

Annual Report 2002/2003

Analysis systems for environment, medicine and biotechnology.

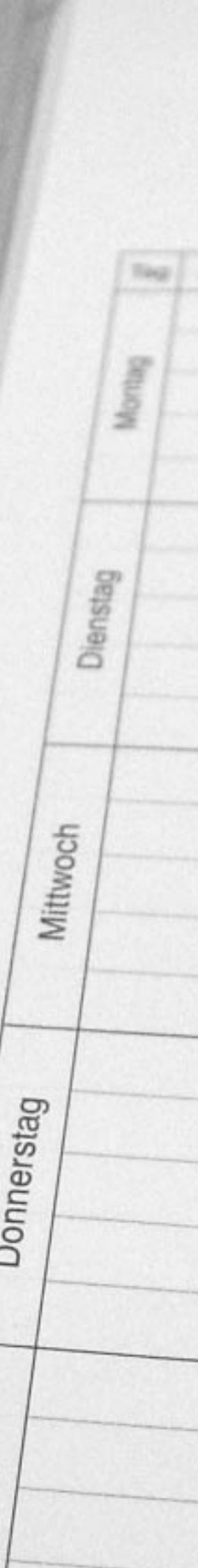
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Key Figures

pursuant to IFRS, for the period from October 1 to September 30, 2003 and 2002

	2002/2003	2001/2002	change
Earnings data			
Total net sales	84,467	64,281	31.40%
analytical solutions	18,269	20,752	-11.97%
bioanalytical solutions	4,555	4,688	-2.84%
project solutions	57,208	34,316	66.71%
optical solutions	4,435	4,525	-1.99%
Germany	35,047	45,506	-22.98%
Europe (excluding Germany)	39,928	11,188	256.88%
North America	1,845	2,886	-36.07%
Asia	5,188	4,036	28.54%
Other countries	2,459	665	269.77%
Export ratio	58.51%	29.21%	
Gross profit	22,427	19,240	16.56%
Gross margin	26.55%	29.93%	
EBITDA	2,690	1,101	144.32%
EBITDA to sales ratio	3.18%	1.71%	
EBIT	983	-1,697	
EBIT to sales ratio	1.16%	-2.64%	
EBT	507	-1,654	
EBT to sales ratio	0.60%	-2.57%	
Net income/loss for the year	376	-2,730	
Basic earnings per share	0.10	-0.75	
Diluted earnings per share	0.10	-0.75	
Average shares outstanding (basic)	3,822,629	3,576,373	
Average shares outstanding (diluted)	3,824,790	3,576,879	
Financial data			
Capital investment	1,110	3,760	-70.48%
Depreciation and amortization	1,707	2,798	-38.99%
Personnel expenditure	13,776	15,749	-12.53%
Net cash flow	1,962	-1,642	
Cash and cash equivalents at the end of the year	6,799	4,837	40.56%
Balance sheet data			
Shareholders' equity	20,994	20,446	2.68%
Balance sheet total	52,470	44,756	17.24%
Shareholders' equity ratio	40.01%	45.68%	
Supplementary			
Research and development expenses (gross)	5,591	6,279	-10.96%
Number of employees (at 09/30)	374	393	-4.83%
Orders on hand	96,204	93,696	2.68%
Treasury stock	20,850	27,516	

All figures in EUR'000, with the exception of amounts per share and employees



We Face Up to Market Requirements.

To make a suitable assessment of completed work, you need instruments that follow objective standards. School students, for example, are graded according to the relevant curriculum requirements. In Germany, numerical grades have proved their worth since the early nineteenth century as a control mechanism for assessing performance. Looked at over the year as a whole, they convey an objective view of a student's standard of work.

Similarly, it is important for every listed company to know how it is doing. The transparent corporate policy required by lawmakers in the German Corporate Governance Code and the auditor's certification in the financial statements that the company's figures are accurate and shown correctly in the balance sheet are one guide to this. In addition, it is desirable for us to steer the further progress of our corporate development in a profitable manner with the help of external stimuli and competent assessments.

In assessing the past financial year, Analytik Jena would like to use the school example as a model. In the past twelve months, we set ourselves precisely formulated tasks and assessed their outcomes immediately. That helped us to combat the many adversities on the market resolutely and actively.



In the past twelve months, we have been challenged by precisely formulated tasks. We now present to you a direct assessment of the results and look forward to your feedback.

We can be satisfied with the result. The AJ share has shown a pleasing development and our company has returned to the profit zone. We have achieved sustained expansion in exports, thereby compensating for slack domestic demand.

At the end of this 2002/2003 annual report, you have the opportunity to issue us with a school report. We request you to award grades for the different activities of our Investor Relations unit because we aim to continue informing you fully and in a timely manner by means of an open, transparent corporate policy, and to optimize our processes.

We hope you enjoy reading this report and look forward to receiving your feedback.

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Jürg Briner

Jens Adomat

Klaus Berka

To Our Shareholders

Ladies and Gentlemen,

The last financial year posed a special challenge for the Company. All of Analytik Jena's employees worked hard to contribute toward braving political and economic influences and thereby toward restoring the Company's profitability.

The war in Iraq and the ongoing fear of terrorist attacks led to a serious decline in sales in our core segments analytical solutions and bioanalytical solutions. In addition, investment restraint in Germany, SARS and the weakness of the dollar made business more difficult both nationally and internationally. As well as this, we were already obliged to initiate internal structuring measures at the beginning of the year.

As a result, we were able to reduce costs effectively in production and in administration, too. Cost optimization was achieved in part for many of our equipment systems with contribution margins that do not yet stand up to international comparison and will continue to be pursued resolutely. We were able to complete many lead-time investments in research and sales. Together with all of our employees we have shown great unity in consolidating the Group successfully and positioning it more strongly than ever internationally.

We have increased our export quota to 58.5%, due mainly to the outstanding orders position in the business unit project solutions. With several large-scale orders from Russia and Brazil we maintained an order volume of nearly EUR 100 m. The project unit continued to be a stable and calculable factor in the growth of the Analytik Jena Group

this year, with a share of more than two thirds of sales. It was pleasing to be able to report the first large-scale orders – from China and the United Arab Emirates, for example – as a result of international tenders in the business unit analytical solutions, too.


In the reporting period we succeeded in achieving double-digit sales growth to over EUR 84 m, thereby exceeding our stated target of EUR 80 m. Even more importantly for us, we reached breakeven. With an EBIT of nearly EUR 1 m, we made fine progress year on year.

As you will have noticed, the general economic situation was reflected in the price of Analytik Jena stock. After a record low water mark of EUR 2.28 in August 2003 that was due to the economic situation, to restructuring at Analytik Jena and to the uncertain state of the capital market, the share price rose to over EUR 7.00.

