferred to a management investment company which is familiar with the unit's projects and the markets.

#### Jens Adomat

- born on April 22, 1960 in Halle, Germany, married, three children
- Deputy Chairman of the Executive Board, COO

Mr. Adomat co-founded Analytik Jena AG. His management responsibilities include international expansion of the Company as well as personnel development with specialists from around the world. Prior to Analytik Jena AG's founding, Mr. Adomat developed ESER computer systems at Robotron Leipzig and was one of the core contributors to the development of UV-VIS spectroscopy at Carl Zeiss.



**Innovation:** Analytik Jena is a research-driven company in which innovation is written in capital letters. Almost every two years, a new product generation is brought to market. In the past financial year as well, we were able to present innovations in all of our business units. For example, on the occasion of the analytica trade show in Munich, we presented the multi X® 2500 and multi EA® 5000 successor generations of our successful elemental and AOX analyzers. At the moment, our R&D roadmap is very full with more than thirty new developments. Analytik Jena is a sought-after partner for research projects with public institutions or other companies. Thus, in this financial year the Group received approval from, among others, the German Federal Ministry of Education and Research to participate in a research consortium with Bruker Daltonics and the Fraunhofer Institute for Silicon Research focusing on the detection of biological hazardous materials.

**Growth:** All three business units comprising Analytik Jena's core instrument business performed well. In the analytical solutions business unit, the development has been sustained and uninterrupted. Building on an impressive technological foundation, the product portfolio is growing and globalization is progressing well. The business unit was able to break the record of EUR 40.0 m in sales for the first time. The sales successes of our new contraA® 700, a technology which is the only one of its kind in the world, provide the Group with a noticeable market edge. During the financial year, the bio solutions business unit achieved dynamic growth, which expressed itself in sharply higher sales.

*» Through robust growth and the newly introduced equipment systems, we have demonstrated that we can assure the transition of products and manufacturing while maintaining consistently high quality. Our motto is ›Made in Germany‹. «*

*»As a result of the increase in the equity ratio, paired with stronger liquidity, we succeeded in setting the course in financial year 2007/2008 for the further growth of Analytik Jena AG.«*

With a broad technology platform, the Group presents itself as a system provider in the biotechnology area. Growth of 35.1 % confirms the powerful growth dynamic of the business unit. The optical solutions business unit was able to expand the sales base for our products in the area of high-performance consumer optics. In addition to our prime seller, the unique laser dot sight system DOCTER®sight II, we were able to open up new markets in the hunting and sporting area through a sales agreement with Frankonia, a well-known company with a long-standing tradition.

Focus. Innovation. Growth. – During the financial year 2007/2008, Analytik Jena AG produced convincing results. We are delighted to have been selected by Ernst & Young as a finalist for the Entrepreneur of the Year award in 2008. This honor validates the Group's demonstrated growth and strategic orientation.

In summary, I would like to emphasize that Analytik Jena has just completed a very successful financial year 2007/2008. In a difficult overall economic environment, we will continue to concentrate on our core business. We are optimistic that we will be able to impress the market with innovative products in the new financial year as well. Analytik Jena sees good opportunities to continue to grow in the new financial year and maintain dynamic momentum in the interests of the shareholders.

Yours truly,



Klaus Berka



Stefan Döhmen

- born on February 24, 1964 in Oberhausen, Germany, married, three children
- Chief Financial Officer, CFO

Mr. Döhmen has extensive professional experience in the areas of finance, accounting, and controlling at national and international companies.

In January 2001, he was responsible for the business management of initially the German and later the European subsidiaries of a Nasdaq-listed technology company. In January 2006, he joined Analytik Jena as Head of Finance, Group Accounting and Controlling.

## Report of the Supervisory Board

### Dear Shareholders,

The Supervisory Board has met its responsibilities during the financial year with respect to the law, Articles of Association, and rules of procedure. We have advised the Executive Board and monitored the Company's management. The Executive Board reported to us regularly and in a comprehensive, timely manner both in writing and verbally. The Supervisory Board was involved in all decisions of fundamental importance to the Company.

### Supervisory Board Meetings and Content

In the four meetings held in financial year 2007/2008, the Supervisory Board was informed about corporate planning, the course of business, strategic developments, and the current situation of the Company and the Group and discussed these items in detail with the Executive Board. Deviations in the course of business from the plan were explained to us in detail. Where it was deemed necessary to improve the evaluation process, employees responsible for specific areas were invited to the meetings to report on individual agenda items. The Supervisory Board meetings took place on December 11, 2007, April 4, 2008, June 24, 2008, and September 17, 2008, in Jena. The Executive Board and the entire Supervisory Board were personally in attendance at every meeting. In addition to the information in the ordinary meetings, the Supervisory Board members received detailed reports on the position of the Company and of the Group. The Chairman of the Supervisory Board was also informed about significant actions established in the minutes of the Executive Board and Group management meetings.

Both Mr. Alexander von Witzleben – as Chairman until April 4, 2008 – and I remained in regular contact with the Executive Board beyond the scope of routine meetings and informed ourselves about the current development of business.

### Important Advisory Items within the Supervisory Board

The main areas of focus of the Supervisory Board meetings during the reporting period were the development of sales and earnings of Analytik Jena AG and its subsidiaries, both as a whole and by business unit. Within the context of the development of the instrument business, the sustained positive results were evaluated in particular. An outstanding performance was achieved in the period under review in all units of the instrument business: analytical solutions, bio solutions, and optical solutions.

In the meeting on December 11, 2007, we were primarily concerned with the annual financial statements and management reports of Analytik Jena AG and the Group as of September 30, 2007. In addition, the first conceptual plan for restructuring the subsidiary AJZ Engineering GmbH was presented to us at this meeting. AJZ Engineering GmbH, which is involved in the project business, once again displayed a high degree of revenue volatility within the Group so that a restructuring of the Group in the form of a spin-off and focusing on the instrument business was discussed. In addition, we agreed to close out the existing borrower's note loan in the amount of EUR 7.0 m and assume a new one in the amount of EUR 12.0 m. In this meeting, we also approved the acquisition of an interest in AJ Romania srl. AJ Romania srl. is a long-standing sales partner of Analytik Jena, which has achieved high annual growth rates in the sale of Analytik Jena's devices in Romania and is to be systematically employed as a center of competence for the Eastern European region and expanded. Following our approval of a resolution on March 17, 2008 to sell shares in AJZ Engineering GmbH, we were notified during the Supervisory Board meeting on April 4, 2008 that this had been completed. As of the third quarter of the past financial year, Analytik Jena AG holds only 49.0 % of the shares of

AJZ Engineering GmbH. 51.0% were transferred to LBPS Management & Holding GmbH, a company founded by leading managers in the Group.

Simultaneously, Analytik Jena AG cancelled its profit sharing agreement with AJZ Engineering GmbH, which had been in place since 2003. In this meeting we agreed to an additional investment in the subsidiary AJ Innuscreen GmbH, which has existed since 2005. AJ Innuscreen GmbH is a company that is active in the area of biotechnology and biochemistry and has a very high level of innovative strength. Currently, Analytik Jena AG holds 75.0% of the shares of this company. During the meeting on June 24, 2008, we dealt with the financial position of the subsidiary in Japan in detail and evaluated major projects of AJZ Engineering GmbH. In this meeting, we approved routine reporting on certain risks in the overall Group. In addition, we decided to modify the Articles of Association based on the executed contingent capital increase due to exercised employee stock option rights.

In the Supervisory Board meeting on September 17, 2008, we dealt with the strategic development of the Company and approved the presented corporate planning, particularly regarding the financial, investment, and personnel plans of Analytik Jena AG and the Analytik Jena Group for financial year 2008/2009. In addition, we agreed to the acquisition of additional shares in AJ eBiochip GmbH.

#### Corporate Governance

The Supervisory Board turned its attention in this reporting period as well to the further development of Corporate Governance within the Company and in so doing took into account the changes to the German Corporate Governance Code (GCGC) of June 2008.



#### Andreas Krey

- Chairman since April 4, 2008, member since April 4, 2008
- Managing Director of Landesentwicklungsgesellschaft Thüringen mbH, spokesperson for the management of this company since 2004

#### Other board memberships:

- Chairman of the Supervisory Board of BATT mbH, Erfurt
- Member of the Supervisory Board of Stahlwerk Thüringen GmbH, Unterwellenborn
- Member of the Executive Board of CIS, Erfurt
- Member of the Board of Trustees of the University of Applied Sciences Jena

The Executive Board and the Supervisory Board submitted a new Declaration of Conformity in December. The deviations from the GCGC are explained in the Annual Report under the Corporate Governance section. The Supervisory Board remains in agreement with the Executive Board that the indicated deviations are justified and reasonable with respect to the design of stock option plans and the formation of committees. Regarding the structure of the Supervisory Board remuneration, the corresponding revisions were made to the Articles of Association in the General Meeting of April 4, 2008 and thus brought into conformity with the Code. In conjunction with good corporate governance, the Supervisory Board has also been engaged in checking its own efficiency, with overall positive results.

### **Risk Management**

The requirements for efficient risk management have been discussed continuously and in detail with the Executive Board. The Supervisory Board continues to be convinced that insurable risks are sufficiently insured and that the operational, financial, and contractual risks are monitored by organizational procedures and approval processes. A detailed reporting system is in place for the Company and the Group, which is continuously being maintained and further developed. All employees in the operating units are sensitized as to potential risks and required to provide respective reports. The topic of the risk report for the entire Group was placed on the agenda of the routine Supervisory Board meetings during the reporting period.

### **Annual Audit**

In accordance with the decision of the General Meeting of April 4, 2008, KPMG AG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Leipzig,

was commissioned to audit the annual financial statements and the consolidated financial statements of the Company prepared according to IFRS as well as those of the subsidiaries where legally prescribed. The audit concentrated, among other things, on the process of preparing the consolidated financial statements, the definition of the group of consolidated companies, including the deconsolidation of AJZ Engineering GmbH and the initial consolidation of AJ eBiochip GmbH, the valuation of certain balance sheet items, the allocation of revenue and expenses to various periods, the determination of deferred taxes, the truth and fairness of the segment reporting and the cash flow statement, the plausibility of the projected figures in the Group management report, and the application of new accounting standards in accordance with IFRS.

### **Annual Financial Statements**

The annual financial statements and the management report prepared by the Executive Board as well as the consolidated financial statements and the Group management report for financial year 2007/2008, including the bookkeeping and risk early warning system, were audited by KPMG, Leipzig. The auditor issued an unqualified audit opinion. The consolidated financial statements of Analytik Jena AG were prepared in accordance with the International Financial Reporting Standards (IFRS).

The annual financial statements, the management reports, and audit reports, as well as the proposal of the Executive Board for the use of the net profit for the year were all presented to the Supervisory Board members in good time. The Supervisory Board reviewed the annual financial statements and the consolidated financial statements of Analytik Jena AG as well as the management reports of Analytik Jena AG and the Group, including the information in accordance with sections 289 (4) of the German Commercial Code (HGB) in the balance sheet meeting of December 16, 2008.

In this meeting, the auditors reported the significant results of their audit and were available for further information and any other questions by the Supervisory Board. Based on its own examination, the Supervisory Board agreed with the results of the auditor's examination. In its meeting on December 16, 2008, the Supervisory Board approved the annual financial statements and the consolidated financial statements; the annual financial statements are thus adopted. The Supervisory Board discussed with the Executive Board the suggestion on how to use the net profit for the year and agreed with the proposal put forth by the Executive Board.

#### Notes on the Information in Accordance with Sections 289 (4), 315 (4) of the German Commercial Code

In accordance with section 171 (2) of the AktG, we herewith explain the information in the Group management report in section 10.2 required in accordance with sections 289 (4), 315 (4) of the Handelsgesetzbuch (HGB – German Commercial Code) as follows:

- The formation of the share capital is laid down in the Articles of Association. Analytik Jena AG has only issued ordinary shares; there are no preferred shares or special rights of individual shareholders.
- The authority of the Executive Board to increase the share capital from approved and contingent capital, to issue convertible and option bonds, and to acquire treasury shares enables Analytik Jena AG to respond to the respective capital needs in an appropriate and timely manner.
- The equity interests which reach more than 10.0% of the voting rights are recorded under section 10.3 of the management report in the form of a table and require no further explanation.
- The appointment and dismissal of Executive Board members follows the legal and statutory provisions. In accordance with section 6 of the Articles of Association, the

Executive Board shall consist of at least two members, and the Supervisory Board shall determine the number of Executive Board members. Changes to the Articles of Association were simplified within the scope legally permitted.

- There are no agreements with the Executive Board members in the event of a change of control at Analytik Jena AG. Similarly, employee contracts do not contain any provisions for such an event.
- The Company has not entered into any agreements for the event of a takeover proposal.

#### Appointment to the Supervisory Board and Executive Board

Upon the conclusion of the General Meeting on April 4, 2008, the Chairman Mr. Alexander von Witzleben resigned from the Supervisory Board. The General Meeting elected Mr. Andreas Krey as Supervisory Board member in his place. In the subsequent Supervisory Board meeting, Mr. Krey was elected as Chairman. The Supervisory Board thanks Mr. von Witzleben for his constructive and professional contributions as well as for many years of faithful collaboration. The previously court appointed Supervisory Board member Dr. Franz-Ferdinand von Falkenhausen, who replaced Dr. Nikolaus Reinhuber, was elected by the General Meeting on April 4, 2008. The Supervisory Board sincerely thanks all the members of the Executive Board and all employees of the Analytik Jena Group for their strong commitment and achievements in the past financial year. They have all once again made a substantial contribution to the success of Analytik Jena Group.

Jena, December 2008



For the Supervisory Board

Andreas Krey

Chairman of the Supervisory Board

## Analytik Jena's Shares

In a difficult year for the stock exchange, Analytik Jena's shares performed very positively overall. In Xetra trading on the German stock exchange, the shares significantly outperformed the TecDAX during the course of financial year 2007/2008. While the TecDAX declined by 31.0% from 979.1 to 675.5 points, the Analytik Jena shares rose by about 20.0%.

The shares opened in early October at a price of EUR 5.60 in financial year 2007/2008. The shares then stabilized at this price level in the months that followed. When the annual results were announced, the Analytik Jena shares began to show a slight increase in price, which however flattened noticeably as a result of financial market volatility showing at the end of 2007 and the beginning of 2008. With the release of quarterly figures in February, the stock began a continuous ascent that led it to a temporary high of EUR 7.85 at the end of May.

Following a decline in early summer, the stock moved sideways but found support above the EUR 6.50 mark and climbed above the EUR 7 mark once again in August.

As a result of a difficult market environment and growing pressure on second-line stocks caused by the financial crisis, the stock fell to its lowest daily level of EUR 5.91 at the end of September.

At the end of the financial year, Analytik Jena's share price was EUR 6.98. Market capitalization was approximately EUR 33.8 m at this time. The stock was therefore about 3.4% above the Company's equity (September 30, 2007: -8.3%). The average trading volume at the end of the financial year was 8,268 shares (September 30, 2007: 11,257 shares). A total of 2.7 million shares (previous year: 2.8 million shares) of Analytik Jena stock was traded during the financial year. Based on a total number of shares of about 4.8 million, this corresponds to an annual volume of about 0.6 (previous year: 0.6).

Within the framework of road shows and conferences, the members of the Executive Board of Analytik Jena AG presented the Company to investors from Switzerland and Germany.

### Stock Market Data on Analytik Jena's Shares

ISIN	DE 000 521 3508
WKN (securities identification number)	521350
Stock market symbol	AJA
Reuters symbol	AJA.DE
Free float	64.5%
Membership in Deutsche Börse indices	CDAX, NMDP, CXPX, PXAP, I1NA
Admission segment	Prime Standard/Regulated market
Prime sector	Industrial
Stock markets	Frankfurt, Stuttgart, Munich, Hanover, Düsseldorf, Berlin/Bremen, Hamburg, and Xetra

Development of Analytik Jena's Share Price 2007/2008



The Executive Board introduced the business model in individual meetings and elucidated on the results, opportunities, and risks of the Company as well as its prospects for growth. Numerous company visits and regular conference calls with analysts and investors attest to the close contact with the capital market. Thus, in November 2007, the Executive Board of the Company once again used the German Equity Forum in Frankfurt am Main as a welcome platform for the

presentation of the Company before numerous analysts, investors, and representatives of the financial press.

The stock is covered by two analysts. The latest recommendations are: »Buy« (equinet AG, Nadeshda Demidova, September 2008) and »Sell« (Midas Research GmbH, Thomas Schiessle, August 2008). Current studies can be found on the Internet or requested from the Investor Relations Team.

### Key Data on Analytik Jena's Shares

		09/30/2008	09/30/2007	in %
Closing price for financial year*	in EUR	6.98	5.70	22.5
High for financial year*	in EUR	7.85	8.19	-4.2
Low for financial year*	in EUR	5.54	5.52	3.6
Price/earnings ratio (P/E)		14	14	
Earnings per share (EPS)	in EUR	0.51	0.40	27.5
Cash flow per share	in EUR	-0.23	-0.81	-71.6
Book value per share	in EUR	6.75	6.22	8.5
Number of shares		4,840,465	4,816,897	
Market capitalization	in EUR m	33.8	27.5	22.9
Average trading volume	number of shares	8,268	11,257	-26.6

\* on Xetra

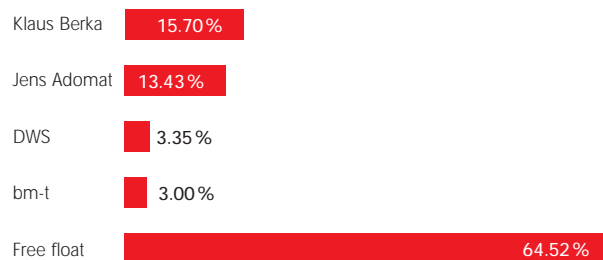
### Broad Acceptance at the Annual General Meeting

The Company's eighth Ordinary Annual General Meeting took place on April 4, 2008 in Jena. The Executive Board and Supervisory Board welcomed more than 170 shareholders and guests to the meeting, representing over 43.3% of the share capital with 2,021,843 represented voting shares for a voting share capital of 4,666,700 shares. All items on the agenda – the approval of the activities of the Executive Board and the Supervisory Board for financial year 2006/2007 and the election of

the members of the Supervisory Board and the auditors as well as the amendments to the Articles of Association – were approved with clear majorities.

The majority of the Analytik Jena shares are in free float. Three investments are above the 3.00% threshold. These include DWS Investment with 3.35% and the strategic investment of bm-t beteiligungsmanagement thüringen GmbH with 3.00%. After the end of the financial year, Verder Investment Group announced that it had acquired 3.17% of Analytik Jena AG.

### Shareholder Structure of Analytik Jena



## Declaration of Conformity with the German Corporate Governance Code

Joint declaration by the Executive Board and the Supervisory Board of Analytik Jena AG on conformity with the recommendations of the German Corporate Governance Code (GCGC) in accordance with section 161 of the Aktiengesetz (AktG – German Public Companies Act):

Since its last declaration of conformity dated December 11, 2007, Analytik Jena AG has conformed with the recommendations of the Government Commission on the German Corporate Governance Code regarding the management and supervision of companies as amended on June 14, 2007, subject to the deviations mentioned therein.

In the future, Analytik Jena AG will conform with the recommendations of the Government Commission on the German Corporate Governance Code as amended on June 6, 2008, with the following exceptions:

- a) The stock option plan is not related to comparison parameters, and the Supervisory Board has not passed a resolution covering extraordinary unforeseen developments (section 4.2.3 of the Code).
- b) As the Supervisory Board is composed of only three members, no committees have been formed (section 5.3 of the Code).

Analytik Jena AG

Jena, December 16, 2008

For the Executive Board



Klaus Berka

For the Supervisory Board



Andreas Krey

## Corporate Governance

Corporate Governance plays a central role in management at Analytik Jena. The Executive Board and the Supervisory Board rely on a clear set of rules, which encompasses the entire system of a responsible corporate management and control, oriented toward an increase in value.