At the beginning of the new financial year the Company is well positioned and in our view well able to take up the challenge of the markets. Our strong research and development division will ensure innovations in the instrument segment. This year too, products that are the first of their kind in the world are in the pipeline. Our order books are full until well into 2005. With markedly increased efficiency in nearly all areas of the Company we are well prepared for the challenges that lie ahead. The weakness of the dollar is the only factor that weighs heavily on us, and we must take up the challenge of coming to terms with it. In the final analysis nothing stands in the way of further growth at Analytik Jena, which will naturally be to your benefit too.

I sincerely hope you enjoy reading this annual report.

Yours,



Klaus Berka
CEO, Analytik Jena AG

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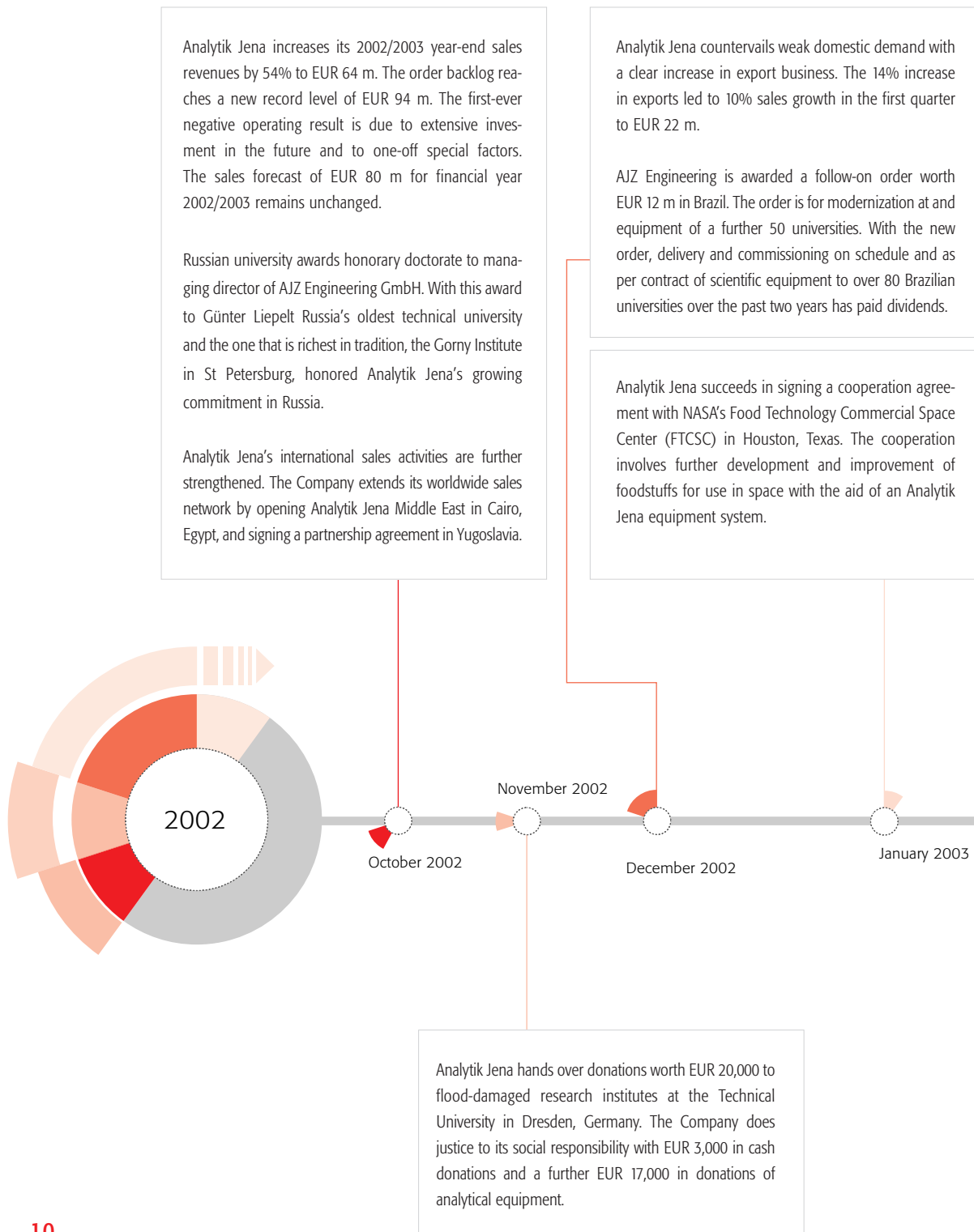
HAUSHALTSPLAN

MONATAG	DIENSTAG	MITTWOCH
Markte stärken, weltweite Etablierung fortsetzen	Entwicklung neuartiger Produkte abschließen	Corporate Governance checken
		Marktkapitalisierung verbessern

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We are doing our utmost to take the Analytik Jena brand and our products forward worldwide.

Chronicle of the Financial Year



A positive consolidated first-half result demonstrates that Analytik Jena is fulfilling its tasks conscientiously. The positive result is due in part to the merger of AJ USA and AJ APS Technologies with effect from January 1, 2003. The cost reduction measures initiated are starting to bear fruit accordingly.

Analytik Jena AG announces the appointment of Swiss-born Jürg Briner to the executive board. Graduate in Business Studies, Briner, an auditor with international management experience, assumes responsibility for Accounts and Controlling from June 1, 2003.

A successful trade fair showing. At ACHEMA in Frankfurt/Main, Analytik Jena AG demonstrates its performance capability to an international public with brand new products such as the mercur, the novAA® range and the new multi EA®3100 elemental analyzer.

In the third quarter, Analytik Jena succeeded in the face of great economic adversity in boosting consolidated sales revenues to EUR 58 m. This success was due largely to the fine orders position in the business unit project solutions.

Close business ties with the CIS states. AJZ Engineering, a joint venture set up by AJ and Carl Zeiss GmbH, books a large-scale order to equip three hospitals in Moscow. This order, worth more than EUR 11 m, is for equipping the hospitals with medical equipment and consolidates further Analytik Jena's position in the Russian market.

March 2003

May 2003

June 2003

July 2003

September 2003

2003

In Havana, Cuba, the Company wins the coveted gold medal for quality and innovation. This top award, made on the occasion of Analytik Jena's participation at the Salud Para Todos trade fair in Cuba, is an international accolade for the Company's work.

Large-scale order in Dubai - Analytik Jena subsidiary AJ Blomesystem is awarded the contract to implement its LIMS system for 400 end users at the Dubai Central Laboratories. AJ Blomesystem made the running in the tender against more than 150 competitors.

The Share

Development of the Analytik Jena Share Price



A number of changes took place in capital markets during the last financial year. With effect from January 1, 2003 the Neuer Markt was replaced and two new stock market segments, General Standard and Prime Standard, were launched for stocks and stock derivatives traded on the German stock exchange.

The new Prime Standard is designed mainly for companies that aim to open up to international investors in addition to domestic investors. The transparency requirements it places on the issuer are higher than those of the General Standard. Analytik Jena AG opted

for Prime Standard and already qualified for admission to the new quality segment in the run-up to the restructuring.

The continuing mood of crisis in international financial and capital markets had considerable repercussions on the course of the Analytik Jena share price in the financial year 2002/2003.

In April 2003, for example, the Analytik Jena share price hit a new all-time low of EUR 2.28 in XETRA trading.

Since the end of the 2003 summer recession, along with the first indications of a slight cyclical recovery in our markets, there has been an improvement in the overall mood in the stock markets.

The Analytik Jena share price benefited from this trend and consolidated strongly to its highest price for the

year of EUR 6.80. In our view, the market capitalization of a little over EUR 25 m reflects the Company's future potential to only a limited extent and is based mainly on the Company's current earnings position. We are working on the assumption that, along with continued increases in sales revenues, earnings too will show lasting improvements in the years ahead.

Analytik Jena Share: Key Figures

	Date	in EUR
Closing price at the beginning of the financial year*	October 1, 2002	4.10
Closing price at the end of the financial year*	September 30, 2003	4.90
Highest price in the financial year 2002/2003	October 18, 2002	7.80
Lowest price in the financial year 2002/2003	April 14, 2003	2.28

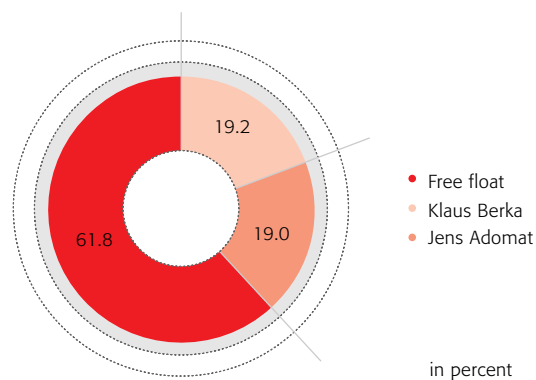
* XETRA closing price

Other Key Share Figures

	September 30, 2003	September 30, 2002	September 30, 2001
Capital stock in EUR	3,849,999	3,849,999	3,500,000
Number of shares	3,849,999	3,849,999	3,500,000
Year-end closing price*	4.90	4.17	13.85
Performance since first issue	-80%	-83%	-42%
Earnings/Loss per share	0.10	-0.75	0.41
Market capitalization	18,864,995	16,054,496	48,475,000

* XETRA closing price in EUR

Current Shareholder Structure at Analytik Jena



Compared with the previous financial year, the proportion of Analytik Jena shares held in free float increased in 2002/2003 from around 54% to 62%. This increase in the free float was due to the disposal of the very large DEWB AG shareholding totaling over 300,000 shares. DEWB, the financial subsidiary of Jenoptik, bought into Analytik Jena in 1998 as venture capital provider with an investment of 24.9% of the stock. In mid-2003, DEWB made use of increased investor

interest in Analytik Jena stock to sell its shareholding in order to enter into new commitments in early financing of optical technologies.

Along with the existing coverage given by Hypo-Vereinsbank, Munich, and equinet securities, Frankfurt, as designated sponsors, Analytik Jena is analyzed regularly by LBBW and M. M. Warburg.

Shares Held by Members of the Executive Board and Supervisory Board

As of September 30, 2003, members of the executive board held 1,470,500 Analytik Jena AG shares (previous year: 1,464,500) and 50,000 share options (previous year: 48,500). Shares held by members of the

supervisory board as of September 30, 2003, remained unchanged on the year at a total of 5,832. Shares and options held by individual officers of the Company as of September 30 were as follows:

Directors' Holdings

	Shares		Options	
	2002/2003	2001/2002	2002/2003	2001/2002
Executive board				
Klaus Berka	738,250	732,250	24,500	24,500
Jens Adomat	732,250	732,250	24,000	24,000
Jürg Briner	-	-	1,500	-
Supervisory board				
Alexander von Witzleben	2,083	2,083	-	-
Prof. Dr. Manfred Grün	1,666	1,666	-	-
Dr. Nikolaus Reinhuber	2,083	2,083	-	-

as at September 30

Report of the Supervisory Board

In the year under review, the supervisory board performed its statutory duties and the tasks entrusted to it in the Articles of Incorporation, supervising and advising on the work of the Company's executive board. Over and above the minimum statutory requirements and requirements of the charter and bylaws, the supervisory board performed its duties and lent the executive board active support in its work. Orally and in writing, it was briefed regularly on Company policy, the course of business and the Company's economic position. At four joint meetings held in the financial year 2002/2003, the supervisory board observed and accompanied the work of the executive board and business developments. In addition, special attention was paid to specialized issues at regular meetings. What is more, the supervisory board chairman regularly exchanged information and ideas with the executive board chairman.

The focus of consultations was on budgeting and planning for the year under review, on business development in the individual quarters, and on the Company's strategic development. Insofar as it seemed necessary to make a better assessment, responsible members of staff were called in to attend meetings and report on individual agenda items.

The supervisory board further dealt with the progress of the Analytik Jena share price and with the investor relations measures undertaken. It conferred at length with the executive board on soundings as to possible acquisitions.

The supervisory board dealt in detail with the recognized standards of good and responsible corporate governance outlined in the German Corporate Governance Code. Jointly with the executive board, the supervisory board will issue an annual statement of compliance with the recommendations of the German Corporate Governance Code commission, also stating which recommendations were not or are not being adopted.

Stock held by members of the supervisory board is listed under directors' holdings in the management report.

In accordance with the recommendations of the German Corporate Governance Code the supervisory board has obtained a statement by the Company's auditor on which professional, financial or other relationships exist between the auditor and the Company that might give rise to doubts as to the auditor's impartiality (Statement of Independence). The statement also deals with the extent of other consulting services provided to the Company in the year under review.

Analytik Jena AG's annual financial statements and management report for the year ending September 30, 2003 were audited along with the accounts and the risk early warning system by Ernst & Young Deutsche Allgemeine Treuhand AG Wirtschaftsprüfungsgesellschaft, Leipzig. The auditor gave them an unqualified certification. The consolidated

financial statements of Analytik Jena AG were drawn up in accordance with internationally recognized accounting standards (IAS/IFRS). The consolidated financial statements and consolidated management report were also given an unqualified certification.

The auditor stated in connection with the risk early warning system that the executive board had put in place the measures required by Art. 91 Par. 2 of the German Stock Corporation Act (AktG) and that the Company's risk early warning system was suitable for identifying at an early stage developments that might jeopardize the Company's continued existence.