Analytik Jena emphasizes a close relationship with its shareholders based on trust. By being aligned with the Corporate Governance Code, it is easier for the investors to assess and influence the Company.

For Analytik Jena, it is a matter of course that all investors and financial analysts be treated equally, as required, and this principle is given a great deal of significance within the organization.

Analytik Jena is very much aware of its responsibility toward its customers, investors, and the public. Sound corporate governance is thus a highly important basis for the Company's approach to conducting business.

### Remuneration of the Executive Board

The remuneration of the Executive Board is performance-based. Specifically, the remuneration is made up of the following components: (i) a fixed remuneration, (ii) a variable bonus, (iii) a stock-based remuneration, and (iv) an employer's pension commitment.

The total remuneration of the Executive Board Members is composed of a fixed component, a fixed base salary paid out monthly, and a variable, performance-related component, which corresponds to an annual share in profit. The variable component of the remuneration is dependent on reaching specific financial goals. The annually recurring, performance-related component of the remuneration is calculated based on the EBIT of the

Group, with minimum objectives and a maximum limit. Another variable component of the remuneration with a long-term incentive effect and risk character consists of a stock-based remuneration determined by the Supervisory Board. This is issued from stock options under the conditions of the 2004 stock option plan resolved by the General Meeting of Analytik Jena AG (for more detailed information about the stock option plans, please see section 5.11 in the Notes to the Consolidated Financial Statements of the Annual Report).

In the arrangements made on December 1, 1992, the Company granted Mr. Berka and Mr. Adomat specific pension benefits. The employer's pension commitments, which are reinsured in each case by a life insurance policy, were continued unchanged within the scope of the Executive Board contracts of employment presented above. In addition, a company direct insurance policy was taken out for Executive Board members Adomat and Berka. In the event of a premature termination of employment status, the Executive Board agreements do not include any express severance guarantees. Severance may result from an individually arranged cancellation agreement, however.

For the financial year 2007/2008, the fixed remuneration amounted to EUR 489 thousand (previous year: EUR 421 thousand) and the total remuneration to EUR 580 thousand (previous year: EUR 485 thousand). The fixed remunerations of the three Executive Board members shown in the table below include the taxable portion of the Company cars used for personal use as well as the direct insurance premiums. During the financial year, EUR 49 thousand was paid for pension commitments for the Executive Board members (previous year: EUR 54 thousand).

## Executive Board Remuneration for Financial Years 2007/2008 and 2006/2007

Executive Board	Financial Year	Components of the Remuneration			Total Remuneration
		Fixed	Variable Performance-related components	Variable Components with long-term incentive (value of the assigned stock options)	
Klaus Berka	2007/2008	191,894	47,090	–	238,984
	2006/2007	171,157	36,246	–	207,403
Jens Adomat	2007/2008	174,550	23,545	–	198,095
	2006/2007	142,001	18,124	–	160,125
Stefan Dohmen	2007/2008	122,548	20,000	–	142,548
	2006/2007	107,798	10,000	–	117,798
Total	2007/2008	488,992	90,635	–	579,627
	2006/2007	420,956	64,370	–	485,326

in EUR

### Stock Option Plan

The Company aims to do business in a manner that is geared toward the interests of the shareholders. An increase in the Company's long-term stock market value should be actively pursued. To this end, the Company set up a stock option plan in 2004 which provided for the issuing of stock options to employees and managers in the form of market value-oriented incentive systems. Based on the development of the Analytik Jena shares and after consideration of the motivation potential and shareholder interests, no further stock option plans have been decided upon since 2004. More detailed information on the stock option plans can be found in section 5.11 in the Notes to the Consolidated Financial Statements of the Annual Report.

When designing the stock option plan in 2004, the Company decided to forego the obstacle of a comparison index, since it was relatively difficult for the Group to define a suitable benchmark for this purpose. In light of the market capitalization of Analytik Jena AG, there was at that time no index on the market that could be used directly to adequately cover the complete analytical measuring devices and investment projects industry.

Even the independent compilation of an »industry basket« failed to make the grade due to the fact that there were not enough competitors listed on the stock exchange in Germany and/or Europe which were suitable for comparison purposes.

## Granted Options

	Executive Board	Managing Directors	Employees	Total
Opening balance 10/01/2007	24,000	30,300	179,103	233,403
Exercised options	–	4,000	19,568	23,568
Expired options	–	13,800	9,335	23,135
Ending balance 09/30/2008	24,000	12,500	150,200	186,700

no. of options

## Formation of Committees

Due to the fact that the Supervisory Board consists of only three members, the formation of professionally qualified committees as recommended in the Code does not apply for Analytik Jena. The members of the Supervisory Board shall jointly dedicate their energies to all topics which according to the Code should be transferred to special committees and thereby comply with the objectives of the Code. This also applies to the ruling regarding the formation of nominating committees which was newly adopted in the Code.

The variable remuneration component amounts to a maximum of EUR 5,000.00 and is calculated according to a specific point system, which is based on the achieved consolidated EBIT margin and a comparison of revenue and earnings as projected in plans confirmed by the Supervisory Board and actually reported in the consolidated financial statements. A distinction is made between the Chairman and the other members in the consideration of scope of activities of the members of the Supervisory Board. A list of the individual Supervisory Board remunerations can be found in section 7.2 of the Notes to the Consolidated Financial Statements of the Annual Report.

## Remuneration of the Supervisory Board

According to section 5.4.7 of the German Corporate Governance Code, remuneration of Supervisory Board members should reflect the extent of their responsibilities and activities as well as the economic situation and the success of the company. The currently valid rules for remuneration of the Supervisory Board were passed by the Annual General Meeting on April 4, 2008; they can be found in section 14 of the Articles of Association of Analytik Jena AG. The members of the Supervisory Board receive performance-based remuneration in addition to fixed remuneration. The fixed remuneration component amounts to EUR 7,500.00.

## Security Transactions That Must Be Reported (Directors' Dealings)

Section 15a of the Securities Trading Act (WpHG) makes it mandatory for the members of the Executive Board and the Supervisory Board of Analytik Jena AG to report the acquisition or sale of Analytik Jena shares to the Company and to the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). In addition to the purchase and sale transaction of Analytik Jena shares, security transactions related to the Analytik Jena stock (e.g. the acquisition or sale of options) must also be reported.

The acquisition or granting of options on an employment contract basis or as a component of remuneration and the exercising of such options are not subject to the duty to report. Security transactions by individual or legal persons who are in a close relationship with the persons

described are also subject to the duty to report. Since the introduction of the duty to report, Analytik Jena has been voluntarily publishing all transactions even beyond the legally prescribed period of one month.

#### Shareholdings of the Executive Board and the Supervisory Board (Directors' Holdings)

	Shares		Options	
	09/30/2008	09/30/2007	09/30/2008	09/30/2007
<b>Issuer</b>	<b>168,523</b>	<b>187,620</b>	<b>—</b>	<b>—</b>
<b>Executive Board</b>				
Klaus Berka	760,000	760,000	12,000	12,000
Jens Adomat	650,000	650,000	12,000	12,000
Stefan Döhmen	—	—	—	—
<b>Supervisory Board</b>				
Alexander von Witzleben (until 04/04/2008)	—	2,083	—	—
Prof. Dr. Manfred Grün	2,272	2,272	—	—
Dr. Franz-Ferdinand von Falkenhausen	—	—	—	—
Andreas Krey (from 04/04/2008)	—	—	—	—

no. of shares

Analytik Jena AG

Jena, December 16, 2008

For the Executive Board

Klaus Berka

For the Supervisory Board

Andreas Krey

# Management Report of the Analytik Jena Group

for financial year 2007/2008

## 1 | Analytik Jena's Macroeconomic Environment

During the reporting period 2007/2008, the global economy demonstrated robust growth. Although it lost momentum in the final months of 2007 as a result of the US financial crisis, expansion continued in the eurozone and Germany in particular, albeit at a slightly lower level. Thus, the economic revival in Europe lasted throughout 2007. According to Eurostat, the Statistical Office of the European Communities, the gross domestic product of the 13 member states of the eurozone grew by a total of 2.7%. In the European and Asian industrial countries, the growth of real GDP accelerated sharply at the beginning of 2008 as well, but the US economy was only able to expand slightly.

In 2007, Germany achieved the fourth consecutive year of economic growth. Although growth of 2.5% was somewhat muted, the situation in the labor market improved noticeably. The number of employed persons reached 39.7 m, the highest level since reunification. In addition, the export sector improved despite the strength of the euro.

The cyclical risks for the global economy during the year 2008 included volatility in the financial markets, the US financial crisis, and record levels for oil prices and the euro compared to the US dollar. The surging price of oil and high commodity prices during the reporting period led to high inflation and a continued rise in food prices, which in turn led to a decline in purchasing power. In addition, the appreciation of the euro had a somewhat dampening effect. The defining issue was the US financial crisis and its consequences for the international credit markets following increasing financial difficulties on the part of mortgage borrowers, financial institutions, and

insurance companies in the US. Losses stemming from their involvement in the US mortgage market triggered a worldwide crisis of trust, including in interbank lending, which resulted in structural changes in the banking industry and its regulation, turbulence in the financial markets, and growing risk premiums in bank lending. The second and third quarters of 2008 demonstrated that new liquidity crises do not spare even large financial institutions. In view of the risks, there are concerns that the growth dynamic of recent years will slow. Economic indicators at the end of the third quarter of 2008 indicate that the positive economic trend in recent years is noticeably cooling.

## 2 | Sector-specific Situation

However, analytical measuring technology sector developed very positively during the reporting period. Developments in laboratory and analytical measuring technology are driven by the requirements of users for quality and profitability and the demands on providers to improve system performance and to offer automated solutions. The trend toward simplification, acceleration, and automation of measuring processes, from sample drawing to sample preparation to the evaluation of measurement results, is continuing. Companies are orienting themselves toward the needs of end users and developing system solutions based on capable technologies (»best-in-class«) and efficient standard systems for routine operation (»fit-for-function«). In evaluating analytical equipment systems, customers pay attention to economic aspects such as profitability, costs per analysis, and expenses for consumer goods. Furthermore, supplemental post-purchase product services and offers are gaining in importance.<sup>1</sup>

<sup>1</sup> IBO 2007

The overall global market volume for analytical, bioanalytical, and laboratory equipment technology is estimated at about USD 36.9 bn with expected growth of about 6.4% in 2008. The total sales of the German industry for analytical, bioanalytical, and laboratory technology rose in 2007 by 8.2% to more than EUR 5.7 bn. The primary driver of the positive result was expansion of the foreign business, which grew by 11.5% to EUR 3.1 bn. Thus, the export ratio reached a new record of 54.0%.<sup>2</sup> The development within the sector also led to an increase in the number of employees. In 2007, the number of employees in the analytical, bioanalytical, and laboratory technology sector totaled about 33,600 (+4.1%).

Growth figures in the export business confirm the degree of innovation and globalization that characterizes the sector. More than 50.0% of the total export business of German companies occurs within Europe. Compared to last year, exports to the EU and Asia increased by 14.0% and 22.0%, respectively, and there is close interaction with the emerging markets.

The substantial number and wide range of new products demonstrates the sector's innovative power. Sector companies made above-average investments in research and development during the reporting period. Nearly 16.0% of the sector's staff is employed in this area.<sup>3</sup> The majority of sales generated in Germany came from the areas of industry, the public sector, and the pharmaceutical and chemical sector. These sectors accounted for about 90.0% of direct business.<sup>4</sup>

### 3 | Business Development in the Group

Analytik Jena can look back on a strong 2007/2008 financial year. Strong revenue growth in the continued instrument business, a rising operating result, and innovative future-oriented projects confirm the positive trend. The most important strategic decision during the financial year was the sale of 51.0% of the project business to a MBO in order to focus on the core instrument business. As a minority investor, we hope to profit from the results and synergies of the project business in the future. The high degree of volatility in the project business has repeatedly led to difficulties in the comparability of communicated results. The progress of the project business, which was characterized by additional delays in project implementation in Russia during the period until September 30, 2008, once again explicitly affirms the correctness of our decision. In the future, shareholders and other interested parties can direct their attention more clearly to the growing instrument business segment.

As a result of the sale, the income and expenses of the project business segment are incorporated in the Consolidated Financial Statements of the Analytik Jena Group only up to the point when control was ceded. In order to ensure better comparability, the instrument business is shown as the »continued business unit« while the project business is reported as a »discontinued business unit«.

<sup>2</sup> | Spectaris 2008, p. 15

<sup>3</sup> | Spectaris 2008, p. 16

<sup>4</sup> | Spectaris 2008, p. 17

The successful growth of Analytik Jena AG continued during the financial year in all areas of the instrument business. This is impressively demonstrated by revenue of EUR 53,079 thousand (previous year: EUR 43,125 thousand), representing an increase of 23.1 % based on organic growth. All three business units (analytical solutions, bio solutions, and optical solutions) generated increases. Taking into account the discontinued project solutions business unit, Group revenue declined slightly by 1.6 % to EUR 68,136 thousand (previous year: EUR 69,265 thousand).

With an export rate of 73.0 % (previous year: 76.9 %), Analytik Jena's momentum is continuing, particularly its progress in the growth market of Asia. Goods valued at EUR 15,770 thousand were exported to this region, or 28.7 % more than in the previous year.

Our subsidiary in Japan, which was able to double its revenue, contributed to this result.

Revenue in America totaled EUR 4,480 thousand (previous year: EUR 3,865 thousand), which represents an increase of 15.9 % compared to the previous year. Sales in America and Asia were achieved exclusively in the instrument business. Innovative products and a strong domestic economy also led to significantly higher revenue in the home market.

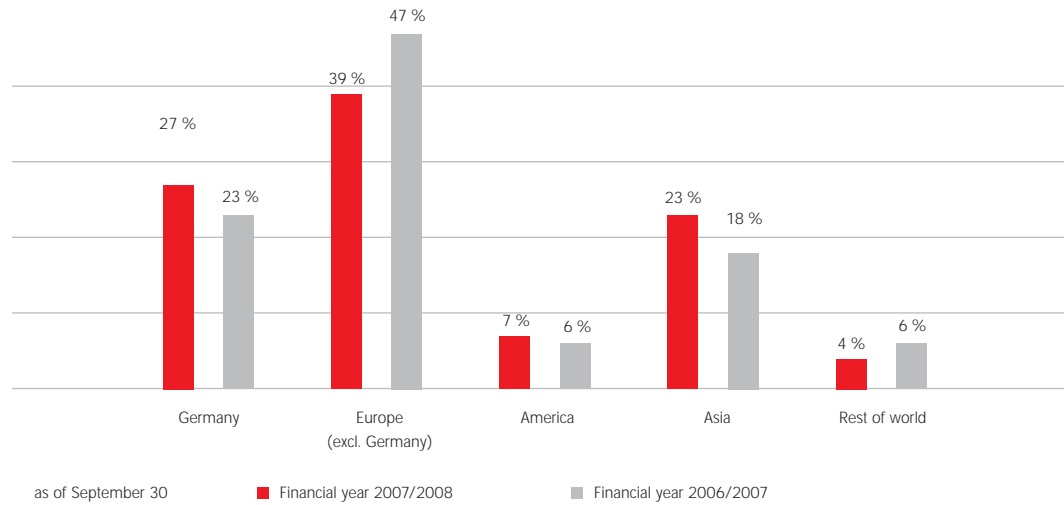
In Germany, revenue rose to EUR 18,403 thousand (previous year: 15,972 thousand), corresponding to an increase of 15.2 %. As a result of the divestment of the project solutions business unit, revenue in Europe declined from EUR 32,249 thousand to EUR 26,457 thousand.

#### Revenue of the Analytik Jena Group



as of September 30, in EUR thousands

### Percentage Breakdown of Revenue by Region



### Revenue by Region

	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004	Change 07/08 to 06/07
Germany	18,403	15,972	15,459	16,902	39,138	15.2 %
Europe (excl. Germany)	26,457	32,249	29,413	37,207	37,706	-18.0 %
America	4,480	3,865	2,124	1,610	1,353	15.9 %
Asia	15,770	12,258	11,771	6,677	6,452	28.7 %
Rest of world	3,026	4,921	8,484	1,974	4,528	-38.5 %
<b>Total</b>	<b>68,136</b>	<b>69,265</b>	<b>67,251</b>	<b>64,370</b>	<b>89,177</b>	<b>-1.6 %</b>

as of September 30, in EUR thousands

New record results were achieved in all three business units of the instrument business. Efficient products, clear strategic orientation, and close customer support were increasingly reflected in the sales figures.

For the first time, the analytical solutions business unit exceeded the EUR 40.0 m threshold. Total sales amounted to EUR 40,225 thousand (previous year: 32,624 thousand). This represents an increase of 23.3%. Significant success factors for the course of business were the broad acceptance of newly introduced products and the successful marketing by our own sales organizations and trading partners, for example during contrAA® worldwide on tour.

Records were also achieved in the optical solutions business unit, our consumer segment. Sales grew by 16.8% from EUR 7,306 thousand to EUR 8,537 thousand. In addition to the US government agency business, notable

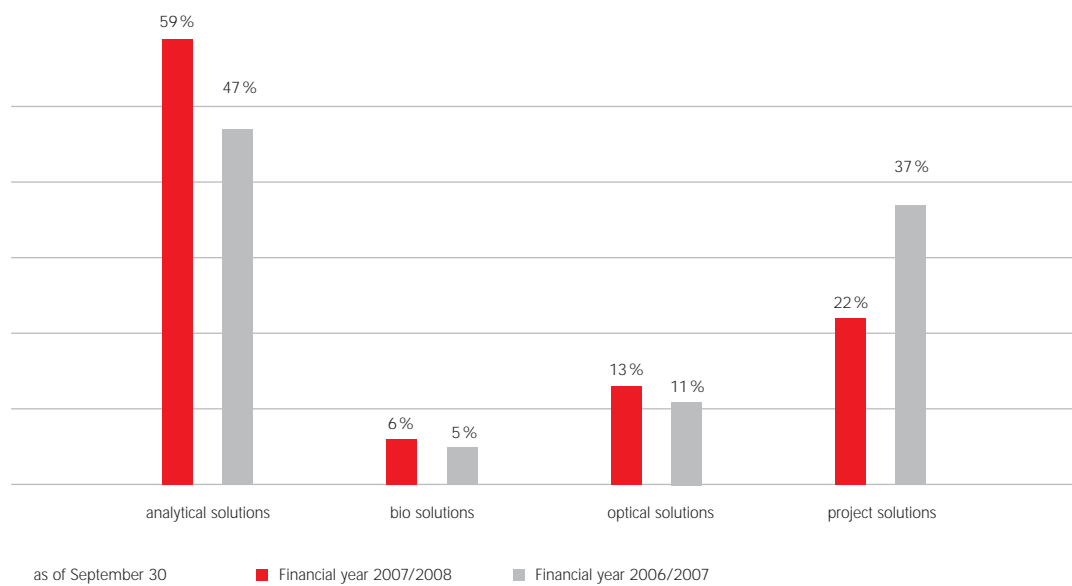
growth drivers were an impressive appearance at the IWA (International Trade Fair for Hunting and Sporting Arms) in Nuremberg and the conclusion of an exclusive sales agreement with Frankonia.

Products from the bio solutions business unit are on the forefront of this sales dynamic, albeit at a lower sales level.

The extensive and growing product portfolio combined with the expansion of distribution channels are showing signs of a positive impact. Sales in the financial year under review surged by 35.1% to EUR 4,317 thousand (previous year: EUR 3,195 thousand).

Sales of EUR 15,057 thousand were achieved in the discontinued project business, thus substantially below expectations. During the entire preceding financial year 2006/2007, this amount was EUR 26,140 thousand.