The auditor's reports were discussed in detail with the auditor at the supervisory board meeting held on December 16, 2003, all members of the supervisory board having received the documents in good time ahead of the meeting. At the meeting the auditor outlined the principal findings of the audits and was at the supervisory board's disposal to provide supplementary information.

After presentation of the annual financial statements, the consolidated financial statements and the consolidated management report, the supervisory board agreed with the auditors' findings on the basis of its own examination. It accepted the annual financial statements and consolidated financial statements, which are thereby approved.

At the meeting of the supervisory board held on May 28, 2003, Mr Jürg Briner was appointed as CFO for a three-year term ending on May 31, 2006.

The supervisory board would like to thank all members of the executive board and all employees of the Analytik Jena Group expressly for the hard work they put in during the year under review and to thank the shareholders for the confidence that they have shown in the Company.

Jena, December 30, 2003

For the supervisory board

Alexander von Witzleben

Chairman of the supervisory board

Corporate Governance

For Analytik Jena, corporate governance has played a very important role since the Company's foundation. We welcome the adoption of the German Corporate Governance Code submitted by the Government Commission on February 26, 2002. The awareness of responsibility, transparency and profit orientation that are described in the Code are characteristic of Analytik Jena.

The Company's voluntary commitment to these principles will continue in the future to extend well beyond statutory requirements. The Company's executive board and supervisory board thereby present a clear set of rules that comprises an entire system of responsible corporate management and control geared to enhancing value. In doing so, the executive board and supervisory board collaborate closely for the good of the Company, given that an intensive, ongoing dialog between them forms the basis of efficient corporate governance. We have intensified this dialog step by step and improved it further, taking national and international standards into account. The executive board, for example, briefs the supervisory board regularly, comprehensively and in a timely manner on all aspects of planning, business development, risk status and risk management that are of relevance for the Company.

Analytik Jena attaches special importance to relations with its shareholders. Orientation to the Corporate Governance Code makes it easier especially for shareholders to gain an overview and secure an opportunity to exert influence on the Company. That is why the principle of treating all investors and financial analysts equally in keeping with applicable regulations is seen in the Company as being of great importance. All shareholders are accordingly given access without delay to all the information that has been supplied to financial analysts and comparable addressees. Analytik Jena AG mainly makes use of the Internet to provide timely and consistent information.

Analytik Jena is aware of its responsibility toward its customers, its shareholders and the general public. Good corporate governance is a cornerstone of the basis on which the Company's business is conducted.

Declaration of Conformity

Statement of Compliance with the German Corporate Governance Code by the Executive Board of Analytik Jena AG

Joint statement by the Analytik Jena AG executive board and supervisory board on compliance with the recommendations of the German Corporate Governance Code (GCGC) as per Art. 15 of the German Stock Corporation Introductory Act (EgAktG) in combination with Art. 161 of the German Stock Corporation Act (AktG)

Analytik Jena AG complied in the year under review with the recommendations of the Government Commission German Corporate Governance Code on corporate management and supervision and intends to continue to do so in the future. The few deviations are due to the special structure and, above all, for the sake of more effective value added activities by the Analytik Jena Group. Deviations from the German Corporate Governance Code are as follows:

- a) Compensation of members of the Analytik Jena AG supervisory board is based solely on fixed components (GCGC 5.4.5).
- b) The deadlines of 90 days after the end of the financial year for publication of the consolidated financial statements and 45 days after the end of the reporting period for the publication of interim reports will not be met by Analytik Jena AG for the last time in the financial year 2003/2004 (GCGC 7.1.2).
- c) Given that the supervisory board has only three members, Analytik Jena AG does not comply with the Code's provision for the formation of committees with sufficient expertise to handle complex issues (GCGC 5.3).
- d) Both the German Securities Trading Act and the German Corporate Governance Code require executive board and supervisory board members to notify their company without delay of the purchase or sale of shares in the company, including options and derivatives, and require the company to publish these disclosures. Officers of the company and other people associated with the company and subject to statutory reporting requirements comply with the current requirements of the Securities Trading Act. (GCGC 6.6).
- e) The company shall publish a list of third party companies in which it has a shareholding that is not of minor importance for the enterprise. The following shall be provided: name and headquarters of the company, the amount of the shareholding, the amount of equity and the operating result of the past financial year. Analytik Jena AG complies only in part on this point. Individual operating results of the Group's associated companies are not published on the ground that they would distort the results. (GCGC 7.1.4).

Analytik Jena AG

Jena, December 2003

On behalf of the executive board

Klaus Berka

On behalf of the supervisory board

Alexander von Witzleben

Woche vom

HAUPTBEREICH

TAG

MONTAG

Interne Strukturen optimieren

Kosten senken, Effizienz erhöhen

DIENSTAG

Personalien optimieren

Achema 2003 - Präsentation
neuer Produkte und Dienstleistungen

Konzeptionelle Grundlagen

Umfeldgespräche

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In the past financial year, we successfully performed the task of reducing our costs perceptibly.

Report on the Group and Company Analytik Jena AG

- General economic environment continued to be weak.
- The year was marked by the conflict in the Middle East and the continuing economic slowdown, accompanied by a reluctance to invest.
- Asia's economy was negatively affected by the SARS outbreak.
- Weak dollar hindered export activities in the euro zone.

Last year as a whole was marked by an accumulation of circumstances that hindered business. They had a marked influence on the financial year at Analytik Jena, too. We succeeded in setting course in good time to adjust to cyclical market trends at the start of the year. Given these factors, we regard what has been achieved as a very good result, one that speaks for the evolved strength and homogeneity of the entire enterprise.

1. Analytik Jena against the General Economic Background

Following on from developments in the United States and Asia, overall economic activity stagnated in the euro zone, too, in the last financial year. In Germany, France and the UK especially, the basic demand trend remained weaker than expected. Exports declined as a result of weak economic activity in the rest of the world, too, falling considerably as the euro appreciated significantly in value. In the first half of 2003, the conditions for a recession were fulfilled in Germany.

The crucial factor behind this sustained slowdown in economic activity was an accumulation of serious impacts over the past few years. They include, for instance, the fall in share prices on international stock markets, the September 11, 2001 attacks, the Iraq conflict and the resulting recent rise in the price of oil. Added to this were domestic policy factors. The discussion about new taxation and contribution laws that has been under way since the German general election in 2002 has made both consumers and companies feel unsure.

The global economy has hardly picked up at all since the end of the war in Iraq. After tending to stagnate in the winter half year, the volume of production in the industrial countries developed only slowly. In the European region, especially, overall economic activity still remained weak.

Exports that had increased markedly until fall last year and supported the German economy have since lost considerable momentum. At the same time, the pressure of competition from external providers has increased throughout Europe.

Only since the summer months of 2003 has a slight easing of the situation and an improvement in the economy been discernible. Demand rose faster in the United States and Japan than in Europe. Overall, domestic demand remained weak this year. Since the fall, that is, since the beginning of our current financial year, the first stabilization trends have been discernible in investments in equipment. Evidently, in many cases

necessary investments in replacements and modernization can no longer be postponed. Additionally, financing costs are still at a very low level at present. The prospects for a flourishing global economy are becoming brighter. Together with an economic policy that is clearly geared toward expansion, the conditions for a recovery in economic activity can be judged more optimistically.

2. Sector Situation

Analytik Jena operates in various sectors. While we discern no stagnation in medium- and long-term investment in large-scale projects, the situation in the instrument segment has changed a lot.

Optical technologies, as the company's core competence, are key innovation drivers for the markets of the twenty-first century. Materials processing and product quality checking are being revolutionized by the use of optical systems in a wide variety of sectors. This opens up completely new kinds of possibilities for industrial applications such as the production of extremely small structures in future chip generations, the transfer of information via optical fibers, rapid research into medicines using optical biochips, or the inspection of foodstuffs using new screening processes. As a result, optical, medical and mechatronics technologies are a central focus of the investment goods sector as they represent important drivers for the future.

The analytical and laboratory equipment sector and the optical industry have a large number of small and medium enterprises and are characterized by a few large all-round providers.

Even though the individual segments are heavily fragmented, there are many shared fields of application and points of contact. Products in the sector are found in nearly all areas of life and exert considerable influence on scientific and industrial development. As key and cross-section technologies, they are used in nearly all branches of the economy. Furthermore, the sectors we serve are an important motor of economic life in general.

Many of our main customers are to be found in leading industrial nations such as the United States, France, the United Kingdom, Italy, Japan, Canada and Australia, as well as in the former CIS states. Additional sales potential is also opening up in the Asia.

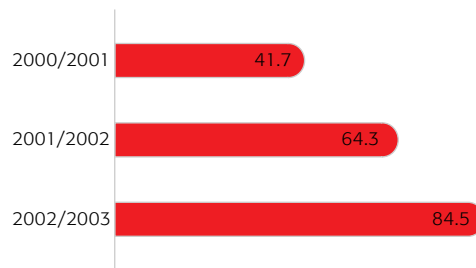
The analytics sub-segment, like the entire optical and medical industry, was unable to follow up the previous year's growth due to the weakness of the global economy and the accompanying decline in domestic demand. Rising sales abroad were unable to compensate fully for this influence.

Manufacturers expect only a slight improvement in the economic situation in the months ahead. However, it looks now as if growth in Germany is set to be much

lower than abroad, where disproportionate benefit is derived from increasing life expectancy and a growing world population.

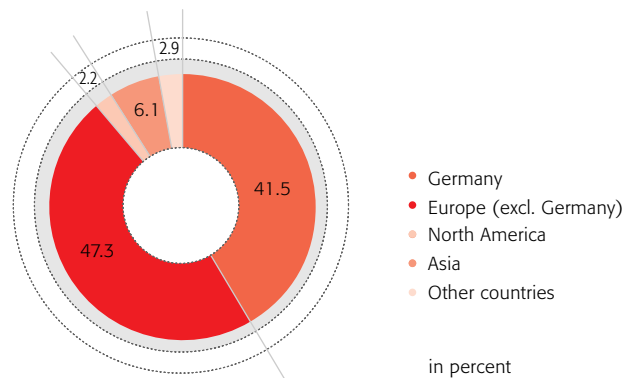
3. Business Trend in the Group

Sales of the Analytik Jena Group



as at September 30, in EUR m

Percentage of Sales by Region



in percent

Sales by Region

	2002/2003	2001/2002	2000/2001	Change 02/03
Germany	35.05	45.50	34.66	-23.0%
Europe (excl. Germany)	39.93	11.19	3.15	+256.8%
North America	1.85	2.89	1.28	-36.0%
Asia	5.19	4.04	2.19	+28.5%
Other countries	2.45	0.66	0.38	+271.2%
Total	84.47	64.28	41.66	+31.4%

as at September 30, in EUR m

In the last financial year, Analytik Jena faced up effectively to the continuing difficult economic situation. The Group compensated to a large extent for the economic recession in Germany by cutting costs and with strong growth in business abroad. By the end of the year, it had even exceeded its target of increasing sales to EUR 80 m. It was also able to return to the profit zone.

Expansion of the product portfolio will help Analytik Jena to go on winning market shares in the international arena. Moreover, the Company built consistently on its position as a system provider. In the last financial year, this found expression in the highly dominant project business that now accounts for roughly two thirds of total sales.

The Group's average gross margin is determined by increasing project business. Due to the high proportion of project business sales and to the continuing weakness of the dollar, against the background of measures initiated to cut cost, at present only slight improvements in the margin are perceptible. Liquidity in the Group is subject to large fluctuations, caused essentially

by project business. However, on the positive side one must say that that all large-scale projects are protected by guaranties and state guarantees, and backed by project-related credit lines from banks. Thus the financial risk of project business is kept very low. The Company takes the view that sufficient cash resources are available to meet coming requirements, too.

With major international projects extending into the financial year 2004/2005 and a rising proportion of exports, the Company has succeeded in becoming relatively independent of regional fluctuations. As a result, we continue to make good progress with our stated goal of opening up international markets.

Total Sales Reach Record Level.

For the Analytik Jena Group, the financial year 2002/2003 was a year of consolidation and restructuring. While the instrument business saw a decline, the Company succeeded in further expanding project business. Analytik Jena Group sales were up 31.4% on the year to EUR 84.467 m (previous year: EUR 64.281 m).

Marked Increase in Foreign Business.

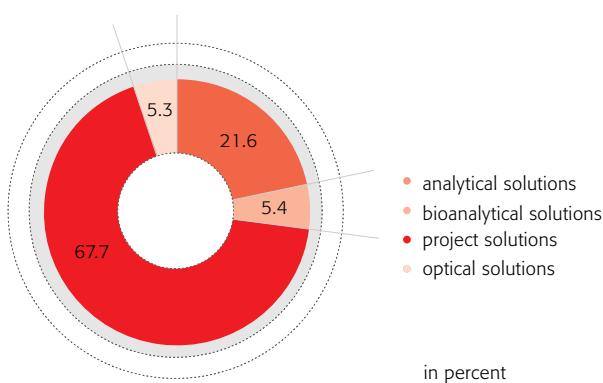
Analytik Jena's position in international competition was strengthened considerably, at a time when willingness to invest on the German market is flagging, by further stepping up foreign sales activities. The sales figures for exports of our equipment are evidence of this. Summing up at this point, the number of systems sold matches the previous year's level. It has even increased by more than 20% in our most important product line, atom absorption spectrometers. However, this also shows that sales are subject to extreme competition pressure which, combined with the dollar trend, led to markedly narrower margins.