#### Percentage Breakdown of Revenue by Business Unit



## Revenue by Business Unit

	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004	Change 07/08 to 06/07
analytical solutions	40,225	32,624	28,804	18,275	17,738	23.3 %
bio solutions	4,317	3,195	2,908	5,014	4,727	35.1 %
optical solutions	8,537	7,306	5,410	4,761	4,689	16.9 %
project solutions	15,057	26,140	30,129	36,320	62,023	-42.4 %
<b>Total</b>	<b>68,136</b>	<b>69,265</b>	<b>67,251</b>	<b>64,370</b>	<b>89,177</b>	<b>-1.6 %</b>

as of September 30, in EUR thousands

## 4 | Cost Trends

Costs within the Company increased in line with strong growth during the normal course of business. Along with the expansion of distribution channels and a consistent internationalization strategy, expenditure for research and development increased. In addition, growth led to a necessary increase in personnel, particularly in the bio solutions business unit.

The overall gross margin improved significantly. A margin of 42.7 % (previous year: 38.2 %) was successfully achieved due to the higher share of the instrument business in relation to Group sales. The gross operating result from sales increased at an above-average rate of 9.8 % to EUR 29,080 thousand (previous year: EUR 26,491 thousand).

If only the continued instrument business is included, the gross operating result grew by 15.8 % to EUR 26,876 thousand. However, the gross margin declined due to strong currency pressure to 50.6 % (previous year: 53.8 %), which also correlates to the significant growth in sales in the US-dollar zone.

Prior to deconsolidation, the discontinued project solutions business unit achieved a gross margin of 14.6 % and a gross operating result from sales of EUR 2,204 thousand (previous year: EUR 3,282 thousand).

The cost of sales, which increased by 11.2 % to EUR 14,529 thousand, makes up a significant expenditure item.

An examination of the cost of sales for the instrument business reveals that they rose by 20.0 % from the previous year to EUR 13,413 thousand (previous year: EUR 11,176 thousand). This development is attributable not only to higher selling expenses in line with actual sales, such as commissions and logistics costs, but also to significantly augmented marketing activities, the expansion of our organization in China, and three costly trade fair appearances: at BIOTECHNICA in Hanover in October 2007, analytica in Munich in May 2008, and at the Jaima show in Japan in September 2008.

General administrative expenses declined by 2.7 % from EUR 4,732 thousand to EUR 4,603 thousand, which can be traced back to the strategic decision to focus on the instrument business. Reflecting higher R&D subsidies, net R&D expenses declined slightly to EUR 5,075 thousand (previous year: EUR 5,495 thousand).

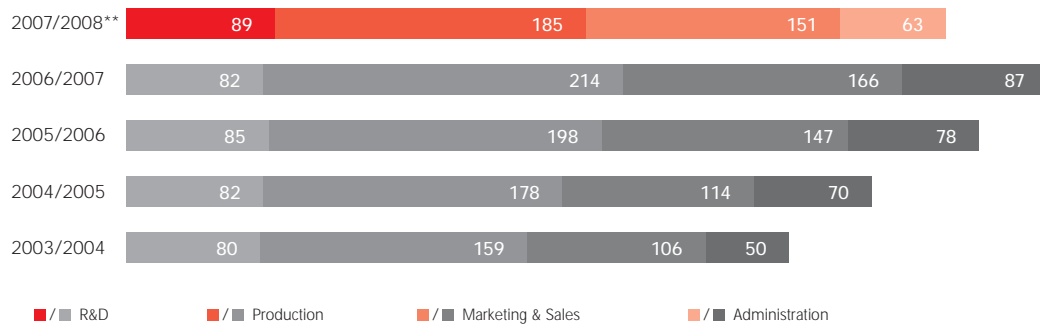
## 5 | Capital Expenditure

The Company invested a total of EUR 2,584 thousand (previous year: EUR 3,017 thousand) in property, plant, and equipment and intangible assets in its operating areas in the past financial year. Property, plant, and equipment accounted for the largest portion of this with EUR 1,772 thousand (previous year: EUR 1,966 thousand), accruing mainly to the procurement of technical plants and equipment for the modernization of production technology and to the capitalized prototypes for research and development tasks. The Group invested EUR 812 thousand (previous year: EUR 1,051 thousand) in intangible assets. Of this, EUR 239 thousand (previous year: EUR 395 thousand) accrued to the acquisition of additional patents, licenses, industrial property rights, and trademarks and sales rights.

## 6 | Human Resources

As of September 30, 2008, a total of 655 people (previous year: 592) were employed in the continued instrument business and the discontinued project business. The instrument business, which is being continued on its own, accounted for 536 employees (previous year: 478). The increase is attributable to uninterrupted organic growth and greater requirements for production, sales, and marketing. Within the instrument business, there were 341 employees in the analytical solutions business unit, 77 employees in the bio solutions business unit, and 118 employees in the optical solutions business unit. Having trained interns since 1993, Analytik Jena currently has 48 interns in the continued business unit in Germany, which corresponds to an internship rate of 10.4 %.

### Employees by Functional Area as of September 30\*



\*] excluding interns

\*\*] 2007/2008 only employees of the continued business unit

	2007/2008	2006/2007	2005/2006	2004/2005
Average number of employees	578	567	510	448
Revenue per employee in EUR thousands	117.9	122.2	131.9	143.7
Personnel and social security costs in EUR thousands	19,327	18,006	16,649	14,425
Personnel and social security costs per employee in EUR thousands	33.4	31.8	32.6	32.2
Average age	38.6	37.4	40.5	42.3
Percentage holding an academic degree	52.7 %	58.7 %	52.2 %	58.6 %

as of September 30

The discontinued project solutions business unit had 119 employees, including 4 interns, as of the balance sheet date. A total of 135 people (previous year: 122) were employed in foreign countries over all business units; of the total, 74 employees were attributable to the instrument business. Broken down by functional area, Analytik Jena's continued instrument business employed 211 people in production, 164 in sales, and 95 in research and development.

There were 66 administrative staff members. The fact that 52.7% (previous year: 58.7%) of the employees have graduated from a university, a university of applied sciences, or have a bachelor's degree attests to the high level of qualification within the Group. Excluding interns, the average age of the employees in the instrument business was 38.6 years.

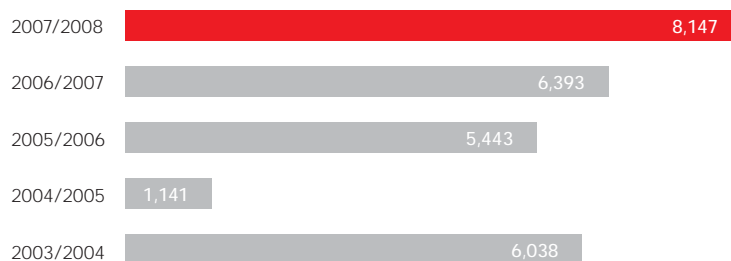
Overall, personnel costs increased during the reporting period by 7.3% from EUR 18,006 thousand to EUR 19,327 thousand.

### Personnel Costs



as of September 30, in EUR thousands

### Operating Result per Employee



as of September 30, in EUR

## 7 | Net Assets, Financial Position, and Results of Operations

### 7.1 Net Assets and Financial Position

The Analytik Jena Group's total assets as of the balance sheet date of September 30, 2008 declined as a result of the sale of 51.0% of the shares of AJZ Engineering GmbH, Jena, (deconsolidation of the project business) from EUR 63,141 thousand to EUR 57,418 thousand.

Noncurrent assets climbed as of the balance sheet date by 16.9% to EUR 20,436 thousand (previous year: EUR 17,489 thousand). In particular, as a result of the sale of the interest, shares in associated companies are carried at EUR 1,302 thousand. Property, plant, and equipment increased as a result of the procurement of machines and equipment for manufacturing prototypes for research purposes from EUR 10,338 thousand to EUR 10,961 thousand.

Current assets declined by 19.0% from EUR 45,652 thousand to EUR 36,982 thousand. Cash and cash equivalents increased in the course of the financial year by EUR 3,193 thousand to EUR 10,183 thousand as of the balance sheet date. This is primarily attributable to the extension and increase of a borrower's note loan. Trade receivables decreased from EUR 10,587 thousand to EUR 7,816 thousand. The higher level of stockpiling made necessary by increased business volume, longer procurement periods, and the expansion of the portfolio in the instrument business resulted in an increase in inventory from EUR 13,975 thousand to EUR 14,857 thousand. Through the sale of the majority interest in AJZ Engineering GmbH, the item for the gross amount due from customers for construction contracts is eliminated as of September 30, 2008 (previous year: EUR 9,694 thousand).

Deferred tax assets increased from EUR 157 thousand to EUR 1,601 thousand primarily as a result of the deconsolidation of AJZ Engineering GmbH and the capitalization of deferred tax assets from tax loss carryforwards.

On the liabilities side as well, the strategic decision to separate from the project business affects almost all items. Noncurrent liabilities at the end of the financial year diverged by EUR 4,338 thousand from the previous year. They totaled EUR 15,097 thousand (previous year: EUR 10,759 thousand). Most importantly, noncurrent financial liabilities less current portion rose from EUR 9,497 thousand to EUR 13,753 thousand as a result of the increased borrower's note loan. Noncurrent liabilities were reduced by EUR 12,731 thousand or 56.8% to an amount of EUR 9,671 thousand (previous year: EUR 22,402 thousand).

Following the sale of the project business, the breakdown of the balance sheet section for current liabilities shows a substantial reduction in almost all items, particularly in trade payables to EUR 3,111 thousand (previous year: EUR 9,404 thousand), the gross amount due to customers from construction contracts from EUR 1,552 thousand to EUR 0 thousand, and short-term loans from EUR 3,852 thousand to EUR 1,677 thousand. Accordingly, total liabilities also decreased sharply from EUR 33,161 thousand to the current EUR 24,768 thousand. The ratio of noncurrent to current assets (before deduction of deferred taxes) changed from 38.3% in the previous year to 55.3%. The investment intensity (noncurrent assets excluding other receivables and deferred taxes as a percentage of the balance sheet total) of Analytik Jena advanced from 27.4% to 32.1% in the reporting period.

Given Analytik Jena's business model, which is focused on the instrument business, the equity ratio rose considerably from 47.5 % to 56.9 %. As of September 30, 2008, equity amounted to a total of EUR 32,650 thousand (previous year: EUR 29,980 thousand) after elimination of treasury shares totaling EUR 1,112 thousand. The ratio of equity to noncurrent assets (excluding deferred taxes) is 173.3 % (previous year: 173.0 %). The ratio of current assets except cash and cash equivalents to current liabilities is a significant 277.1 % (previous year: 172.6 %).

## 7.2 Results of Operations

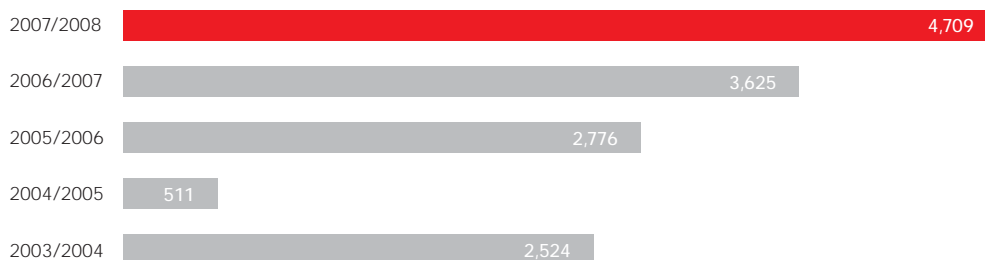
In the financial year under review, Analytik Jena surged forward and once again demonstrated the reliability of the Group's growth strategy.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) increased to EUR 6,893 thousand (previous year: EUR 5,824 thousand). The operating result (EBIT) rose by 29.9 % to EUR 4,709 thousand (previous year: EUR 3,625 thousand). An examination of the solely continued instrument business indicates that the operating result was EUR 4,744 thousand (previous year: EUR 3,289 thousand), which corresponds to an EBIT margin of 8.9 %.

The increase in EBIT of 44.2 % demonstrates the robust growth dynamic of the instrument business because the increases could be achieved despite enormous pressure from the US dollar as well as the ongoing expansion of the subsidiary in Japan and of global distribution structures in general. The net result for the year in the instrument business benefited significantly from the operational improvement with an increase of 74.1 % to EUR 3,292 thousand (previous year: EUR 1,891 thousand). In the discontinued project solutions business unit, EBIT was EUR – 35 thousand as of the closing date. The result from investments in associated companies, which was reported for the first time in financial year 2007/2008, indicates that earnings of AJZ Engineering GmbH attributable to the Group for the period from May 1, 2008 until September 30, 2008 reduce Group earnings by EUR – 451 thousand.

The balance of financial income and expenses (interest) grew in financial year 2007/2008 from EUR – 787 thousand to EUR – 1,401 thousand. The increase in comparison to the previous year resulted primarily from greater utilization of credit in the project business, higher interest charges from the increased borrower's note loan, and currency losses.

### EBIT Development



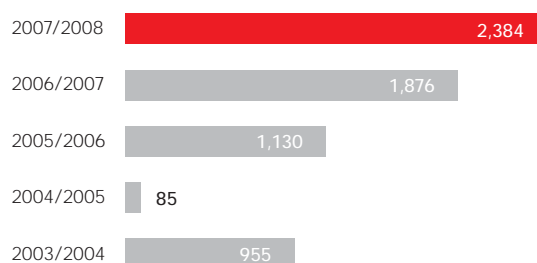
as of September 30, in EUR thousands

Earnings before taxes (EBT) advanced from EUR 2,838 thousand in the previous year to a profit in the amount of EUR 2,857 thousand in the period under review.

After deducting the results attributable to minority shareholders, the Group generated as of September 30,

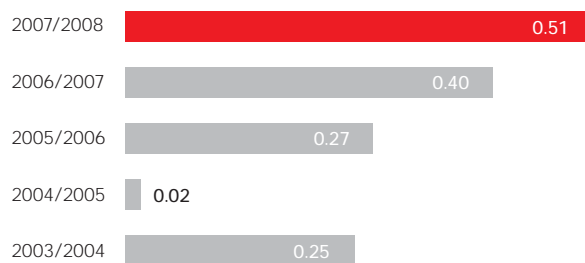
2008 a consolidated net profit for the year attributable to shareholders of the parent company of EUR 2,384 thousand, representing an increase of 27.1 % (previous year: EUR 1,876 thousand). This results in basic and diluted earnings per share of EUR 0.51 with an increase of 27.5 % (previous year: EUR 0.40).

#### Consolidated Net Profit for the Year Attributable to Shareholders of the Parent Company



as of September 30, in EUR thousands

#### Earnings per Share



as of September 30, in EUR

## 8 | Research and Development

Analytik Jena is among the drivers of innovation in the German analytical measuring technology industry. Almost every two years this company of discoverers impresses the market with new generations of its technology products. In all areas of the instrument business, synergies are created and somewhat differing core competencies are combined for the benefit of all business units. This research and development concept has demonstrated its success for more than ten years. This success is evidenced by research and industry awards as well as the continuous market expansion of Analytik Jena AG. Analytik Jena will pursue this strategy in the future as well. The high points are expected to be the next IWA in Nuremberg in March 2009 for the area of optical solutions and the ACHEMA trade fair in Frankfurt in May 2009.

There are currently 95 people employed throughout the Group in the area of research and development (previous year: 85), which comprises 17.7% (previous year: 18.0%) of the staff of the instrument business. Expenses (net) for research and development activities declined slightly in financial year 2007/2008 from EUR 5,495 thousand to EUR 5,075 thousand. In terms of gross expenses for research and development, the amount rose by 5.2% to EUR 8,823 thousand (previous year: EUR 8,384 thousand). The Group received public grants for development projects in the amount of EUR 2,537 thousand (previous year: EUR 1,433 thousand).

### R&D Expenses (net)



as of September 30, in EUR thousands

## 9 | Opportunity and Risk Report

### 9.1 Opportunity and Risk Management System

Analytik Jena maintains a well-developed opportunity and risk management system. The purpose of this system is to detect at an early stage those influences that inevitably arise from participating in economic life as well as the dependencies associated with them. Controlling, which has developed standardized processes for the exchange of information, as well as the Executive Board and Quality Control are responsible for this system.

Management and the management levels have direct access to this information and base their decisions and approvals on it. This approach ensures that the Group utilizes its opportunities to the fullest and can detect specific risks. The subsidiaries are also involved in the controlling system by means of regular reports, as well as by discussing their activities in regular meetings with Group management.

### 9.2 R&D Opportunities and Risks

Due to its own comprehensive strategic market analyses, proximity to the customer, and collaboration with research institutes, Analytik Jena is able to realistically estimate the respective requirements and market demand. In accordance with this, research and development is carried out to further optimize existing products and to create new products and services. It is also important for the Group with respect to its research and

development to ensure economic and technical success and to avoid undesirable development. In addition to collaborating with renowned scientific institutes, constant observation of the market and of technological feasibility supports this goal. We cannot rule out the fact that the Company may have to acquire licenses for servicing important market segments. In addition, we increasingly have to face the fact that products will be copied or imitated. The Group is therefore trying to minimize these risks by encouraging protection of internal intellectual know-how in the form of patents.

### 9.3 Sales Opportunities and Risks

A diversified product portfolio, our customer structure, worldwide business activities, and a variety of products provide Analytik Jena with a certain independence from economic fluctuations. It is indeed important to note that forward-moving international activities also involve increased risk. Changes in currency exchange rates and global competition therefore have an impact on the results and profitability figures achievable by the Group. The unfavorable development of the dollar, in particular for European manufacturers, could have a negative effect on the Company's competitive position.

A broad distribution base with a customer network in very diverse sectors – such as traditional laboratory analysis in research and clinical practice, life science/health care, and consumer products – should provide an adequate cushion against a possible economic downturn as a result of the global financial crisis. The distribution of

sales among industry, the public sector, research institutions, and consumers makes a substantial contribution to risk diversification.

Following the discontinuation of the high-volume project business, various dependencies on political conditions, including pledges of government financial support, have been significantly diminished.

#### 9.4 Financial Risks

Financial risks can relate to currency and interest rate fluctuations as well as to dependence on individual banks. Although the main sales market of Analytik Jena is not in the American economic region, the currency risk cannot be completely ruled out. Foreign currency volumes relate primarily to the US dollar and Japanese yen. Where possible, the Group minimizes these risks by leveraging purchasing potential in foreign countries (natural hedging) and qualified rate hedging measures in collaboration with credit institutes. In addition, the Group companies are obligated to report foreign currency inflows to the Group treasury department. This guarantees that the risk arising from these items can be evaluated, assessed, and, if required, limited further by using respective hedging instruments such as forward exchange contracts or currency options.

The Group does not depend on individual banks for loans or for other financial activities. Risks for the financing of Analytik Jena are therefore largely excluded.

As far as reasonable, we have taken measures to counteract risks which, if they were to occur, could have a material effect on the Group's net assets, financial position, and results of operations. Where required, corresponding provisions are set up.

Analytik Jena is currently not involved in any significant legal or arbitration proceedings that could have a significant impact on the Group's results. We did not recognize an unfavorable legal decision by a court of last resort in Israel in the amount of about EUR 90 thousand due to the inadequate jurisdiction of the court.

Our examination of the current situation revealed that there were no material financial risks in the period under review that could endanger the Company's continued existence.

#### 9.5 Personnel in Key Positions

The economic success of the Analytik Jena Group depends in particular on the many years of industry experience and the competence and leadership qualities of Company founders and Executive Board members Klaus Berka and Jens Adomat. The loss of these industry experts could have an adverse effect on the market position and the net assets, financial position, and results of operations of the Company.

## 10 | Other Information

### 10.1 Basic Principles of the Remuneration System

#### Remuneration of the Executive Board

The remuneration of the Executive Board is performance-based. Specifically, the remuneration is made up of the following components: (i) a fixed remuneration, (ii) a variable bonus, (iii) a stock-based remuneration, and (iv) an employer's pension commitment.

The remuneration of the Executive Board members is composed of a fixed base salary paid out monthly and an annual share in profit, which is dependent on reaching specific financial goals. The variable component of the remuneration is calculated based on the EBIT with minimum objectives and an upper limit. The third component of the remuneration of the Executive Board consists of a stock-based remuneration determined by the Supervisory Board.