In the financial year 2002/2003, the Company managed to increase its export ratio from 29.2% to 58.5%. Foreign revenues last year totaled EUR 49.420 m against EUR 18.775 m in the financial year 2001/2002,

an increase of 163.2%. In Europe, which is Analytik Jena's largest regional market, Group sales increased by 256.9% to a total of EUR 39.928 m. This is primarily attributable to high-volume investment projects in Eastern Europe undertaken by the business unit project solutions. Sales revenues in Asia, which are earned exclusively from the instrument business, showed a correspondingly strong increase of 28.5% to a total of EUR 5.188 m. The sales trend in the American market was downward. In the financial year 2002/2003, the Group brought in EUR 1.845 m in this region, roughly EUR 1 m down on the previous year. This 36.1% drop was due mainly to the factors mentioned previously.

Germany, the home market, is Analytik Jena's second largest market and contributed EUR 35.047 m toward total sales (previous year: EUR 45.506 m).

Percentage of Sales by Business Unit



Sales by Business Unit

	2002/2003	2001/2002	2000/2001	Change 02/03
analytical solutions	18.27	20.75	13.42	-12.0%
bioanalytical solutions	4.56	4.69	2.00	-2.8%
project solutions	57.20	34.32	22.46	+66.7%
optical solutions	4.44	4.52	3.78	-1.8%
Total	84.47	64.28	41.66	+31.4%

as at September 30, in EUR m

Strong Growth in Project Business.

Despite the generally poor economic conditions, the business unit project solutions showed a marked increase in sales. Revenues in this unit rose by 66.7% in the financial year 2002/2003 to EUR 57.208 m (previous year: EUR 34.316 m). The business unit project solutions has orders on hand totaling EUR 90.379 m for projects to be realized over several years, focusing mainly on the Russian and Brazilian markets.

The business unit analytical solutions posted a decrease in sales in the last financial year. Sales fell 12.0% to EUR 18.629 m (previous year: EUR 20.752 m). Although this business unit succeeded in increasing the number of units of equipment sold, the weak dollar and the price war in the sector led to a reduction in revenue from sales of equipment.

The business unit analytical solutions had orders on hand totaling EUR 4.135 m on the balance sheet date.

In the business unit bioanalytical solutions, Analytik Jena posted sales of EUR 4.555 m in the period under review (previous year: EUR 4.688 m). Sales in this segment were held relatively stable year on year, with a drop of 2.8%. This business unit had orders on hand totaling EUR 0.758 m on the balance sheet date.

In the financial year 2002/2003, the Analytik Jena operation in Eisfeld posted sales revenues of EUR 4.435 m from the sale of optical consumer products, roughly matching the previous year's EUR 4.525 m. Orders on hand totaled EUR 0.932 m as at September 30, 2003.

In all, the Group had orders on hand totaling EUR 96.204 m on the balance sheet date.

4. Development of Costs

Sales costs increased by 37.7% to EUR 62.040 m (previous year: EUR 45.041 m) in the Group. Due to the high proportion of sales contributed by the business unit project solutions, the ratio of sales costs to total revenues rose to 73.4% (previous year: 70.1%). Gross earnings on sales rose by 16.6% to EUR 22.427 m (previous year: EUR 19.240 m).

As regards operating expenses, product selling costs in the year under review increased by 27.9% to EUR 11.893 m (previous year: EUR 9.300 m). We achieved a slight reduction in the ratio of selling costs to total sales, to 14.1% (previous year: 14.5%) in spite of the increase in export business.

As a result of cost reduction measures, administrative costs fell by 18.7% to a total of EUR 3.708 m in the last financial year (previous year: EUR 4.563 m).

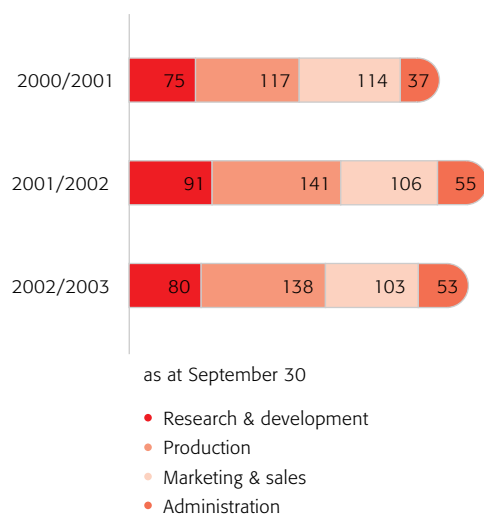
5. Investments

In the past financial year, a total of EUR 1.584 m (previous year: EUR 3.414 m) was invested in property, plant and equipment and intangible assets in the functional areas, with EUR 1.109 m (previous year: EUR 2.823 m) being apportioned to tangible fixed assets and EUR 0.475 m (previous year EUR 0.591 m) to intangible assets.

During the financial year, EUR 0.428 m (previous year: EUR 0.447 m) was invested in new production facilities and prototypes. Investment in software development totaled EUR 0.284 m (previous year: EUR 0.636 m).

In production, research & development and sales, EUR 0.225 m (previous year: EUR 0.541 m) was invested in acquiring further patents, licenses, commercial property rights, trademarks and sales rights.

6. Human Resources



The number of employees fell slightly in the financial year under review.

As at September 30, 2003, the Group employed 374 staff in all. This figure was down 19, or 4.8%, on the previous year's 393 employees. The number of trainees was more or less unchanged at 28 (previous year: 29).

The annual average number of employees in the reporting period was 381.

In the business unit analytical solutions 169 people (previous year: 176) were employed as at September 30, 2003, in bioanalytical solutions 55 (previous year:

62), and in project solutions 49 (previous year: 46). In the business unit optical solutions (formerly manufacturing), 69 people were employed (previous year: 72).

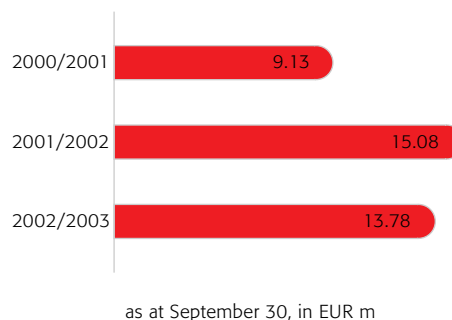
Number of personnel (as at September 30, 2003)	374
Sales head off staff	EUR 0.226 m
Personnel and social expense	EUR 13.776 m
Average age:	
As at September 30, 2002:	43.4 years
As at September 30, 2003:	43.5 years
Qualifications:	
Percentage with academic degree as at September 30, 2002:	60.8%
Percentage with academic degree as at September 30, 2003:	61.5%

Staff numbers were reduced mainly in equipment-specific business units where sales were down in the reporting period compared with the financial year 2001/2002. Due to strong growth in project solutions, additional employees were hired in that business unit in the last financial year.