This is issued from stock options under the conditions of the stock option plans 2000 and 2004 resolved by the General Meeting of Analytik Jena AG (for more detailed information about the stock option plans, please see section 5.11 in the Notes to the Consolidated Financial Statements of the Annual Report).

In the arrangements made on December 1, 1992, the Company granted Mr. Berka and Mr. Adomat specific pension benefits. The above-mentioned employer's pension commitments, which are reinsured in each case by a life insurance policy, were continued unchanged within the scope of the contracts of employment presented above. In addition, a Company direct insurance policy was taken out for Executive Board members Adomat and Berka. In the event of a premature termination of employment status, the Executive Board agreements do not include any express severance guarantees. Severance may result from an individually arranged cancellation agreement, however.

For the financial year 2007/2008, the fixed remuneration amounted to EUR 489 thousand (previous year: EUR 421 thousand) and the total remuneration to EUR 580 thousand (previous year: EUR 485 thousand).

The fixed remunerations of the three Executive Board members include the taxable portion of the Company cars used for personal use as well as the direct insurance premiums. During the financial year, EUR 49 thousand was spent on pension payments for the Executive Board members (previous year: EUR 54 thousand).

An individual statement of Executive Board remuneration is provided in the Notes to the Consolidated Financial Statements in section 7.1.

## Remuneration of the Supervisory Board

The currently valid rules for remuneration of the Supervisory Board were passed by the Annual General Meeting on April 4, 2008; they can be found in section 14 of the Articles of Association of Analytik Jena AG. According to section 5.4.7 of the German Corporate Governance Code, remuneration of Supervisory Board members should reflect the extent of their responsibilities and activities as well as the economic situation and success of the company. The members of the Supervisory Board receive performance-based remuneration in addition to fixed remuneration. The fixed remuneration component amounts to EUR 7,500.00. The variable remuneration component amounts to a maximum of EUR 5,000.00 and is calculated according to a specific point system, which is based on the achieved consolidated EBIT margin and a comparison of revenue and earnings as projected in plans confirmed by the Supervisory Board and actually reported in the consolidated financial statements. A distinction is made between the Chairman and the other members in the consideration of scope of activities of the members of the Supervisory Board. An individual statement of the remuneration of the Supervisory Board can be found in the Notes to the Consolidated Financial Statements in section 7.2.

## 10.2 Reporting in Accordance with Section 315 (4) HGB

Analytik Jena's share capital is composed of 4,840,465 no-par value bearer shares, each with a notional value of EUR 1.00.

Each share entitles the bearer to one vote in the General Meeting as well as a subscription right to profit with respect to agreed dividends; there are no voting right restrictions. The share capital is fully paid in. After deduction of treasury shares, the paid-out capital as of the balance sheet date is 4,671,942 no-par value bearer shares, each with a notional value of EUR 1.00 per share (previous year: 4,629,277 no-par value shares).

In accordance with the Articles of Association of the Company, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 2,408,448.00 by issuing new, no-par value bearer shares by March 20, 2012.

The Contingent Capital resolved by the General Meeting totals EUR 1,915,003.00 and is composed as follows: in accordance with section 4 (6 and 7) of the Articles of Association, the share capital is contingently increased by up to EUR 95,003.00 through the issue of up to 95,003 bearer shares (Contingent Capital I) and by up to EUR 280,000.00 through the issue of up to 280,000 bearer shares (Contingent Capital II).

The contingent capital increase is used to grant options on one or several occasions, in accordance with section 192 (2) no. 3 of the Aktiengesetz (AktG – German Stock Corporation Act).

The Executive Board is also authorized, with the approval of the Supervisory Board, to issue bonds with conversion rights or options on one or several occasions until March 22, 2009 up to a total nominal amount of EUR 1,540,000.00. The bonds may have a term of up to ten years. The holders of the bonds may be granted conversion rights or options on up to 1,540,000 no-par value bearer shares in Analytik Jena AG; this corresponds to a proportionate amount of the share capital of EUR 1,540,000.00 (Contingent Capital III).

By means of a resolution passed by the General Meeting on April 4, 2008, the Executive Board was authorized in accordance with section 71 (1) no. 8 AktG to acquire treasury shares in the Company up to an amount of 10.0% of the respective share capital by October 3, 2009.

### 10.3 Shareholdings in Analytik Jena AG

As of the date the balance sheet was prepared (November 21, 2008), the following shareholders of the Company held an interest in Analytik Jena AG which exceeds 10.0% of the voting rights in accordance with the provisions of the Securities Trading Act (WpHG).

Shareholders	Notice dated	Voting rights
Berka family	06/11/2008	15.9 %
Adomat family	06/11/2008	13.4 %

### 10.4 Appointment and Withdrawal of the Members of the Executive Board

The appointment and withdrawal of the members of the Executive Board is governed in sections 84, 85 AktG as well as in section 6 of the Articles of Association in the version dated April 4, 2008. In accordance with section 6 of the Articles of Association, the Executive Board shall consist of at least two members, and the Supervisory Board shall determine the number of Executive Board members. Modification of the Articles of Association shall take place according to sections 179, 133 AktG as well as section 24 of the Articles of Association in the version dated April 4, 2008. According to the latest provision, the Supervisory Board shall be authorized to decide on the modifications and additions, provided they pertain only to the version.

## 11 | Supplemental Report

In October 2008, Analytik Jena AG acquired 70.0% of the business shares of Analytik Jena Romania srl. The objective is to continue to expand direct sales for the entire product portfolio of Analytik Jena. To this end, the Jena-based Company plans to build a modern customer training center in Romania in order to satisfy rising demand in the Southern European region.

The Company is not aware of any additional transactions

after the balance sheet date of September 30, 2008 that could have a material impact on the Group's financial position and results of operations.

## 12 | Outlook

Analytik Jena expects an overall positive trend in financial year 2008/2009. Our own order situation is very good and the stronger dollar, but also in particular the stronger Japanese yen, are assisting our export-driven business model. Should these two currencies remain at a level below 1.40 (USD) and 135 (JPY) with respect to the euro during the financial year, that will have a significant positive impact on our sales and margins. However, we are attentively following the development of the global economy so that we can adapt our business model as soon as possible, if necessary. Currently, there is no reason for doing so and the major order received from China during the financial year encourages us to maintain this assessment. Representing a volume of more than EUR 2.5 m, this is the largest instrument order in Analytik Jena's corporate history.

Independently of currently observed economic trends, our focus on the core instrument business is creating new flexibility for further solidifying and expanding international sales structures in order to market a technologically high-quality product portfolio of analytical and bioanalytical instruments as well as consumer products in the area of optics.

The analytical solutions business unit is particularly focused on the Asian market. Above all, we expect additional progress to be made at our Japanese subsidiary. The currently strong yen will have a positive impact on the subsidiary, and we expect it to produce positive earnings for the first time as a result of additional sales increases. We aim to proceed with our expansion in the North American market in cooperation with a strong sales partner in the US.

The ACHEMA international trade fair in Frankfurt in May 2009 will be a high point for analytical solutions. As in the past, we will be presenting new, innovative products, which should provide an additional stimulus to the business.

The bio solutions business unit took a positive step toward the continued expansion of sales structures and name recognition during the financial year under review. The successful BIOTECHNICA trade fair, which took place during the new financial year at the beginning of October 2008, supports the conclusion that Analytik Jena's »brand new« product range has quickly won a high degree of customer acceptance. Much is expected given a well-stocked product pipeline and numerous innovative grant projects.

Today, Analytik Jena is already a sought-after partner for many small companies and major market players. Thus, we are looking forward very positively to the continued expansion of our position as a system provider.

Our broad portfolio of reagents — designed, for example, for DNA purification, intelligent robotic systems, and our high-speed PCR technology in connection with simple and inexpensive strip test systems or complex fluorescence detection — is enjoying increasing demand. The highest priority for this business unit in the new financial year is the continued expansion of the international sales network.

Stable potential sales are also expected for the optical solutions business unit in the new financial year.

The recognized quality of our consumer products is in strong demand not only in Europe, but also in the government agency business in the US. In optical solutions as well, we can build upon a very full and innovative product pipeline. We will be introducing additional new products to the market at the IWA 2009 trade fair in Nuremberg at the beginning of March.

Jena, November 21, 2008

The Executive Board of Analytik Jena AG



Klaus Berka



Jens Adomat



Stefan Döhmen

The primary goal for the business unit in the new financial year is to exceed once again record sales in the financial year under review, despite the very likely prospect of consumer and investment restraint in this sector. In recent years, Analytik Jena has set the course for growth. Our innovative products are being marketed successfully and with increasing stability both nationally and internationally.

Thus, we have succeeded in growing faster than the market even in a difficult economic environment through reduced production costs, a high potential for innovation, and products with features unique in the market. Our objective in the current financial year is to build upon the sales and earnings trends in recent years, and the conditions are favorable.



## Consolidated Financial Statements

### Consolidated Income Statement

for the period from October 1 to September 30, 2008 and 2007

	Notes	Continued Business	Discontinued Business	2007/2008
Revenue	4.1	53,079	15,057	68,136
Cost of sales		26,203	12,853	39,056
<b>Gross profit</b>		<b>26,876</b>	<b>2,204</b>	<b>29,080</b>
Selling expenses		13,413	1,116	14,529
General administrative expenses		3,888	715	4,603
Research and development expenses	4.4	5,075	–	5,075
Other (expenses)/income		244	(408)	(164)
<b>Operating profit</b>		<b>4,744</b>	<b>(35)</b>	<b>4,709</b>
Result from investments in associated companies	4.5	–	(451)	(451)
Financial income	4.6	403	12	415
Financial expenses	4.6	1,386	430	1,816
<b>Earnings before tax</b>		<b>3,761</b>	<b>(904)</b>	<b>2,857</b>
Income tax	4.7	469	(11)	458
<b>Consolidated net profit for the year</b>		<b>3,292</b>	<b>(893)</b>	<b>2,399</b>
Attributable to the shareholders of the parent company		3,277	(893)	2,384
Attributable to minority shareholders		15	–	15
<b>Consolidated net profit for the year</b>		<b>3,292</b>	<b>(893)</b>	<b>2,399</b>
Basic earnings per share	4.8	0.70	(0.19)	0.51
Diluted earnings per share	4.8	0.70	(0.19)	0.51

in EUR thousands, except per-share data

	Continued Business	Discontinued Business	2006/2007
Revenue	43,125	26,140	69,265
Cost of sales	19,916	22,858	42,774
<b>Gross profit</b>	<b>23,209</b>	<b>3,282</b>	<b>26,491</b>
Selling expenses	11,176	1,894	13,070
General administrative expenses	3,571	1,161	4,732
Research and development expenses	5,495	—	5,495
Other (expenses)/income	322	109	431
<b>Operating profit</b>	<b>3,289</b>	<b>336</b>	<b>3,625</b>
Result from investments in associated companies	—	—	—
Financial income	351	44	395
Financial expenses	1,015	167	1,182
<b>Earnings before tax</b>	<b>2,625</b>	<b>213</b>	<b>2,838</b>
Income tax	734	178	912
<b>Consolidated net profit for the year</b>	<b>1,891</b>	<b>35</b>	<b>1,926</b>
Attributable to the shareholders of the parent company	1,841	35	1,876
Attributable to minority shareholders	50	—	50
<b>Consolidated net profit for the year</b>	<b>1,891</b>	<b>35</b>	<b>1,926</b>
Basic earnings per share	0.39	0.01	0.40
Diluted earnings per share	0.39	0.01	0.40

## Consolidated Balance Sheet

as of September 30, 2008 and 2007

	Notes	09/30/2008	09/30/2007
<b>Assets</b>			
<b>Noncurrent assets</b>			
Property, plant, and equipment	5.1	10,961	10,338
Intangible assets	5.2	3,782	4,236
Goodwill	5.2	1,985	1,902
Shares in associated companies	3.2	1,302	—
Other noncurrent assets	5.3	427	856
Other receivables		378	—
Deferred tax assets	5.5	1,601	157
<b>Total noncurrent assets</b>		<b>20,436</b>	<b>17,489</b>
<b>Current assets</b>			
Cash and cash equivalents	5.6	10,183	6,990
Trade receivables	5.7	7,816	10,587
Inventories	5.8	14,857	13,975
Gross amount due from customers for construction contracts (PoC)		—	9,694
Other current assets	5.9	4,126	4,406
<b>Total current assets</b>		<b>36,982</b>	<b>45,652</b>
<b>Total assets</b>		<b>57,418</b>	<b>63,141</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Subscribed capital	5.10	4,840	4,817
Capital reserves	5.10	19,490	19,395
Reserves	5.10	8,813	6,391
Treasury shares	5.10	(1,112)	(1,244)
Currency translation differences		212	310
<b>Attributable to the shareholders of the parent company</b>		<b>32,243</b>	<b>29,669</b>
Minority interests		407	311
<b>Total equity</b>		<b>32,650</b>	<b>29,980</b>
<b>Noncurrent liabilities</b>			
Noncurrent financial liabilities less current portion	5.12	13,753	9,497
Other noncurrent liabilities	5.13	886	787
Cut-off for governmental grants	5.1	458	475
<b>Total noncurrent liabilities</b>		<b>15,097</b>	<b>10,759</b>
<b>Current liabilities</b>			
Short-term loans		1,677	3,852
Current portion of noncurrent financial liabilities	5.12	674	823
Trade payables		3,111	9,404
Gross amount due to customers for construction contracts (PoC)		—	1,552
Tax liabilities		664	409
Provisions	5.14	804	749
Other current liabilities		2,741	5,613
<b>Total current liabilities</b>		<b>9,671</b>	<b>22,402</b>
<b>Total liabilities</b>		<b>24,768</b>	<b>33,161</b>
<b>Total equity and liabilities</b>		<b>57,418</b>	<b>63,141</b>

In EUR thousands

# Consolidated Cash Flow Statement

for the period from October 1 to September 30, 2008 and 2007

	2007/2008	2006/2007
<b>Net cash from/(used in) operating activities</b>		
Consolidated net profit for the year	2,399	1,926
<b>Reconciliation of consolidated net profit to net cash from/(used in) operating activities</b>		
Amortization of intangible assets and depreciation of property, plant, and equipment	2,184	2,199
Result from investments in associated companies	451	—
(Increase)/decrease in net deferred taxes	(53)	370
Losses from disposal of noncurrent assets	45	469
Increase in provisions	77	40
Loss from disposal of discontinued business	422	—
Interest income	(415)	(337)
Interest expense	1,221	788
Increase in trade receivables and other assets	(2,678)	(608)
Increase in inventories	(1,799)	(2,920)
Increase in net amount due to/from customers for construction contracts (PoC)	(3,962)	(3,033)
Increase/(decrease) in trade payables and other liabilities	1,674	(2,251)
Interest received	432	337
Interest paid	(1,254)	(827)
Taxes paid	(243)	(69)
<b>Net cash used in operating activities</b>	<b>(1,499)</b>	<b>(3,916)</b>
<b>Net cash from/(used in) investing activities</b>		
Payments to acquire other noncurrent assets	(22)	(21)
Payments to acquire intangible assets and property, plant, and equipment	(2,584)	(2,501)
Payments to acquire majority interests (less acquired cash and cash equivalents)	(199)	(5)
Receipts from disposal of intangible assets and property, plant, and equipment	—	544
Receipts from disposal of majority interests (plus disposed cash and cash equivalents)	3,029	—
<b>Net cash from/(used in) investing activities</b>	<b>224</b>	<b>(1,983)</b>
<b>Net cash from/(used in) financing activities</b>		
Increase in short-term loans	593	1,702
Receipts from noncurrent financial liabilities	11,880	150
Redemptions of noncurrent financial liabilities	(7,422)	(541)
Cash received from issue of new shares	118	—
Cash received from the sale of treasury shares and cash used for the purchase of treasury shares	(170)	85
Receipts from financial leasing	32	170
Redemptions of financial leasing	(373)	(676)
<b>Net cash from financing activities</b>	<b>4,658</b>	<b>890</b>
<b>Cash and cash equivalents</b>		
Net increase/(decrease) in cash and cash equivalents	3,383	(5,009)
Currency exchange related changes in cash and cash equivalents	(190)	264
Cash and cash equivalents at the beginning of the year	6,990	11,735
<b>Cash and cash equivalents at the end of the year</b>	<b>10,183</b>	<b>6,990</b>

in EUR thousands

## Consolidated Statement of Changes in Equity

as of September 30, 2008 and 2007

	Subscribed capital	Treasury shares	Shares outstanding	Subscribed capital	Capital reserves
	no. of shares	no. of shares	no. of shares	in EUR thousands	in EUR thousands
<b>Balance at October 1, 2006</b>	4,816,897	(220,120)	4,596,777	4,817	30,296
Sale of treasury shares					
Market assessment					
Currency translation differences					
Withdrawal from capital reserves					(10,904)
<b>Income and expenses recognized directly in equity</b>				–	(10,904)
Assessment of stock option plans					3
Consolidated net profit for the year					
<b>Total income and expenses recognized in equity</b>				–	(10,901)
Sale of treasury shares		150,000			
Purchase of treasury shares		(117,500)			
Minority interests					
<b>Balance at September 30, 2007</b>	4,816,897	(187,620)	4,629,277	4,817	19,395
Sale of treasury shares					
Market assessment					
Currency translation differences					
<b>Income and expenses recognized directly in equity</b>				–	–
Consolidated net profit for the year					
<b>Total income and expenses recognized in equity</b>				–	–
Sale of treasury shares		44,423			
Purchase of treasury shares		(25,326)			
Capital increase from contingent capital	23,568			23	95
Minority interests					
<b>Balance at September 30, 2008</b>	4,840,465	(168,523)	4,671,942	4,840	19,490

Reserves							
Retained earnings	Hedging	Treasury shares	Currency translation	Attributable to the shareholders of the parent company	Minorities	Total equity	
in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands	
(6,503)	–	(1,329)	195	27,476	162	27,638	
142				142			
(28)				(28)			
			115	115			
10,904				–			
11,018	–	–	115	229	–		
				3			
1,876				1,876	50		
12,894	–	–	115	2,108	50		
		907		907			
		(822)		(822)			
				–	99		
6,391	–	(1,244)	310	29,669	311	29,980	
(20)				(20)			
	58			58			
			(98)	(98)			
(20)	58	–	(98)	(60)	–		
2,384				2,384	15		
2,364	58	–	(98)	2,324	15		
		302		302			
		(170)		(170)			
				118			
					81		
8,755	58	(1,112)	212	32,243	407	32,650	

# Notes to the Consolidated Financial Statements

for financial year 2007/2008

## 1 | General

The parent company Analytik Jena AG, Jena, Germany, Konrad-Zuse-Strasse 1, and its subsidiaries develop, produce, and market analytical and bioanalytical equipment, reagents for molecular sample preparation and diagnostics, system solutions for laboratory automation, and industry-specific software solutions. The Group also specializes in planning and equipping laboratories and in managing complex large-scale projects in the university and medical sector. The Group supplies its products and services to industrial and scientific users, and particularly to users in the environment, life science, biotechnology, pharmaceuticals, and energy growth markets.

The companies included in the consolidation of the Analytik Jena Group as of the balance sheet date include the subsidiaries AJ IDC Geräteentwicklungsgesellschaft mbH, AJ Blomesystem GmbH, AJ Cybertron Gesellschaft für Laborautomationssysteme mbH, AJ Roboscreen GmbH, AJ Innuscreen GmbH, AJ USA Inc., AJB Nederland B.V., AJ Japan Co., Ltd., AJ Shanghai Instruments Ltd. Co., AJ eBiochip GmbH, and AJ Vorratsgesellschaft mbH. The parent company is domiciled in Jena.

Analytik Jena's financial year runs from October 1 to September 30.

The Executive Board of Analytik Jena AG approved the consolidated financial statements on November 21, 2008 for forwarding on to the Supervisory Board. The Supervisory Board has the task of reviewing the consolidated financial statements and stating whether it approves them or not.