Broken down by function, last year 138 employees (previous year: 141) worked in production in the AJ Group, 103 (previous year: 106) in sales, and 80 (previous year: 91) in development. The number of employees working in administration was 53 (previous year: 55).

Personnel expenditure was down in the financial year due to the reduction in staff numbers and to other measures by 12.5% to EUR 13.776 m (previous year: EUR 15.749 m).

Personnel Expenditure



Sales Head of Staff



as at September 30, in EUR m

7. Assets, Financial and Earnings Position

In the notes on the assets, financial and earnings position it must be borne in mind that AJ filed its first consolidated financial statements according to IFRS for the year ending September 30, 2003. All stock market listed companies are required to switch to IFRS by 2005. These regulations permit greater transparency and are growing increasingly important for purposes of international comparison. The previous year's figures were also drawn up according to IFRS, so the figures for the financial years 2001/2002 and 2002/2003 are comparable. Comparison with the audited consolidated financial statements to September 30, 2002, which were drawn up according to US GAAP, is not directly possible due to the effects of switching accounting standards from US GAAP to IFRS.

Assets and Financial Position.

Strong sales growth and the restructuring measures initiated made their mark on the Company's balance sheet. The balance sheet total was up 17.2% to EUR 52,470 m (previous year: EUR 44,756 m).

Cash and cash equivalents increased by EUR 1.962 m in the year under review and totaled EUR 6.799 m (previous year: EUR 4.837 m) on the reporting date. Current assets increased year on year to EUR 40.137 m from EUR 32.403 m, due mainly to production orders with a credit balance in respect of customers resulting from billing of large-scale projects in the business unit project solutions. Production orders, with a credit balance, more than doubled last year to EUR 16.873 m from EUR 8.111 m, while inventories were able to be reduced slightly from EUR 8.126 m to EUR 7.398 m despite an increase in the volume of business.

Trade receivables totaled EUR 5.615 m (previous year: EUR 8.381 m) on the reporting date and are down by 33.0% compared with the previous year's balance sheet.

Fixed assets almost unchanged on the year were an indication of the Company's investment restraint. They showed the Group to hold fixed assets (adjusted for deferred taxes) totaling EUR 9.841 m (previous year: EUR 10.095 m) at the end of the reporting year. They included EUR 6.154 m (previous year: EUR 6.247 m) in property, plant and equipment and EUR 2.187 m (previous year: EUR 2.181 m) in intangible assets.

The ratio of fixed to current assets at 32.3% is roughly on a par with the previous year's 39.2%. The Company's investment intensity (fixed assets without deferred taxes as a percentage of the balance sheet total) was down slightly on the year to 18.8% from 22.6%.

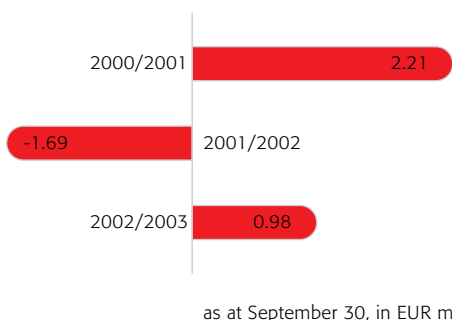
The Analytik Jena Group's total liabilities on the reporting date were up EUR 7.166 m, or 29.5%, on the previous year's EUR 24.310 m to EUR 31.476 m. This increase was due mainly to higher trade payables. Last year, trade payables amounted to EUR 8.629 m. This year, they totaled EUR 15.389 m. Short-term loans increased to EUR 1.287 m (previous year: EUR 0.066 m) due to credit limits being drawn on.

At the end of the financial year, the activities of the business unit project solutions had led to a considerable increase in production orders with a credit balance in respect of customers and a corresponding increase in trade payables.

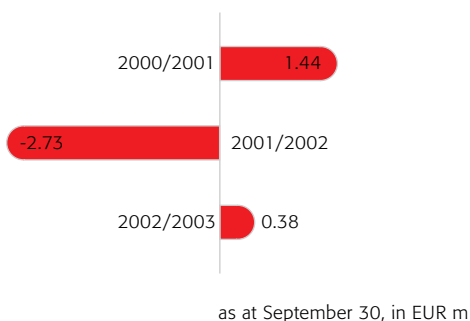
As a result of this, the balance sheet total increased to EUR 52.470 m from EUR 44.756 m and the equity ratio fell to 40.0% from 45.7%. In absolute terms, equity totaled EUR 20.994 m (previous year: EUR 20.446 m) on the balance sheet date after setting off EUR 0.263 m in own shares that did not affect net income. The fixed assets to equity ratio cover amounted to 213.3% (previous year: 202.5%). Current assets less cash and securities were enough to cover 124.4% (previous year: 142.0%) of short-term liabilities.

Earnings Position.

EBIT Development



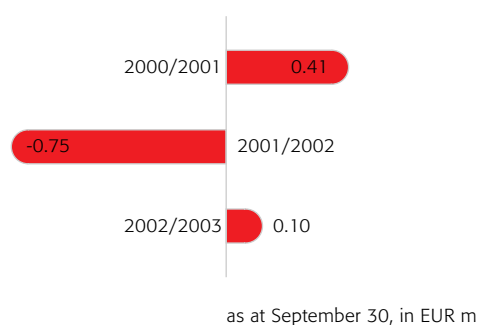
Net Result for the Year



Earnings before interest, taxes, depreciation and amortization (EBITDA) totaled EUR 2.690 m at the end of the financial year 2002/2003, which was a 144.3% improvement on the previous year's EUR 1.101 m. Earnings before interest and taxes (EBIT) at EUR 0.983 m (previous year: EUR -1.697 m) progressed according to plan in the year under review as a result of the cost reduction measures initiated in all areas of the Company.

The interest balance in the reporting period was negative at EUR -0.476 m, due mainly to preproduction financing – essential in project business – of high-volume, long-term orders (previous year: EUR 0.043 m). With earnings before taxes (EBT) of EUR 0.507 m (previous year: EUR -1.654 m) and a tax ratio of 30.2% in financial year 2002/2003, tax burden was EUR 0.153 m, compared with the previous year's tax of EUR 1.087 m). After EUR 0.022 m in minority interests, consolidated net income for the year ending September 30, 2003 was EUR 0.376 m (previous year: EUR -2.730 m), leading to diluted and undiluted earnings per share of EUR 0.10 (previous year: EUR -0.75).