The consolidated financial statements of Analytik Jena AG have been prepared in thousands of euros.

## 2 | Principles and Methods

The consolidated financial statements of Analytik Jena AG as of September 30, 2008 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the EU. These include the IAS, IFRS, and the corresponding interpretations issued by the IASB applicable as of September 30, 2008. The requirements laid down in these statements were met without exception, with the result that Analytik Jena AG's consolidated financial statements give a true and fair view of the net assets, financial position, results of operations, and cash flows of the Group for the financial year.

In May 2008, the IASB published changes to existing IFRS within the framework of its Annual Improvements Project. These encompass changes to various IFRS with effect on the recognition, measurement, and reporting of business transactions as well as terminological or editorial corrections. Most of the changes take effect in financial years beginning on or after January 1, 2009. Premature application is permitted. The changes have been approved by the IASB, but the EU must still adopt them as part of European law. The Analytik Jena Group is currently reviewing the possible effects of implementing the changes on the consolidated financial statements.

In January 2008, IASB published a revised version of IFRS 3 »Business Combinations (IFRS 3 R)« and a revised version of IAS 27 »Consolidated and Separate Financial Statements (IAS 27 R)«. While in IFRS 3 R the application of the purchase method of accounting on business combinations and consolidations is developed further, IAS 27 R contains revised guidelines for the accounting treatment of minority interests and the loss of a control of a subsidiary. In addition, IFRS 3 R establishes that transaction costs incurred by the acquiring company in connection with the combination are not treated as part of the acquisition cost but rather as an expense. IFRS 3 R und IAS 27 R take effect for business combinations in financial years beginning on or after July 1, 2009. Premature application is permitted so long as both standards are applied simultaneously. IFRS 3 R and IAS 27 R have been approved by the IASB, but it have yet to be adopted by the EU as European law. The Analytik Jena Group is currently reviewing the possible effects of implementing IFRS 3 R and IAS 27 R on the consolidated financial statements.

In November 2006, IASB published IFRS 8 »Operating Segments«. IFRS 8 adopts in particular the »management approach« for reporting on the economic performance of segments whose operating results are regularly reviewed by a »chief operating decision maker« and serve as the basis for decisions about resource allocation and performance assessment and for which individual financial information is available. The determination of segment information should conform to the internal reporting to the chief operating decision maker. IFRS 8 takes effect in financial years beginning on or after January 1, 2009 and has been adopted into European law by the EU. The Analytik Jena Group expects that the application of IFRS 8 will lead to revised and expanded notes to the segment reporting in the consolidated financial statements.

In March 2007, IASB published a revised version of IAS 23 »Borrowing Costs (IAS 23 R)«. IAS 23 R no longer permits the option of expensing of borrowing costs, but rather requires their capitalization as part of the procurement or manufacturing costs of qualified assets. IAS 23 R comes into force in financial years beginning on or after January 1, 2009. Premature application is permitted. IAS 23 R has been approved by the IASB, but it has yet to be adopted by the EU as European law. The Analytik Jena Group is currently reviewing the possible effects of implementing IAS 23 R on the consolidated financial statements.

The following changes to Standards and Interpretations published by the IASB are awaiting adoption into European law by the EU and are currently not being applied. Their application is not expected to lead to any changes in accounting and valuation methods:

- IAS 1 and IAS 32 Puttable Financial Instruments and Obligations Arising on Liquidation
- IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items
- IFRS 2 Share-based Payment: Vesting Conditions and Cancellations
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The criteria for exemption from preparation of consolidated financial statements in line with German accounting principles pursuant to section 315a of the Handelsgesetzbuch (HGB – German Commercial Code) have been met.

The consolidated financial statements have been prepared on a going-concern basis. Analytik Jena AG acquired 70.0% of the business shares of Analytik Jena Romania srl., Bucharest, in October 2008 at a purchase price of EUR 90 thousand in cash. Within the scope of this acquisition, the allocation of the purchase price is based on assumptions of the Company, preliminary estimates, and balance sheet figures of AJ Romania, which have not yet been completely audited and may still change accordingly until such time as the assessment and auditing of the carrying amounts of the acquired assets and liabilities have been completed.

The possible impact of the development of the world economy on the Analytik Jena Group is discussed in the Group management report. This development has had no major impact and no further events have occurred before preparation of the consolidated financial statements was completed which had a material influence on the Group's net assets, financial position, and results of operations.

The financial statements are prepared mainly on the basis of historical procurement and manufacturing costs, with the exception of the derivative financial instruments, which are assessed at fair value. The carrying amount based on historical procurement costs corresponds to the fair value.

The preparation of annual financial statements requires the regular exercise of discretion and the use of estimates. The estimates are based on past experience and other knowledge of the business transactions to be reflected in the balance sheet. Individual circumstances, on the basis of which estimates and assumptions are made in the balance sheet assessment, can turn out differently in the future. Assumptions made on the basis of these estimates are therefore checked on a regular basis and evaluated for possible effects on the balance sheet preparation. These assumptions and estimates relate primarily to the determination of economic useful lives, the recoverable amount of cash generating units, accounting and valuation of provisions, and prospects for future tax relief. Actual values can in individual cases deviate from the assumptions and estimates made.

The annual financial statements of the companies included in the consolidated financial statements are based on uniform accounting policies. The separate financial statements of the subsidiaries were prepared as of the balance sheet date of the parent company.

Individual line items have been combined for the purposes of clarity in the income statement and balance sheet; they are explained in the Notes. In accordance with IAS 1 »Presentation of Financial Statements«, a distinction is made in the balance sheet between noncurrent and current assets and liabilities. Liabilities and provisions are deemed current if they are due within one year. Revenue is deferred accordingly.

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably. Revenue is recognized net (of VAT) and after deduction of any price reductions and discounts.

Interest income is entered commensurate with time, while accruing interest expense is recognized in part using the effective interest method and in part commensurate with time, depending on the contractual obligations.

### 3 | Group Accounting Policies

Analytik Jena AG's consolidated financial statements include the annual financial statements of all companies controlled by Analytik Jena AG directly or indirectly via its subsidiaries within the meaning of IAS 27 »Consolidated Financial Statements and Accounting for Investments in Subsidiaries«. These companies are consolidated in the financial statements from the time as of which Analytik Jena AG or its subsidiaries are able to exercise control. Consolidation ends when control no longer exists.

In accordance with IAS 28 »Investments in Associates«, the 49.0% interest in AJZ Engineering GmbH, Jena, is accounted for using the equity method. For investments accounted for using the equity method, acquisition costs are increased or decreased annually by the proportional change in equity.

All remaining investment interests are accounted for using fair value in accordance with IAS 39. If no fair value can be reliably determined, they are recognized at acquisition cost.

### 3.1 Details of Share Ownership

The required statement on share ownership has been filed in a separate list together with the consolidated financial statements and the Group management report with the commercial register in Jena, Germany. The following table contains the necessary details on the individual companies:

Domestic	Country of incorporation	Participation
<i>Fully consolidated companies</i>		
AJ Blomesystem GmbH, Jena	Germany	100.0 %
AJ Cybertron Gesellschaft für Laborautomationssysteme mbH, Berlin	Germany	100.0 %
AJ IDC Geräteentwicklungsgesellschaft mbH, Langewiesen	Germany	100.0 %
AJ Innuscreen GmbH, Berlin	Germany	75.0 %
AJ eBiochip GmbH, Itzehoe	Germany	70.0 %
AJ Roboscreen GmbH, Leipzig	Germany	50.3 %
AJ Vorratsgesellschaft mbH, Jena	Germany	100.0 %
<i>Associated companies</i>		
AJZ Engineering GmbH, Jena	Germany	49.0 %
<i>Other investments</i>		
ETG GmbH, Ilmenau	Germany	20.0 %
<b>In foreign countries</b>		
<i>Fully consolidated companies</i>		
AJ USA Inc., Houston	USA	100.0 %
AJ Shanghai Instruments Ltd. Co., Shanghai	China	100.0 %
AJ Japan Co., Ltd., Yokohama	Japan	100.0 %
AJB Nederland B.V., Apeldoorn	Netherlands	100.0 %

As of September 30, 2008, the equity of ETG GmbH amounted to EUR 623 thousand and net income amounted to EUR 201 thousand.

### 3.2 Changes in the Consolidated Group

During financial year 2007/2008, the following changes relating to the subsidiaries included in the consolidated group occurred:

In a notarized purchase and transfer agreement dated April 24, 2008, Analytik Jena AG acquired an additional 10.0% of the business shares in AJ Innuscreen GmbH at a price of EUR 100 thousand.

In addition, Analytik Jena AG acquired 70.0% of the business shares in eBiochip Systems GmbH, Itzehoe, in November 2007 on the basis of a cash/share deal. Acquisition costs consisted of EUR 289 thousand in cash and 44,423 shares. The fair value derived from the relevant stock price amounts to EUR 6.35 per share.

The following table contains the allocation of the purchase price to the acquired assets and liabilities. The carrying amounts correspond to the fair values as far as possible.

Assets	2007/2008
Cash and cash equivalents	190
Other assets	115
Property, plant, and equipment	10
Intangible assets	8
	<b>323</b>
Liabilities	
Provisions and other liabilities	118
Purchase price allocation	
Net assets	205
Goodwill	366
	<b>571</b>

in EUR thousands

The contribution to results of AJ eBiochip in financial year 2007/2008 totals EUR 108 thousand. Of that amount, EUR 76 thousand (70.0%) is attributable to the shareholders of the parent company. As a result of the acquisition in November 2007, the revenue and profit of the Analytik Jena Group are generally represented as if AJ eBiochip had already been acquired at the beginning of the financial year.

At the end of March 2008, Analytik Jena AG concluded an agreement to transfer 51.0% of the shares in AJZ Engineering GmbH to the employee shareholding company LBPS Management & Holding GmbH. After Analytik Jena relinquished the control option in the third quarter of the financial year, the company (the discontinued project solutions business unit) no longer belongs to the consolidated group. The income statement contains the income and expenses to date, which are listed separately in the column for the discontinued business. The purchase price was EUR 1,850 thousand. The loss from deconsolidation is EUR – 422 thousand after taxes.

The following effects result from this change in the consolidated group.

	Disposals
Noncurrent assets	1,420
Current assets	19,327
Noncurrent liabilities	1,391
Current liabilities	15,402

in EUR thousands

Henceforth, AJZ Engineering GmbH will be included in the consolidated financial statements as an associated company using the equity method. As of the balance sheet date on September 30, 2008, the following pro rata values were recognized.

	2007/2008
Noncurrent assets	470
Current assets	8,242
Noncurrent liabilities	483
Current liabilities	6,927
Income	12,224
Expenses	12,734

in EUR thousands

### 3.3 Currency Translation

Annual financial statements prepared by subsidiaries in foreign currencies are translated in accordance with IAS 21 »The Effects of Changes in Foreign Exchange Rates« in line with the functional currency concept. Subsidiaries outside Germany are regarded as economically independent entities in the Analytik Jena Group, and balance sheet items are translated accordingly at closing rates. This excludes the equity of consolidated subsidiaries, which is translated at historical rates. Income statement items are translated at average rates for the period. Exchange rate differences resulting from the application of different exchange rates in the income statement and the balance sheet are recognized directly in equity.

Foreign currency translations in the companies' single-entity financial statements are translated at the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated at the closing rate on the balance sheet date. Exchange rate gains and losses are recognized in income.

The following exchange rates were used as the basis for the currency translation:

Currency	Closing rate		Average rate	
	2007/2008	2006/2007	2007/2008	2006/2007
USD/EUR	1.44	1.43	1.50	1.33
JPY/EUR	152.95	163.75	161.55	157.98
CNY/EUR	9.87	10.69	10.64	10.24

### 3.4 Capital Consolidation

In accordance with IFRS 3 »Business Combinations,« capital consolidation is performed according to the purchase method at the conditions prevailing at the date of acquisition. Assets and liabilities are carried at their fair value. Any remaining excess of the cost of the acquisition over the identified fair value determined is disclosed separately as goodwill. The goodwill is subjected to an impairment test on a regular basis and written down, if necessary.

### 3.5 Consolidation of Intercompany Balances and Income

Receivables and liabilities between consolidated companies are offset; valuation allowances and provisions relating to intercompany transactions are reversed. Intercompany profits and income and expenses are eliminated. Deferred taxes are recognized for material consolidation adjustments recognized in the income statement.

## 4 | Notes to the Consolidated Income Statement

### 4.1 Revenue

The Analytik Jena Group generates revenue from the sale of products and systems (instrument business) and its own software marketing as well as, until the deconsolidation of AJZ Engineering GmbH, Jena, from the sale of services and products in the course of its project business (customer-specific construction contracts spanning several reporting periods).

Revenue from the instrument business is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably. Revenue is recognized net (of VAT) and after deduction of any price reductions and discounts. Revenue from the sale of goods is recognized when the goods have been delivered and the risks and rewards of ownership have been transferred to the buyer in accordance with customer-specific contractual requirements. Revenue from the provision of services is recognized by reference to the stage of completion, when this can be measured reliably.

Given the long-term nature of the services involved, revenue from the project business was realized pro rata over the time that it took to complete the services in accordance with IAS 11 »Construction Contracts« using the percentage of completion method (PoC) by determining the corresponding proportion of revenue and profits on the basis of the ratio of costs incurred for work performed to the estimated total costs. This method, which reflects the stage of completion, used estimates as a basis.

In view of the uncertainties involved, estimates of the expenses that will be incurred in the periods to completion, including expenses for guarantees, may need to be adjusted subsequently. Such adjustments of income and expenses were recognized in the period in which the need for adjustment was established. Provisions for expected losses were recognized in the period in which the losses were identified.

#### 4.2 Cost of Materials

The cost of materials for financial year 2007/2008 amounted to EUR 28,869 thousand (previous year: EUR 33,512 thousand).

#### 4.3 Staff Costs/Headcount

Staff costs during the financial year totaled EUR 19,327 thousand (previous year: EUR 18,006 thousand), of which the employer's share of statutory pension insurance totaled EUR 1,345 thousand (previous year: EUR 1,306 thousand).

Analytik Jena Group had an annual average of 532 employees in 2007/2008 (previous year: 531 employees) and 46 interns (previous year: 36 interns).

#### 4.4 Research and Development Costs

The costs of research and of developing products are disclosed under this item. General research and development expenses are recognized at the time they are incurred. Development costs are capitalized insofar as the recognition criteria of IAS 38 »Intangible Assets« are fully met.

The Company receives grants for certain research and development topics which are either offset against research expenses or which are used to reduce production costs in the case of capitalizable development expenses.

#### 4.5 Result from Investments

Result from investments in associated companies includes the result of AJZ Engineering GmbH, Jena, attributable to the Group for the period from May 1, 2008 until September 30, 2008 and amounts to EUR –451 thousand.

## 4.6 Financial Income and Expenses

The interest and similar income reported in the income statement is comprised of interest income totaling EUR 415 thousand (previous year: EUR 337 thousand) and income from the valuation of interest-based derivative financial instruments of EUR 0 thousand (previous year: EUR 56 thousand). In the previous year, other financial income amounting to EUR 2 thousand was included.

Financial expenses are the total of interest expenses of EUR 1,221 thousand (previous year: EUR 788 thousand), expenses due to currency losses of EUR 185 thousand (previous year: EUR 33 thousand), and other financial expenses of EUR 410 thousand (previous year: EUR 361 thousand).

## 4.7 Income Taxes

The actual tax expense for the current year amounts to EUR 511 thousand (previous year: EUR 542 thousand). The deferred tax expense for the current year amounts to EUR 53 thousand (previous year: deferred tax expense of EUR 370 thousand). The deferred tax income for the current financial year results from the difference between the new level of loss carryforwards of EUR 676 thousand and the reversal of temporary differences of EUR 623 thousand (previous year: lower amount of loss carryforwards of EUR 390 thousand, reversal of temporary differences of EUR -20 thousand).

Due to the reform of the Corporate Income Tax Act, which entered into force in Germany on January 1, 2008, a corporate income tax rate of 15.0% applies to financial years from January 1, 2008 onwards. After adjustment for the expected average trade tax rate and the solidarity surcharge of 5.5%, the tax rate is expected to be 29.3%. The deferred taxes were assessed at this tax rate.

An anticipated effective tax rate of 38.1% was still assumed for financial year 2006/2007, which was calculated from the tax rates for corporation tax, trade tax, and solidarity surcharge applicable for this time period.

The income tax can be reconciled with the theoretical amount applicable in line with the tax rate valid for the country where the Company has its headquarters as follows:

	2007/2008	2006/2007
Earnings before tax	2,857	2,838
Theoretical income tax expense based on the applicable tax rate of 29.3% for the Group (previous year: 38.1 %)	838	1,081
Tax-free earnings	(345)	(34)
Non-deductible expenses	507	93
Effects of tax rate changes	–	(35)
Subsequent reporting of deferred taxes	(1,287)	(144)
Taxes relating to other periods	152	7
Effect of consolidation	572	–
Other effects	21	(56)
<b>Tax expense</b>	<b>458</b>	<b>912</b>

in EUR thousands

The reconciliation effect from consolidation includes EUR 607 thousand for the deconsolidation of AJZ Engineering GmbH.

#### 4.8 Earnings per Share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of shares in circulation during the period.

To calculate diluted earnings per share, the net profit for the year attributable to ordinary shareholders and the weighted average number of shares in circulation are adjusted for the effect of all potential ordinary shares with a dilutive effect (exercise of option rights from the stock option plan). For this purpose, the number of ordinary shares to be taken into account consists of the weighted average number of ordinary shares plus the number of ordinary shares that would be issued if all potentially dilutive ordinary shares were to be converted to ordinary shares. Stock option rights are deemed as having been converted into ordinary shares on the day on which the options were granted.

	2007/2008	2006/2007
Net profit for the year attributable to ordinary shareholders in EUR thousands	2,384	1,876
Weighted number of shares outstanding (basic)	4,664,329	4,636,989
Weighted number of shares outstanding (diluted)	4,670,718	4,651,221
<b>Earnings per share (basic) in EUR</b>	<b>0.51</b>	<b>0.40</b>
<b>Earnings per share (diluted) in EUR</b>	<b>0.51</b>	<b>0.40</b>

## 4.9 Segment Reporting

The Analytik Jena Group is managed in business units that are grouped into two segments on the basis of the economic nature of the business, the type of services provided and customer relations, and the characteristics of the related sales organization.

In financial year 2007/2008, the analytical solutions, bio solutions, and optical solutions business units – which together comprise the instrument business segment – and the discontinued project solutions business unit – the project business segment – formed the basis for the Analytik Jena Group's primary segment information.

For reporting purposes, the business units in the »instrument business« segment only report revenue by business unit.

Instrument business	Project business
Analytical, bioanalytical, and optical instruments, consumables and reagents, and laboratory data systems	Planning and implementation of complex medical research, teaching, and life sciences projects
<b>Instruments for applications such as:</b>	<b>Projects with topics such as:</b>
Atomic spectroscopy	Planning/Project planning
Molecular spectroscopy	Equipment
Sum parameter	Project management/Facility support
Elemental spectrometry	Implementation
Laboratory information and management systems	
Molecular sample preparation	

In addition, individual items in the consolidated financial statements are reported by region in accordance with IAS 14 »Segment Reporting«, with the figures being broken down in line with internal segment reporting. The regional segment information in the consolidated financial statements of the Analytik Jena Group refers solely to revenue by region. The secondary segment reporting is therefore done solely by sales, since the segment assets are largely located in Germany.

The Western and Eastern European markets were included in the Europe region. The America region is comprised of the US market and the Canadian market. The Asia region includes Japan, China, Australia, and India, among other countries. The rest of world market is mainly composed of South America and Africa.

No material intersegment revenue or other services were generated. The segment reporting information can be reconciled with the consolidated balance sheet or the consolidated income statement accordingly by adding together the individual segment information for the financial years.

	Instrument business (continued business)		Project business (discontinued business)	
	2007/2008	2006/2007	2007/2008	2006/2007
Germany	17,676	14,277	727	1,695
EU	10,338	8,461	–	–
Rest of Europe	3,661	3,258	12,458	20,530
America	4,480	3,865	–	–
Asia	15,770	12,258	–	–
Rest of world	1,154	1,006	1,872	3,915
<b>Revenue</b>	<b>53,079</b>	<b>43,125</b>	<b>15,057</b>	<b>26,140</b>
Cost of sales	(26,203)	(19,916)	(12,853)	(22,858)
<b>Gross profit</b>	<b>26,876</b>	<b>23,209</b>	<b>2,204</b>	<b>3,282</b>
<b>Operating profit</b>	<b>4,744</b>	<b>3,289</b>	<b>(35)</b>	<b>336</b>
Net finance costs	(983)	(664)	(869)	(123)
<b>Net profit/(loss) for the year</b>	<b>3,292</b>	<b>1,891</b>	<b>(893)</b>	<b>35</b>
Segment assets	57,418	46,531	–	16,610
Segment liabilities	24,768	21,088	–	12,073
Capital expenditure	3,428	2,986	27	69
Depreciation and amortization	2,103	2,051	81	148
Employees	536	478	–	114

in EUR thousands, except employees

## 5 | Notes to Individual Balance Sheet Items

### 5.1 Property, Plant, and Equipment

Changes in property, plant, and equipment are presented in the Consolidated Statement of Changes in Noncurrent Assets.

Property, plant, and equipment is measured at cost and, where subject to wear and tear, reduced by straight-line depreciation and impairment losses. Depreciation is recognized consistently using the straight-line method in the consolidated financial statements. Production costs are comprised of manufacturing and plant costs, costs of equipment, other direct costs, and production-related costs. Borrowing costs are not capitalized.

Repair costs for property, plant, and equipment are generally recognized as an expense. The costs are only capitalized if they enhance or substantially increase the respective asset.

If property, plant, or equipment is shut down, sold, or retired, the gain or loss resulting from the difference between the proceeds from disposal and the remaining carrying amount is reported in the functional area in which the asset was used.

Depreciation of noncurrent assets is based on a useful life of 25 years for buildings, 5 to 15 years for machines, and 3 to 13 years for operating and office equipment.

Analytik Jena AG did not enter into any leasing agreements for the lease of machines or operating and office equipment during the financial year. Ten leasing agreements already existed last year for technical facilities, machines, and operating and office equipment. Leased property, plant, and equipment provided for in these lease agreements, classified as finance leases, is carried at fair value in accordance with IAS 17 »Leases«. Depreciation is charged using the straight-line method over the useful lives of the assets (3 to 15 years). If it is not sufficiently certain whether ownership of the leased item will be transferred, the asset is depreciated over the lease term where this is shorter. Payment obligations arising from future lease payments are carried as financial liabilities.

The carrying amount of the assets used as finance leases amounted to EUR 1,081 thousand (previous year: EUR 1,203 thousand) as of September 30, 2008 (see also 5.12).

Public sector grants for property, plant, and equipment are deducted from the cost of the asset in line with the option in IAS 20 »Accounting for Government Grants and Disclosure of Government Assistance«.

Tax-free investment subsidies of EUR 52 thousand (previous year: EUR 134 thousand) received during the financial year were deferred and amortized over the average useful lives of the subsidized asset categories (see also 5.19).

Accounting for impairment of property, plant, and equipment is explained in Item 5.4.

## 5.2 Intangible Assets/Goodwill

The changes in intangible assets are presented in the Consolidated Statement of Changes in Noncurrent Assets.

Purchased intangible assets are measured at cost less straight-line amortization and impairment losses. The estimated useful life for patents, licenses, industrial property rights, and marketing rights is between four and ten years. Trademarks have an expected useful life of 15 years. Amortization and depreciation are contained in the income statement pro rata under cost of sales, selling expenses, general administrative expenses, and research and development expenses.

The goodwill of EUR 1,985 thousand (previous year: EUR 1,902 thousand) consists of goodwill from capital consolidation. It was recognized in accordance with IFRS 3 »Business Combinations«. Goodwill may not be amortized. In accordance with IAS 36, it must instead be checked at least once a year for impairment, in the event that certain events or altered circumstances indicate that impairment may have occurred.

The cash generating units to which the goodwill is allocated correspond to the instrument business and project business segments. All goodwill recognized in the balance sheet as of September 30, 2008 is allocated in full to the continued instrument business (previous year: EUR 1,526 thousand instrument business, EUR 376 thousand project business).

An impairment test is carried out once a year for these cash generating units in order to determine any possible impairment of goodwill, which is not subject to scheduled amortization. The recoverable amount to be compared to the cash generating unit within the context of the impairment test is determined by the value in use. The value in use was determined on the basis of plans approved by the Supervisory Board for financial years 2008/2009, 2009/2010, and 2010/2011 as well as a perpetuity without assuming a growth rate in the subsequent forecast period. The underlying risk-adjusted, fair value pre-tax interest rate is 14.2% (previous year: 15.6%).

Research and development costs are recognized in the period in which they occur. This excludes project development costs that fully meet the following criteria:

- The product or the process is clearly and unambiguously identifiable and the relevant costs can be assigned clearly and calculated reliably;
- The technical feasibility of the product can be demonstrated;
- The product or the procedure will be either marketed or used by the Company;
- The assets will generate a future economic benefit (e.g. if there is a market for the product or, if it is used internally, the product's usefulness for the Company can be demonstrated);
- There are adequate technical, financial, and other resources available to complete the project.

The costs are recognized the first time that the above criteria are fulfilled. Costs recognized as expenditure in previous accounting periods cannot subsequently be recognized as part of the cost of assets.

Development costs recognized as part of the cost of assets are amortized over their expected useful life using the straight-line method. As a rule, the useful life is no longer than five years. Amortization and depreciation are contained in the income statement pro rata under cost of sales, selling expenses, general administrative expenses, and research and development expenses.

Development costs of EUR 573 thousand (previous year: EUR 656 thousand) were recognized as part of the cost of assets in accordance with IAS 38 »Intangible Assets« in financial year 2007/2008. The recognized development costs are mainly comprised of the costs of the staff involved in development, the costs of materials, external services, and directly attributable overheads which are allocable to the projects.

Accounting for impairment of intangible assets/goodwill is explained in Item 5.4.

### 5.3 Other Noncurrent Assets

In accordance with IAS 39 »Financial Instruments: Recognition and Measurement«, the Group's financial assets are divided into the following categories:

- (a) financial assets/liabilities held for trading;
- (b) held-to-maturity investments;
- (c) loans and receivables;
- (d) available for sale financial assets.

Financial assets that were mainly acquired to generate a profit from short-term price fluctuations are classified as available-for-sale financial assets. The Analytik Jena Group does not hold any financial assets belonging to this category.

Financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments with the exception of loans and receivables originated by the Company.

All other financial assets, except loans and receivables originated by the Company, are classified as available-for-sale financial assets.

Held-to-maturity financial investments are carried as noncurrent assets, unless they are due within twelve months of the balance sheet date.

Available-for-sale financial assets are recognized as current assets if the management intends to sell them within twelve months of the balance sheet date.

Financial assets are initially recognized at cost, which is equivalent to the fair value of the consideration given; transaction costs are included.

Held-to-maturity investments as well as loans and receivables are measured at amortized cost using the effective interest method.

Gains and losses arising from the change in the fair values of financial assets included in Analytik Jena AG's consolidated financial statements are recognized in income.

Financial assets are recognized at cost. The fair value did not result in any conflicting measurement.

In addition to the financial assets, the other noncurrent assets item mainly includes the surrender values from the reinsurance policies taken out to cover pension obligations.

Other receivables consist of the noncurrent purchase price receivable resulting from the sale of 51.0% of the shares in AJZ Engineering GmbH, Jena.

Accounting for the impairment of other noncurrent assets is discussed in Item 5.4.

#### 5.4 Impairment of Noncurrent Assets

Intangible assets, property, plant, and equipment, and goodwill are tested for impairment if facts or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment losses are recognized in income as soon as the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less net selling price and its value in use. The fair value less net selling price is the net revenue from an immediate sale of an asset under customary market conditions. The value in use is the present value of estimated future cash flows expected to arise from the proper use of an asset and from its disposal at the end of its useful life.

The recoverable amount is determined individually for each asset or, if this is not possible, for the cash generating unit to which the asset belongs. In the Analytik Jena Group, cash generating units are defined on the basis of the segments.

As in the previous year, in financial year 2007/2008, no impairment of goodwill was carried out.

If there are indications that the impairment no longer exists or could have decreased, corrections from prior years for noncurrent assets treated as income will be made retroactively. The gain in value will be recognized as income in the income statement. The increase in value (or decrease of impairment loss) of an asset, however, is only recognized to the extent that it does not exceed the carrying amount which would have resulted (taking into account the effects of depreciation) if the impairment loss had not been recognized in prior years.

Financial assets are tested for impairment at every balance sheet date. An impairment loss or write-down of financial assets carried at amortized cost is recognized in income if it is probable that the Company will be unable to recover all contractually due loan amounts, receivables, or held-to-maturity investments. An impairment loss that has previously been recognized as an expense is reversed to income if the subsequent partial reversal (or reduction in the impairment loss) can be attributed objectively to facts that have arisen since the original impairment. However, income from the reversal of impairment losses is only recognized to the extent that it does not exceed the amortized cost that would have applied if the impairment loss had not been recognized.

## 5.5 Deferred Taxes

Deferred taxes are recognized in accordance with IAS 12 »Income Taxes« using the balance sheet liability method for temporary differences resulting from the differences between the carrying amount of the assets and liabilities in the consolidated financial statements and the tax base used to calculate the taxable profit. This approach is used for both deferred taxes at single-entry level and those resulting from consolidation adjustments.

The measurement of both deferred tax assets and deferred tax liabilities is based on the tax consequences that follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities as of the balance sheet date.

Deferred tax assets and liabilities are recognized irrespective of the time when the temporary differences in carrying amounts are expected to be reversed. Deferred tax assets and tax liabilities are not discounted and are disclosed as noncurrent assets in the balance sheet.

Deferred tax assets and deferred tax liabilities are set off if the Company is authorized to set off actual assets and liabilities from income taxes and if the deferred tax assets and deferred tax liabilities relate to income taxes that were imposed by the same tax authorities and are owed by Analytik Jena AG.

Deferred tax assets are carried at the amount at which it is probable that future tax gains will be realized. The Company reassesses deferred tax assets that are recognized and the carrying amounts of deferred tax assets as of every balance sheet date. The Company recognizes deferred tax assets that were not previously disclosed in the balance sheet in the amount to which it has become probable that future taxable profits will be available against which the deferred tax asset can be utilized. Conversely, the carrying amount of a deferred tax asset is reduced by the amount by which it is no longer probable that sufficient tax profit will be available to utilize the deferred tax asset.

The following table provides an overview of tax effects due to temporary differences and the recognition of tax loss carryforwards leading to material deferred tax assets and liabilities:

	2007/2008	2006/2007
<b>Deferred tax assets from temporary accounting differences</b>		
Receivables	627	–
Other	184	89
	<b>811</b>	<b>89</b>
<b>Deferred tax liabilities from temporary accounting differences</b>		
Percentage of completion	–	1.391
Capitalized development costs	677	704
Current liabilities	1,196	55
Other	7	(224)
	<b>1,880</b>	<b>1,926</b>
<b>Deferred tax assets from tax loss carryforwards</b>		
Total from loss carryforwards	3,598	4,580
Non-reported	(928)	(2,586)
From reported loss carryforwards	<b>2,670</b>	<b>1,994</b>
<b>Deferred taxes, net</b>	<b>1,601</b>	<b>157</b>

in EUR thousands

The difference between the change in the net amount and the amount reported in the cash flow statement results from the disposal of deferred taxes recognized in equity totaling EUR 1,391 thousand due to the elimination of the project business from the consolidated group.

Under current German tax legislation, loss carryforwards can be carried forward indefinitely and may be used to offset future taxable profits generated by the Company. The deferred tax assets from tax loss carryforwards in the Analytik Jena Group are mainly comprised of Analytik Jena AG's tax loss carryforwards from financial years 2001/2002 and 2002/2003. The Company does not report deferred taxes if their realization appears uncertain and exceeds the time frame of a maximum of five years, calculated from the balance sheet date.

## 5.6 Cash and Cash Equivalents

Cash and other funds (credit balance at banks) with an original maturity date of up to three months are disclosed as cash and cash equivalents.

## 5.7 Trade Receivables

Goods and services provided to customers are disclosed under trade receivables.

All trade receivables are due within one year and are carried at their principal amount, taking all recognizable risks into account. As of the balance sheet date, specific valuation allowances of EUR 89 thousand (previous year: EUR 95 thousand) were charged in relation to trade receivables.

## 5.8 Inventories

As of September 30, inventories can be broken down as follows:

	2007/2008	2006/2007
Raw materials and supplies	4,782	4,446
Work in progress	4,978	4,383
Finished goods	5,097	4,672
Goods purchased and held for sale	–	474
<b>Inventories</b>	<b>14,857</b>	<b>13,975</b>

In EUR thousands

Raw materials and supplies as well as goods purchased and held for resale are measured at average acquisition cost; work in progress and finished goods are measured at production cost. In addition to directly attributable costs, these also include appropriate portions of production and materials overheads as well as wear and tear on intangible assets and property, plant, and equipment, insofar as it is caused by manufacturing. Borrowing costs are not capitalized.

## 5.9 Other Current Assets

Other receivables and other assets are carried at their principal amount. Derivative financial instruments which are categorized as assets are carried at fair value.

Other current assets are listed in the following table:

	2007/2008	2006/2007
VAT receivables	454	1,357
Receivables from grants	1,448	1,573
Receivables from financial leases	–	108
Purchase price receivable from the sale of the project business	800	–
Other assets	1,424	1,368
	<b>4,126</b>	<b>4,406</b>

in EUR thousands

## 5.10 Equity

The changes in equity for the Analytik Jena Group for financial years 2006/2007 and 2007/2008 are presented in the Consolidated Statement of Changes in Equity.

### 5.10.1 Subscribed Capital

Analytik Jena AG's share capital is composed of 4,840,465 no-par value bearer shares, each with a notional value of EUR 1.00.

Each share entitles the bearer to one vote; therefore there are no restrictions on voting rights.

The share capital is fully paid up. After deduction of treasury shares, the issued capital as of the balance sheet date totals 4,671,942 no-par value bearer shares, each with a notional value of EUR 1.00 (previous year: 4,629,277 no-par value bearer shares).

### 5.10.2 Contingent Capital

The Contingent Capital resolved by the General Meeting totals EUR 1,915,003.00 and is composed as follows:

In accordance with section 4 (6 and 7) of the Articles of Association, the share capital is contingently increased by up to EUR 95,003.00 through the issue of up to 95,003 bearer shares (Contingent Capital I) and by up to EUR 280,000.00 through the issue of up to 280,000 bearer shares (Contingent Capital II).

The contingent capital increase is used to grant options on one or several occasions, in accordance with section 192 (2) no. 3 of the Aktiengesetz (AktG - German Stock Corporation Act).

During the financial year, 23,568 options from Contingent Capital were exercised. As of September 30, 2008, Contingent Capital totaled EUR 1,891,435.00.

The Executive Board is also authorized, with the approval of the Supervisory Board, to issue bonds with conversion rights or options on one or several occasions until March 22, 2009 up to a total nominal amount of EUR 1,540,000.00. The bonds may have a term of up to ten years. The holders of the bonds may be granted conversion rights or options on up to 1,540,000 no-par value bearer shares in Analytik Jena AG; this corresponds to a proportionate amount of the share capital of EUR 1,540,000.00 (Contingent Capital III).

### 5.10.3 Authorized Capital

As in the previous year, Authorized Capital totaled EUR 2,408,448 as of September 30, 2008.

In accordance with the Company's Articles of Association, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 2,408,448 until March 20, 2012 by issuing new, no-par value bearer shares.

### 5.10.4 Capital Reserves

The capital reserves include amounts from the initial public offering, capital increases from past financial years, the capital increase from financial year 2005/2006 after deducting the costs that are directly connected to the capital increase, set off by the subsequent taxes, and the stock option plan in accordance with IFRS 2. At the end of last financial year 2006/2007, EUR 10,904 thousand were withdrawn from the capital reserves and offset against the negative retained earnings from previous years. As of September 30, 2008, the capital reserves total EUR 19,490 thousand.

#### 5.10.5 Reserves

After transferring the consolidated net profit for the year attributable to the shareholders of the parent company of EUR 2,384 thousand, plus the change in value of treasury shares, the retained earnings amount to EUR 8,755 thousand (previous year: EUR 6,391 thousand).

In the reserve for hedging, the effective portion of the measurement of hedging relationships at fair value is disclosed as EUR 58 thousand (previous year: EUR 0 thousand).

#### 5.10.6 Treasury Shares

The Company holds a total of 168,523 treasury shares (previous year: 187,620), which are carried at cost. In accordance with IAS 32 »Financial Instruments: Presentation«, they were deducted from consolidated equity.

### 5.11 Stock Option Plan

The Company aims to do business in a manner that is geared towards shareholders' interests and that actively promises an increase in the Company's long-term stock market value. For this reason, in 2000 the Company introduced an incentive program in the form of a stock option plan.

The options are issued to the beneficiaries free of charge. The options are not transferable, except by way of inheritance, and lapse if they are not exercised on their last possible exercise date or if the holder's contract of service or employment with Analytik Jena is effectively ended. Options do not lapse if the contract of service or employment is terminated or ends due to the retirement of the beneficiary or his or her inability to work.

The group of beneficiaries entitled to the options includes Executive Board members, the managing directors of affiliated companies within the meaning of section 15 of the AktG, as well as eligible employees of the Company and its affiliated companies within the meaning of section 15 of the AktG.

The Executive Board, with the approval of the Company's Supervisory Board, is responsible for determining the selection criteria and selecting those employees and managing directors of the Analytik Jena Group to whom options are granted. The Supervisory Board is responsible for selecting Executive Board Members of the Company to receive options.

As of the balance sheet date, all options (previous year: 38,203 options) from the 2000 stock option plan had expired. In financial year 2007/2008, employees of the Company exercised 19,568 options from Tranche III. The remaining option rights lapsed.

As of September 30, 2008, of the total of 186,700 options in circulation (previous year: 195,200 options) from Tranches I and II of the 2004 stock option plan, 4,000 had been exercised. From Tranches I and II of the 2004 stock option plan, 4,500 option rights lapsed during financial year 2007/2008.

No options were granted during the financial year. No expense was incurred from stock options (previous year: EUR 3 thousand).

The development of the stock option plans issued to eligible employees is indicated in the following table:

	No. of options	Weighted average of the exercise prices
Options outstanding at the beginning of the period	233,403	7.14 EUR
Options forfeited during the reporting period	–	–
Options exercised during the reporting period	23,568	5.03 EUR
Options lapsed during the reporting period	23,135	5.54 EUR
Options outstanding at the end of the reporting period	186,700	7.61 EUR
Options that still may be exercised at the end of the reporting period	186,700	7.61 EUR

## 5.12 Noncurrent Financial Liabilities

Financial liabilities are carried at cost. Current and noncurrent financial liabilities are detailed in the following table:

	Interest rate in %	Redemption terms	2007/2008	2006/2007
ERP loan	3.25	1999–2009	29	58
Investment credits	variable	2005–2015	1,052	1,183
Investment loan	6.49	2004–2008	–	12
Liquidity loan	4.50	2001–2010	336	559
Borrower's note loan	variable	2008–2013	11,947	7,149
Loan to finance a participation	10.50	2005–2011	383	383
Finance lease	5.21–6.80	2005–2012	680	976
			<b>14,427</b>	<b>10,320</b>
Less current portion			(674)	(823)
			<b>13,753</b>	<b>9,497</b>

in EUR thousands

With the loan agreement of May 14, 2008, a new borrower's note loan for EUR 12,000 thousand with a term of five years was assumed.

At the same time, the existing borrower's note loan of March 16, 2005 for EUR 7,000 thousand was repaid in full.

The interest rate of the new borrower's note loan and the variable investment credits is based on the 3-month EURIBOR plus the margin.

	2009	2010	2011	2012	2013	From 2014	Total
Redemption amounts	674	451	695	198	12,002	407	14,427

in EUR thousands

Of the noncurrent liabilities disclosed in the balance sheet, a total of EUR 1,528 thousand (previous year: EUR 1,938 thousand) are secured by mortgage charges totaling EUR 3,260 thousand (previous year: EUR 3,260 thousand).

Various capital goods (carrying amount as of September 30, 2008: EUR 206 thousand; previous year: EUR 285 thousand) have also been assigned as security.

Liabilities from leases are recognized if the leased assets are capitalized as the Group's property under property, plant, and equipment (finance leases). They are carried at their present values of EUR 570 thousand (previous year: EUR 848 thousand). Over the next few years, a total of EUR 630 thousand (previous year: EUR 983 thousand) is payable to the lessor. The difference corresponds to the interest portion of EUR 60 thousand (previous year: EUR 135 thousand).

### 5.13 Other Noncurrent Liabilities

Analytik Jena AG has issued three defined benefit plans. They are accounted for using the corridor method in accordance with IAS 19 »Employee Benefits.« The corresponding asset values of the reinsurance are recognized under the other noncurrent assets. The valuation of the defined benefit plans is based on the following insurance assumptions:

	2007/2008	2006/2007
Discount interest rate in %	6.95	5.30
Adjustment of current pensions in %	2.00	2.00

The Heubeck 2005 G recommendation tables form the basis of the calculations.

The liability as of October 1, 2007 amounted to EUR 786 thousand. A pension expense of EUR 72 thousand was recognized in financial year 2007/2008 (previous year: EUR 78 thousand); the balance sheet liability as of September 30, 2008 amounts to EUR 858 thousand. The as yet unrecognized actuarial profits amount to EUR 289 thousand (previous year: EUR 108 thousand). Of the pension expense, EUR 41 thousand (previous year: EUR 44 thousand) accrues to service cost and EUR 36 thousand (previous year: EUR 34 thousand) to interest cost. These items are offset by recognized actuarial profits of EUR 5 thousand (previous year: EUR 0). The specified income and expenses are recognized under the general administrative expenses.

#### 5.14 Provisions

Provisions are measured in accordance with IAS 37 »Provisions, Contingent Liabilities and Contingent Assets« based on the best estimate of the extent of all obligations relating to past business transactions or past events, the amount or timing of which is uncertain. A provision is recognized when, and only when:

- A legal or constructive obligation to third parties results from a past event,
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- A reliable estimate can be made of the amount of the obligation.

When provisions fall due after more than one year, the noncurrent portion of the corresponding present value is discounted.

The provisions of EUR 804 thousand (previous year: EUR 749 thousand) disclosed in the balance sheet are mainly comprised of provisions for warranty claims of EUR 375 thousand (previous year: EUR 314 thousand) and various individual amounts for patent risks and similar circumstances of EUR 429 thousand (previous year: EUR 435 thousand).

The addition to the consolidated group results from the consolidation for the first time this financial year of AJ eBiochip GmbH, while the sale of shares in AJZ Engineering GmbH results in a divestment.

The provisions disclosed in the balance sheet can be broken down as follows:

	10/01/2007	Addition to consolidated group	Utilization	Writing back	Allocation	Divestment from consolidated group	09/30/2008
Warranty claims	314	–	284	–	345	–	375
Other	435	3	76	3	95	25	429
<b>Provisions</b>	<b>749</b>	<b>3</b>	<b>360</b>	<b>3</b>	<b>440</b>	<b>25</b>	<b>804</b>

in EUR thousands

## 5.15 Contingent Liabilities

Contingent liabilities amounted to EUR 21,642 thousand as of the balance sheet date (previous year: EUR 18,881 thousand). They are mainly due to tender bonds, advance payment guarantees, and warranties.

In addition to a self-used credit guarantee of EUR 2,511 thousand, as of the balance sheet date, Analytik Jena is co-liable for the sureties and credits of the majority-sold project company AJZ Engineering GmbH until it has built up its own creditworthiness, which gradually will enable the company to obtain its own credit lines, not secured by Analytik Jena, with banks and credit insurers. Of the funding framework amounting to EUR 28,911 thousand, a total of EUR 19,131 thousand had been utilized as of the balance sheet date on September 30, 2008. Based on past experience, the Group does not currently anticipate that it will be called upon to honor the obligations arising from the contingent liabilities and collateralization that it has assumed on behalf of AJZ Engineering GmbH.

## 5.16 Other Financial Obligations

In financial year 2007/2008, the Company rented four office buildings in Jena, two office buildings in Berlin, and one office building each in Wiehl, Leipzig, Überlingen, and Itzehoe.

In addition, business premises have been leased for subsidiaries outside Germany (USA, Japan, China) as well as representative offices outside Germany (Thailand, China, Egypt, Brazil, India).

A substantial part of the vehicle fleet of the Analytik Jena Group has also been leased. The leases are currently for between 24 and 48 months and end in financial year 2011/2012 at the latest.

EUR 247 thousand (previous year: EUR 242 thousand) relating to leases for vehicles was recognized as an expense.

The rental and lease obligations and order commitments for the period after September 30, 2008 are shown in the following table:

	2009	2010	2011	2012	2013	Total
Rent	1,073	289	210	104	25	1,701
Lease	192	141	47	2	–	382
Order commitments	10,930					10,930

in EUR thousands

## 5.17 Related Party Disclosures

Please refer to sections 7.1 and 7.2 for information on remuneration for members of the Supervisory Board and Executive Board.

Transactions with partners and companies qualifying as related parties in accordance with IAS 24 »Related Parties« are only conducted under conditions of independent business partners. Related party transactions consist of service transactions with Executive Board members of Analytik Jena AG Klaus Berka and Jens Adomat. Both Executive Board members and their wives are shareholders (each holding 25.0%) of A&B und Partner GbR, Jena. Analytik Jena AG has leased its office premises in Jena and Überlingen from this company. The rent paid to A&B und Partner GbR amounted to EUR 815 thousand (previous year: EUR 805 thousand) in the past financial year.

Analytik Jena AG also has supplier relationships with ETG Entwicklungs- und Technologie Gesellschaft mbH in Ilmenau, in which the Company holds a 20.0% interest. In the past financial year, Analytik Jena AG sourced goods worth a total of EUR 2,043 thousand (previous year: EUR 1,720 thousand). As of the balance sheet date, liabilities of EUR 28 thousand (previous year: EUR 81 thousand) were reported.

An exchange of trade receivables and trade payables occurred with AJZ Engineering, which is accounted for using the equity method, in the period from May to September 2008. This exchange led to the recording of income of EUR 172 thousand and expenses of EUR 43 thousand. As of September 30, 2008, the consolidated balance sheet contains trade receivables of EUR 755 thousand and trade payables of EUR 23 thousand with respect to AJZ Engineering GmbH.

## 5.18 Financial Instruments

Financial instruments are contractually-based economic transactions that involve a cash entitlement. A distinction is made here between:

- Primary financial instruments, such as trade receivables and payables or financial receivables and liabilities,
- Derivative financial instruments not involving an underlying hedge transaction and
- Derivative financial instruments such as hedging used to insure against the risks from changes in exchange rates and/or interest rates.

Holdings of primary financial instruments are shown in the balance sheet. In accordance with IAS 39, financial instruments are divided into various categories and based on their classification accounted for at (amortized) cost or at fair value. Due to the short-term nature of receivables and cash and cash equivalents, there are no major deviations between their initial measurement and their fair value.

Changes in the fair value of held-to-maturity financial instruments are recognized in profit or loss. Financial instruments that represent financial obligations are carried at amortized cost. Their carrying amounts generally correspond to their fair values.

The derivative financial instruments include both interest-based and currency-based derivative financial instruments. Analytik Jena AG uses derivative financial instruments primarily as hedges to reduce risks associated with changes in interest rates and exchange rates.

### 5.18.1 Details on the Balance Sheet in Accordance with IFRS 7

The carrying amounts of financial instruments grouped by category in accordance with IAS 39 can be compared in the following tables with their fair values according to the class of financial asset or liability:

	Measure- ment category	Carrying amount 09/30/08	Amounts Recognized in the Balance sheet According to IAS 39				Fair value
			Amortized cost	Acquisi- tion cost	Fair value recognized in equity	Fair value recognized in profit or loss	
<b>Assets</b>							
Originated loans	LaR	98	98	–	–	–	98
Trade receivables	LaR	7,816	7,816	–	–	–	7,816
Other receivables and assets	LaR	3,536	3,536	–	–	–	3,536
Market values of hedging relationships	CFH	58	–	–	58	–	58
Market values of derivative financial instruments	HIM	23	–	–	–	23	23
<b>Financial assets that cannot be assigned to an IAS 39 category</b>							
Cash	–	10,183	10,183	–	–	–	10,183
<b>Liabilities</b>							
Amounts owed to financial institutions	FLAC	16,104	16,104	–	–	–	16,104
Other liabilities	FLAC	1,992	1,992	–	–	–	1,992
Trade payables	FLAC	3,111	3,111	–	–	–	3,111
Market values of derivative finan- cial instruments	FLHFT	338	–	–	–	338	338
<b>Of which, aggregated by category in accordance with IAS 39</b>							
Loans and receivables	LaR	11,450	11,450	–	–	–	11,450
Cash flow hedge	CFH	58	–	–	58	–	58
Held-to-maturity investments	HIM	23	–	–	–	23	23
Financial liabilities measured at amortized cost	FLAC	21,207	21,207	–	–	–	21,207
Financial liabilities held for trading	FLHFT	338	–	–	–	338	338

in EUR thousands

	Measure- ment category	Carrying amount 09/30/07	Amounts Recognized in the Balance sheet According to IAS 39				Fair value
			Amortized cost	Acquisi- tion cost	Fair value recognized in equity	Fair value recognized in profit or loss	
<b>Assets</b>							
Originated loans	LaR	161	161	-	-	-	161
Trade receivables	LaR	10,587	10,587	-	-	-	10,587
Other receivables and assets	LaR	2,341	2,341	-	-	-	2,341
Market values of derivative financial instruments	HIM	168	-	-	-	168	168
<b>Financial assets that cannot be assigned to an IAS 39 category</b>							
Receivables from construction contracts	-	9,694	9,694	-	-	-	9,694
Cash	-	6,990	6,990	-	-	-	6,990
<b>Liabilities</b>							
Amounts owed to financial institutions	FLAC	14,172	14,172	-	-	-	14,172
Other liabilities	FLAC	4,292	4,292	-	-	-	4,292
Trade payables	FLAC	9,404	9,404	-	-	-	9,404
Market values of derivative financial instruments	FLHFT	284	-	-	-	284	284
<b>Financial assets that cannot be assigned to an IAS 39 category</b>							
Liabilities from construction contracts	-	1,552	1,552	-	-	-	1,552
<b>Of which, aggregated by category in accordance with IAS 39</b>							
Loans and receivables	LaR	13,089	13,089	-	-	-	13,089
Held-to-maturity investments	HIM	168	-	-	-	168	168
Financial liabilities measured at amortized cost	FLAC	27,868	27,868	-	-	-	27,868
Financial liabilities held for trading	FLHFT	284	-	-	-	284	284

in EUR thousands

For a comparison with the balance sheet, the following reclassifications should be taken into account:

Balance sheet items	Categories in accordance with IFRS 7
Other current assets	Originated loans
	Market values of derivative financial instruments
	Other receivables and assets
Cash and cash equivalents	Cash
Noncurrent financial liabilities less current portion	Amounts owed to financial institutions
Current portion of noncurrent financial liabilities	
Short-term loans	
Other current liabilities	Other liabilities
	Market values of derivative financial instruments

Moreover, not all balance sheet items are financial instruments in the sense of IAS 32. For example, noncurrent assets, inventories, accruals and deferrals, guarantees, advance payments, as well as deferred tax assets and liabilities do not represent financial instruments.

#### 5.18.2 Disclosure Requirements Regarding Risks from Financial Instruments

In the course of its operational activities, Analytik Jena AG is exposed to credit, liquidity, and market risks. In particular, market risks involve the risks associated with changes in exchange rates and interest rates. Detailed information about risk management is presented in the management report in section 9 »Opportunity and Risk Report«. The following discussion relates to the quantitative impact of risks during the financial year.

## Credit Risks

Credit risk involves the danger that a customer or counterparty of Analytik Jena AG does not fulfill its financial obligations. This results in the danger of both creditworthiness-related impairments of financial instruments and the partial or complete default of contractually stipulated payments. The credit risk of derivatives which are accounted for at fair value normally corresponds to their positive fair value. Derivatives with negative fair values are not subject to any default risk.

The maximum default risk corresponds to the carrying amount of financial assets as of the balance sheet date of EUR 20,929 thousand (previous year: EUR 29,941 thousand). Analytik Jena AG is subject to a negligible extent to default risks associated with other financial assets, particularly those consisting of cash equivalents, loans, and derivatives. Credit risks primarily involve trade receivables. If necessary, these risks can be taken into account through the formation of valuation allowances. The gross amount of trade receivables before valuation allowances amounts to EUR 7,905 thousand (previous year: EUR 10,682 thousand). The maturity structure of receivables as well as the development of valuation allowances during the financial year are shown in the following tables.

### Maturity Structure of Receivables

	Trade receivables	
	2007/2008	2006/2007
<b>Carrying amounts</b>	<b>7,816</b>	<b>10,587</b>
Of which, neither overdue nor impaired	5,364	8,705
Overdue, but not impaired	2,452	1,882
Of which, less than 30 days	1,244	998
Between 30 and 60 days	395	404
More than 60 days	813	480

In EUR thousands

Based on past experience, receipt of payment in the above amount is expected.

### Development of Valuation Allowances

	Valuation allowances for receivables	
	2007/2008	2006/2007
Valuation allowances at the beginning of the financial year	95	63
Allocation	26	39
Utilization	(21)	–
Release	(11)	(7)
<b>Valuation allowances at the end of the financial year</b>	<b>89</b>	<b>95</b>

in EUR thousands

### Liquidity Risk

Liquidity risk encompasses the risk of the Company not being able to fulfill its own payment obligations at all or on time. Assumed loans and liabilities are the primary causes of Analytik Jena AG's existing payment obligations. The carrying amount of all financial liabilities amounting to EUR 21,545 thousand (previous year: EUR 29,704 thousand) represents the maximum liquidity risk exposure of Analytik Jena AG.

The ongoing liquidity needs of Analytik Jena AG are met primarily through existing balances at banks and unused credit lines. Furthermore, a variety of funding sources enables the Company, if necessary, to respond appropriately to changes in the business environment.

The following overview shows the time distribution of net cash used for interest payments and the redemption of interest-bearing financial liabilities.

	Carrying amounts	Net cash used			
		Total	Up to 1 year	1–5 years	More than 5 years
Variable-rate liabilities to financial institutions	14,677 [9,383]	18,445 [10,762]	2,722 [1,896]	15,293 [8,276]	430 [590]
Fixed-rate liabilities to financial institutions	748 [3,813]	874 [4,022]	306 [3,148]	568 [874]	– [–]
Fixed-rate liabilities from finance leases	679 [976]	748 [1,088]	232 [272]	510 [788]	6 [28]
	<b>16,104</b> <b>[14,172]</b>	<b>20,067</b> <b>[15,872]</b>	<b>3,260</b> <b>[5,316]</b>	<b>16,371</b> <b>[9,938]</b>	<b>436</b> <b>[618]</b>

in EUR thousands/previous year values in brackets

The analysis of the expiration dates for derivative financial instruments is shown in the following table:

		Up to 3 months	3–12 months	1–5 years	More than 5 years
Negative market values of derivative financial instruments as of 09/30/2008	338	22	13	73	230
Negative market values of derivative financial instruments as of 09/30/2007	284	–	–	113	171

in EUR thousands

### Interest Rate Risks

Fluctuations in market interest rates for medium- and long-term interest-bearing financial assets and liabilities lead to interest rate risk for Analytik Jena AG. This risk is offset through hedging transactions, depending on the market situation.

Financial assets and liabilities affected by changes in interest rates are shown in the following table:

	Carrying amounts	
	2007/2008	2006/2007
Interest-bearing financial assets	10,281	7,151
Of which, variable rate	10,183	6,990
fixed rate	98	161
Interest-bearing financial liabilities	16,104	14,172
Of which, variable rate	14,677	9,383
Fixed rate	1,427	4,789

in EUR thousands

A change in the market interest rate as of September 30, 2008 of 100 base points would result in an opportunity loss or gain for fixed-rate financial assets of EUR 1 thousand (previous year: EUR 2 thousand).

For financial liabilities, a change within the same range would result in an opportunity loss or gain of EUR 14 thousand (previous year: EUR 48 thousand).

A change of 100 base points would have an effect of EUR 102 thousand (previous year: EUR 70 thousand) for variable-rate financial assets and of EUR 147 thousand (previous year: EUR 94 thousand) for variable-rate financial liabilities.

Analytik Jena AG offsets this risk through interest rate hedges (Caps). As of September 30, 2008, the Group's interest rate derivatives were carried at a nominal amount of EUR 17,367 thousand (previous year: EUR 12,461 thousand). The market values of the derivative contracts were determined according to the mark-to-market method as of the balance sheet date.

	Nominal amounts		Market values	
	2007/2008	2006/2007	2007/2008	2006/2007
Interest rate cap 1	867	961	20	29
Interest rate cap 2	–	7,000	–	111
Interest rate swap 1	1,000	1,000	(73)	(113)
Interest rate swap 2	3,500	3,500	(230)	(171)
Interest rate swap 3	12,000	–	58	–

in EUR thousands

As interest rate swap 3 is designated as a hedge for the variable-rate borrower's note loan and is classified as an effective hedging relationship, the change in the fair value for this swap is recognized in equity.

The fair value (net) of interest-based derivative financial instruments amounts to EUR –225 thousand (previous year: EUR –144 thousand), of which EUR 78 thousand (previous year: EUR 140 thousand) accrue to assets and EUR 303 thousand (previous year: EUR 284 thousand) accrue to liabilities.

### Exchange Rate Risks

The Group's exchange rate risks are attributable to its global business activities as well as fluctuations in financial assets and liabilities denominated in foreign currencies. Forward exchange contracts and currency options are used to hedge exchange rate risk. These transactions relate to hedging substantial cash flows in foreign currencies from the operational business (particularly revenue). Through currency options and forward exchange contracts, exchange rate risk is hedged over a time frame of approximately one year.

The market value of forward exchange contracts is determined depending on forward exchange prices. Currency options are reported at their market value or at an estimated value derived from an option pricing model.

The fair value (net) of interest-based derivative financial instruments as of the balance sheet date amounts to EUR –32 thousand (previous year: EUR 28 thousand), of which EUR 3 thousand (previous year: EUR 28 thousand) accrue to assets and EUR 35 thousand (previous year: EUR 0 thousand) accrue to liabilities.

Foreign exchange transactions at the Analytik Jena Group are primarily denominated in USD and to a much lesser extent in JPY. The extent of exchange rate risk in these currencies is shown on the basis of the nominal amounts as of the balance sheet date as follows.

#### Foreign Currency Sensitivity Analysis

	2007/2008		2006/2007	
	USD	JPY	USD	JPY
Financial assets	3,776	280,808	4,955	170,211
Financial liabilities	578	280,591	584	170,000
Foreign exchange risk from balance sheet items	3,198	217	4,371	211
Foreign exchange risk from floating-rate transactions	2,613	(97,432)	4,470	(52,303)
Transaction-related foreign exchange items	5,811	(97,215)	8,841	(52,092)
Items economically hedged through derivatives	4,500	–	1,000	–
<b>Net position</b>	<b>1,311</b>	<b>(97,215)</b>	<b>7,841</b>	<b>(52,092)</b>

in USD or JPY thousands

A change in the USD exchange rate of 5 % as of the balance sheet date would have a positive or negative effect of EUR 46 thousand on earnings before tax as well as an effect of EUR 13 thousand on the currency translation differences in equity. A change in the JPY exchange rate of the same magnitude would as of the balance sheet date have a positive or negative impact of EUR 32 thousand on earnings before tax and an impact of EUR 3 thousand on currency translation differences.

#### 5.19 Risks Associated with Public Grants

Since 1996, the Company has regularly received subsidies for specific projects in the field of research and development. In the reporting year, these amounts totaled EUR 2,537 thousand for research and development (previous year: EUR 1,433 thousand) and EUR 49 thousand (previous year: EUR 555 thousand) for investments in property, plant, and equipment and intangible assets.

In principle, these grants are only awarded if certain requirements or conditions are met, in some cases extending over a period of several years and into the future. In the event of failure to do so, the Analytik Jena Group could be obliged to repay the grants received in full or in part, which would have an adverse effect on the Company's economic position. Regular reviews of the grants awarded have not resulted in any objections to date.

## 5.20 Capital Management

Analytik Jena AG conducts its capital management primarily with the objective of making working capital available for the Group's operational business, ensuring capital servicing capability, limiting financial risks, and complying with minimum capital requirements (covenants) entered into in connection with the borrower's note loan assumed during the financial year.

The criteria of the borrower's note loan, which are consistent with management's capital control guidelines, consist of a minimum equity ratio, maximum permissible leverage based on the ratio of financial liabilities to EBITDA, and a minimum coverage of net interest expense through EBITDA. With an equity ratio of more than 56.9%, a leverage ratio of <1, and interest coverage of 4.6 during the period under review, the Company satisfies all of the criteria.

Analytik Jena AG prefers to achieve its capital management objectives from cash flows from operating activities. Should in coming years additional capital requirements emerge in the course of major investments or acquisitions, Analytik Jena AG may attempt to acquire additional equity through the issuance of new shares or through an appropriate increase in the amount of borrowing, while taking the above-mentioned considerations into account.

## 6 | Notes to the Cash Flow Statement

Cash flow from operating activities is calculated using the indirect method. This means that non-cash expenses are added to the consolidated net profit for the year, while non-cash income is deducted.

In accordance with IAS 7 »Cash Flow Statements«, cash flows are presented in tabular form and broken down into operating activities, investing activities, and financing activities. In the process, the effects of acquisitions, divestments, and other changes in the consolidated group are eliminated.

Funds include all cash and cash equivalents, i.e. cash and all funds with an original maturity of up to three months.

The incoming payments from the sale and the outgoing payments for the acquisition of treasury shares based on acquisitions are disclosed separately in the inflow of funds from financing activities.

The following net cash flows accrue to the discontinued project solutions business unit:

	2007/2008	2006/2007
From operating activities	(3,855)	(4,440)
From investing activities	(27)	(69)
From financing activities	1,458	(385)
<b>Total net cash flows</b>	<b>(2,424)</b>	<b>(4,894)</b>

in EUR thousands

## 7 | Membership and Total Remuneration of the Executive Board and Supervisory Board

### 7.1 Executive Board

**Klaus Berka**, Dipl.-Ingenieur,

date of birth August 27, 1949

President and Chief Executive Officer since June 2, 1999, appointment until April 28, 2009

Other board memberships:

Member of management at:

- AJ Cybertron GmbH
- AJ Blomesystem GmbH
- AJ Roboscreen GmbH
- AJ Innuscreen GmbH
- AJ Japan Co., Ltd.
- AJ eBiochip GmbH
- AJ Vorratsgesellschaft mbH

**Jens Adomat**, Dipl.-Ingenieur,

date of birth April 22, 1960

Member since June 2, 1999, appointment until April 28, 2009

**Stefan Döhmen**, Dipl.-Kaufmann,

date of birth February 24, 1964

Member since July 1, 2006, appointment until June 30, 2009

Other board memberships:

Member of management at:

- AJ USA Inc.

## Remuneration of the Executive Board

The Executive Board members receive direct and indirect remuneration components, with the indirect remuneration components comprised of pension expenditure.

The direct remuneration of the Executive Board members is comprised of fixed and variable components as well as incentives for the long-term increase of the Company value. In particular, the duties and responsibilities of the respective Executive Board member, the performance of the Executive Board, and the economic position and success of the Company, measured by EBIT, make up the criteria for the suitability of the remuneration. The long-term components of remuneration are comprised of stock options. These are intended to create incentives geared toward the sustainability of the Company's success. Any changes to the performance goals carried out at a later date are excluded.

Advances and loans as well as liability bonds for the benefit of Executive Board members – as in other respects for the benefit of the Supervisory Board members as well – have not been granted.

During the financial year, EUR 49 thousand (previous year: EUR 54 thousand) was paid out for members of the Executive Board for indirect remuneration.

### Executive Board Remuneration for Financial Years 2007/2008 and 2006/2007

Member of Executive Board	Fixed remuneration		Variable, performance-related components		Total	
	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007
Klaus Berka	191,894	171,157	47,090	36,246	238,984	207,403
Jens Adomat	174,550	142,001	23,545	18,124	198,095	160,125
Stefan Döhmen	122,548	107,798	20,000	10,000	142,548	117,798
<b>Total</b>	<b>488,992</b>	<b>420,956</b>	<b>90,635</b>	<b>64,370</b>	<b>579,627</b>	<b>485,326</b>

in EUR

## 7.2 Supervisory Board

In accordance with section 285 no. 10 of the HGB (Handelsgesetzbuch – German Commercial Code), the persons named below are members of the Supervisory Boards or supervisory bodies listed below in accordance with section 125 (1) sentence 3 of the Aktiengesetz (AktG – German Public Companies Act).

**Alexander von Witzleben**, Dipl.-Kaufmann,

Chairman from April 28, 1999 until April 4, 2008, member from April 28, 1999 until April 4, 2008

Member of the Executive Board of Franz Haniel & Cie. GmbH, Duisburg

Other board memberships:

- Chairman of the Supervisory Board of caverion GmbH, Stuttgart
- Chairman of the Supervisory Board of PVA TePla AG, Asslar
- Deputy Chairman of the Supervisory Board of VERBIO AG, Zöbzig
- Member of the Administrative Board of Feintool International Holding AG, Lyss
- Member of the Advisory Committee of Kaefer Isoliertechnik GmbH & Co. KG, Bremen
- Deputy Chairman of the Supervisory Board of TAKKT AG, Stuttgart

**Andreas Krey**, Dipl.-Militärwissenschaftler,

Chairman since April 4, 2008, member since April 4, 2008

Spokesperson for the management of Landesentwicklungsgesellschaft Thüringen, Kranichfeld

Other board memberships:

- Chairman of the Supervisory Board of BATT GmbH, Erfurt
- Member of the Supervisory Board of Stahlwerk Thüringen GmbH, Unterwellenborn
- Member of the Executive Board of CIS, Erfurt
- Member of the Board of Trustees of the University of Applied Sciences Jena

**Prof. Dr. habil. Manfred Grün**, Dipl.-Chemiker,

Deputy Chairman since April 28, 1999, member since April 28, 1999

Managing Director of JenaBios GmbH, Jena, of JenaGen GmbH, Jena, of JenaDrugDiscovery GmbH, Jena, and of Food GmbH, Jena

Other board memberships:

- Member of the Supervisory Board of ADIB Agrar-Dienstleistungs-Industrie und Baugesellschaft mbH & Co. KG, Wiegleben

**Dr. Franz-Ferdinand von Falkenhausen**, independent consultant,

Member since August 27, 2007

Other board memberships:

- Chairman of the Advisory Committee of Thüringer Aufbaubank, Erfurt, 2002–2008
- Member of the Advisory Committee of Deutsche Bundesbank Hauptverwaltung, Leipzig
- Member of the Advisory Committee of Deutsche Bank AG, Frankfurt
- Member of the Advisory Committee of Dresdner Bank AG, Frankfurt
- Deputy Chairman of the Supervisory Board of JPK-Instruments AG, Berlin

### Remuneration of the Supervisory Board

The remuneration of the Supervisory Board in financial year 2007/2008 amounted to EUR 35 thousand. The total remuneration is composed of a fixed amount as well as meeting attendance fees. In financial year 2007/2008, the General Meeting approved changes to the Articles of Association that divided remuneration into fixed and variable components. A distinction is made between the Chairman and the other members in the consideration of scope of activities of the members of the Supervisory Board. The fixed remuneration shown in the following table for financial year 2006/2007 includes a general reimbursement of expenses of EUR 50.00 per meeting.

### Supervisory Board Remuneration for Financial Years 2007/2008 and 2006/2007

	Fixed remuneration		Variable remuneration		Total remuneration	
	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007
Alexander von Witzleben	3,800	20,200	3,750	–	7,550	20,200
Prof. Dr. Manfred Grün	7,500	15,200	2,500	–	10,000	15,200
Dr. Nikolaus Reinhuber	–	7,650	–	–	–	7,650
Dr. Franz-Ferdinand von Falkenhausen	7,500	2,550	2,500	–	10,000	2,550
Andreas Krey	3,750	–	3,750	–	7,500	–
<b>Total</b>	<b>22,550</b>	<b>45,600</b>	<b>12,500</b>	<b>–</b>	<b>35,050</b>	<b>45,600</b>

in EUR

No loans to Supervisory Board members existed at the balance sheet date. No loans were redeemed in the year under review.

## 8 | Remuneration of the Auditors

The auditors and consolidated financial statement auditors were remunerated as follows for the financial year:

	2007/2008
Audit of the consolidated financial statements	65,000
Other audit or evaluation services	500
<b>Total</b>	<b>65,500</b>

in EUR

### German Corporate Governance Code

The Executive Board and Supervisory Board of Analytik Jena AG have issued the declaration relating to the recommendations of the German Corporate Governance Code prescribed in accordance with section 161 of the AktG and made this permanently available for shareholders on the Internet (<http://www.aj-group.de>).

## 9 | Proposed Appropriation of Earnings

The Executive Board proposes carrying forward Analytik Jena AG's net profit for the year as of September 30, 2008 according to commercial law for new account.

Jena, November 21, 2008

The Executive Board of Analytik Jena AG



Klaus Berka



Jens Adomat



Stefan Döhmen

## Consolidated Statement of Changes in Noncurrent Assets

as of September 30, 2008

	Total	Property, Plant, and Equipment			
		Land	Buildings	Plant	Equipment*
<b>Cost</b>					
as of October 1, 2007	34,589	262	4,377	3,885	10,219
Foreign currency gains	36	–	14	–	7
Addition to the consolidated group	20	–	–	–	12
Additions	3,455	–	–	306	1,075
Reclassifications	–	–	16	12	211
Disposals	(1,673)	–	–	(3)	(32)
Deconsolidation/changes in participations accounted for using the equity method	(510)	–	–	–	(576)
Accounted for using the equity method	(451)	–	–	–	–
as of September 30, 2008	35,466	262	4,407	4,200	10,916
<b>Cumulative depreciation and amortization</b>					
as of October 1, 2007	17,257	–	903	2,165	6,593
Foreign currency gains	36	–	2	–	33
Addition to the consolidated group	3	–	–	–	2
Additions	2,184	–	209	274	808
Reclassifications	–	–	–	–	–
Disposals	(1,628)	–	–	(3)	(23)
Deconsolidation/changes in participations accounted for using the equity method	(843)	–	–	–	(348)
as of September 30, 2008	17,009	–	1,114	2,436	7,065
<b>Carrying amount</b>					
as of October 1, 2007	17,332	262	3,474	1,720	3,626
as of September 30, 2008	18,457	262	3,293	1,764	3,851

In EUR thousands

\* Equipment in the amount of EUR 390 thousand was reclassified from inventory to property, plant, and equipment and is included in the additions.

Assets under development	Total	Intangible Assets			Goodwill	Shares in associated companies	Other noncurrent assets
		Development costs	Other intangible assets	Total			
1,256	19,999	4,689	6,987	11,676	2,032	—	882
—	21	—	6	6	—	—	9
—	12	—	8	8	—	—	—
781	2,162	573	239	812	459	—	22
(239)	—	—	—	—	—	—	—
(7)	(42)	(1,598)	(4)	(1,602)	—	—	(29)
—	(576)	(183)	(697)	(880)	(376)	1,753	(431)
—	—	—	—	—	—	(451)	—
1,791	21,576	3,481	6,539	10,020	2,115	1,302	453
—	9,661	2,330	5,110	7,440	130	—	26
—	35	—	1	1	—	—	—
—	2	—	1	1	—	—	—
—	1,291	576	317	893	—	—	—
—	—	—	—	—	—	—	—
—	(26)	(1,598)	(4)	(1,602)	—	—	—
—	(348)	(95)	(400)	(495)	—	—	—
—	10,615	1,213	5,025	6,238	130	—	26
1,256	10,338	2,359	1,877	4,236	1,902	—	856
1,791	10,961	2,268	1,514	3,782	1,985	1,302	427

## Auditor's Report

We have audited the consolidated financial statements prepared by the Analytik Jena AG, Jena, comprising the balance sheet, the income statement, the statement of changes in equity, the cash flow statement, and the notes to the consolidated financial statements, together with the Group management report for the business year from October 1, 2007 to September 30, 2008. 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 (1) HGB are the responsibility of the parent company's management. 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 the 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, and the additional requirements of German commercial law pursuant to § 315a (1) 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 Group 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.

Leipzig, November 21, 2008

KPMG AG  
Wirtschaftsprüfungsgesellschaft

(previously KPMG Deutsche Treuhand-Gesellschaft  
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft)



Liebers  
Auditor

Dr. Schneider  
Auditor

# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Jena, November 21, 2008



Klaus Berka  
Chief Executive Officer  
of Analytik Jena AG



Jens Adomat  
Chief Operating Officer  
of Analytik Jena AG



Stefan Döhmen  
Chief Financial Officer  
of Analytik Jena AG

## Glossary

**AAS (Atomic Absorption Spectroscopy):**

Spectral photometric analysis procedure for the quantitative determination of element concentrations using weakened electromagnetic radiation or incident light intensity.

**Amplification (Latin: amplificatio expansion, amplus broad):**

A molecular-genetic process for replication of DNA. (See also PCR.)

**Analysis/analytcs:**

Testing of medical, biological, or chemical samples using chemical and physical procedures.

**Analytik Jena AG:**

Analytik Jena AG is made up of various branch offices in Germany (Eisfeld, Überlingen) and a number of subsidiaries (AJZ Engineering, AJ Blomesystem, AJ Cybertron, AJ eBiochip, AJ Innuscreen, AJ IDC, AJ Roboscreen).

Additional subsidiaries and representative offices in other countries are also part of the Analytik Jena Group (e.g. AJ USA, AJ Shanghai, AJ Japan, and the Moscow Representative Office).

**Antioxidants:**

Substances that, even in small concentrations, reduce or completely prevent the oxidation of a substance that is present in larger quantities.

**Concentration:**

Proportion of a component in relation to the mass or volume of a mixture. Amount of a substance in a solution.

**Consumer products:**

In addition to capital goods, the Analytik Jena Group also provides goods for (personal) applications in the field of sports, outdoor activities, and hunting via the Eisfeld branch office under the DOCTER® brand name. These include, for example, flashlights, binoculars, and sights.

**contrAA®:**

Award-winning analyzer (analytical solutions business unit) based on the latest technology in the field of atomic spectrometry – High-Resolution Continuum Source AAS.

**Cycler:**

See Thermocycler.

**DNA:**

Short for »deoxyribonucleic acid.« In German, also referred to as DNS, Desoxyribonucleinsäure. Carrier of genetic information of all cells. (See also Nucleic acids.)

**DNA purification:**

Biological cell material is broken up (lysed) and the extracted nucleic acid made available for further investigations with the help of a solid phase.

**German Corporate Governance Code:**

The GCGC is a body of rules that primarily provides recommendations for behavior that determine good corporate leadership and supervision.

**IFRS:**

International Financial Reporting Standards. Collection of standards and interpretations developed by an independent private body, the International Accounting Standards Board (IASB). These standards lay down rules relating to external corporate reporting. The International Accounting Standards were renamed from IAS to IFRS after the reorganization in 2000/2001.

**ISAS (Institute for Analytical Sciences):**

Non-university research institute with a field office in Berlin. Research activities are to be dedicated to application-oriented fundamental research in the of natural sciences in the fields of physics and chemistry.

**Kit (also known as reagent kit):**

Ready-to-use set of materials, in this case chemical solutions or substances and documentation aids used to perform analytical tests.

**KonTraG:**

German Act on Control and Transparency in Business.

**LIMS:**

Laboratory, information, and management system. Comprehensive software to increase efficiency in laboratory operations. Ensures the capture, analysis, processing, transfer, and archiving of data.

**Molecular biology:**

Research into genetic structures and functions at a molecular level, plus protein research.

**Molecular spectroscopy:**

Spectral photometric analysis procedure in which the structure and the type of certain molecules and their concentration is analyzed on the basis of the interaction between electromagnetic radiation and matter.

**Nucleic acids:**

The most well-known nucleic acids are DNA and RNA. Nucleic acids consist of nucleotide subunits, which in turn are made up of a nucleic base (nucleic bases), a phosphate, and a sugar.

**PCR:**

The polymerase chain reaction is a method of replicating the genetic substance DNA without using a living organism, such as the escherichia coli bacterium or the bakers' yeast *Saccharomyces cerevisiae*. (See also Amplification.)

**Pharmacology:**

Is involved in the effect of drugs on the human body or on animals.

**PoC (Percentage of completion):**

Method for determining the profit in the income statement, which according to IFRS is mandatory for long-term manufacturing (manufacturing period of generally more than one year). Realization of profit is therefore based on the degree of completion. This is frequently determined according to the ratio of accrued expenses to the estimated total expenses or the payments already made to the total scheduled payments.

**Screening:**

Testing of a large number of different molecules in a test run, in which chemical substances are mixed together and the mixture is evaluated using a measuring device to determine chemical or biological activities.

**Spectroscopy:**

Describes processes which investigate the absorption or emission of light. Using a spectrometer, a light spectrum, i.e. the intensity of the absorbed or emitted light, is measured in connection with the wavelength.

**Stand-alone device:**

In addition to instruments linked directly to a PC, devices with integrated computers are also included in the range of products.

**Sum parameter:**

Testing and evaluation method used to analyze entire groups of substances with the same features. Useful because there is often a large number of unknown substances in very small concentrations (for example in water), and an individual analysis would be complicated and expensive.

**Thermocycler:**

A thermocycler, also called a PCR device, is defined as a system that is able to independently carry out the temperature cycles of a polymerase chain reaction (PCR).

## Chairman of the Executive Board

Klaus Berka

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## Internet

Up-to-date information on the Internet:

Find out about the latest topics and developments of Analytik Jena AG at any time on the website. You also have the option of receiving information via our newsletter. Simply ask us to add your name to our mailing list.

## Websites

[www.analytik-jena.de](http://www.analytik-jena.de)

[www.bio.analytik-jena.de](http://www.bio.analytik-jena.de)

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[www.ajz-engineering.de](http://www.ajz-engineering.de)

## Financial Calendar 2009

February 12	Publication of interim report for 3 months 2008/2009	Jena
March 19	9 <sup>th</sup> Ordinary Annual General Meeting of Analytik Jena AG	Jena
May 14	Publication of interim report for 6 months 2008/2009	Jena
August 13	Publication of interim report for 9 months 2008/2009	Jena
November	Presentation at the German Equity Forum	Frankfurt a.M.
December 17	Publication of Annual Report for 2008/2009	Jena

These dates may be subject to change at short notice. The current version of the financial calendar can be found on the Company's website.

# Acknowledgements

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This Annual Report is also available in German.

An online version is available at [www.analytik-jena.de](http://www.analytik-jena.de).