Earnings Per Share



8. Research and Development

Analytik Jena sees research and development activities as its principal driving force for future growth, and it gears its development focus strictly to the requirements of its customers and of the market.

Analytik Jena works very closely with a large number of scientific institutions. This collaboration results in superb technological achievements that are designed to secure future sales for the company. Translation of scientific findings into a product ready for series production requires a great deal of experience. The main focus is on the degree of innovation and the marketability of the new products.

At a time when the dollar is weak and the euro strong, the demand for products with a good margin is intensified. That is precisely why various programs were launched in the Group during the year under review to reduce costs of systems already on the market. These programs, which were partially completed in the year under review, had the effect of maintaining margins relatively constant, despite the sharp drop in sales caused by general factors. Systems in atomic spectrometry and sum parameters, which are especially important for the Company's future development, were a particular point of focus.

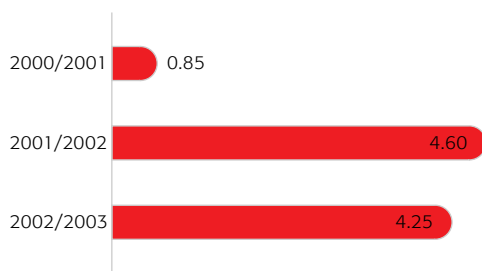
The market launch of new products also had positive consequences in the environs. One example is the mercur[®] mercury analyzer, which met with outstanding market acceptance. This atomic fluorescence spectrometer is used among other things to identify the most minute traces of mercury in liquids.

The demand for these analysis systems is very high and we estimate it to be approximately 300 systems per year. We expect to achieve a market share in excess of 20% already this year. We should emphasize the

Company's product pipeline. In the financial year that has started, too: in the business units analytical solutions and bioanalytical solutions a series of new technologically trend-setting products will be launched on the market. Some are already being tested by customers.

The first public presentation of the new equipment systems is due to be given at ANALYTICA in Munich next May.

Investment in R&D



as at September 30, in EUR m

The number of employees in the Company's research and development unit was 80 (previous year: 91) at the end of the financial year.

In all, around 21.4% (previous year: 23.2%) of Analytik Jena's payroll is employed in research and development.

Research and development spending at EUR 4.251 m was maintained at a fairly stable level compared with the previous year's EUR 4.597 m. Research expenditure including grants and internally produced and capitalized

assets totaled EUR 5.591 m (previous year: EUR 6.279 m) in the reporting period. Last year, Analytik Jena invested around 18.6% (previous year: 18.1%) of its analytical solutions and bioanalytical solutions business units' equipment revenues in research and development.

9. Risk Report

Risk Management System

The risk management system that we operate throughout the Group is constantly being improved and developed further as an integral component of our business processes. Along with monthly reports to the executive board, the ad-hoc risk reporting requirement ensures that the board is always informed without delay and is thereby enabled to take prompt action. The system forms a part of regular reviews by the Company's executive officers and by its auditors in the course of the annual financial statements.

R&D Risks

To ensure the success of R&D issues we continually reappraise the economic and technical success of our innovations, and do so realistically. Customers, too, are involved at an early stage in the development and testing of new products and technologies.

What is more, we maintain a constant watching brief on relevant technology fields and market areas with a view to minimizing risks.

Sales Risks

Even though the cyclical environment has been very weak in recent months we see no fundamental sales risks ahead, given Analytik Jena's wideranging customer structure, worldwide sales structures and product variety. Our subsidiary AJZ Engineering is relatively dependent on large-scale projects, but constantly intensified customer bonding and an increasing presence in the key international markets have a positive, countervailing effect.

Financial Risks

Financial risks are, in particular, currency and interest-rate fluctuations and dependencies on individual banks and financial institutions.

Where the currency risk is concerned, it must be noted that the euro area is the Company's main sales market, thereby reducing the risk. Amounts of foreign currency worth mentioning only occur in U.S. dollars. The Company endeavors by utilizing additional sales potential and, in the medium term, by means of production abroad, to limit the currency risk.

The interest risk consists of the possibility of a significant increase in the general level of interest rates. That would lead to the interest burden on the Analytik Jena Group rising accordingly. In all, the interest risk that the Group runs is considered to be low.

No dependence on individual banks or concentration on credit facilities provided by any single bank exists. Even if a single bank were either to reduce its credit commitment or to relinquish it entirely, the Analytik Jena Group's financing would not be in danger. In all, then, no fundamental risks are recognizable from today's vantage point that might arise from the way in which the Group is financed.

Insofar as is possible and meaningful, we have taken counter-measures to deal with risks that might, if they were to arise, exert a fundamental influence on the Company's assets, financial and earnings situation. Balance sheet precautions in the form of provisions are a case in point.

No legal or arbitration proceedings are currently pending that might have a negative effect on the Group's consolidated results.

The review of the current situation that was undertaken revealed that no fundamental risks existed in the reporting period that might pose a threat to the Company's survival.

10. Supplementary Report

In November 2003, Analytik Jena subsidiary AJ Blomesystem GmbH took over twelve software employees from ESWE Analysentechnik Gera GmbH and opened a new sales and service office in Gera. The ESWE employees are specialized in integrating laboratory information and management systems (LIMS) and in equipment control software and applications development. They had already worked as AJ Blomesystem sales partners in Germany for ten years. This enlargement of human resources at AJ Blomesystem was made necessary in particular against the backdrop of a growing backlog of projects. What is more, ESWE GmbH's wide range of core customers, including the Thuringian State Environmental Agency or the power utility VEAG were taken on board as a part of the acquisition.

Other than that, the Company is not aware of any events that have taken place since the balance sheet date, September 30, 2003, that might exert a special influence on the Group's financial and economic position.

11. Outlook

The starting position at the beginning of the new financial year can be assessed positively. With EUR 96.204 m in orders on hand, the course is already set for further sales growth at the start of the new year. Economic pointers at the end of the old financial year

were likewise positive, and in view of the gradual recovery in the instrument business we expect the first quarter to be a good one for both sales and earnings. For the full year we anticipate double-digit sales growth rates once more. The most serious challenge will be to improve our earnings. Whether we do so will depend on the economy staging a further recovery and on how the dollar exchange rate develops. The dollar's present weakness requires immediate action to find a counterweight to falling margins in the dollar trading area. We see that as our main task in the year ahead. We feel it is a task to which we are equal and expect the result to be a further improvement on last year. Additional stimuli are to be expected from the market launch of new analytical systems based on technologies that are not currently available in the market. That will also help to accelerate opening up of the market by the Analytik Jena brand.

Today, we can build on effective sales structures, innovative R&D activity and a cost-conscious administrative division. All told, we enter the new financial year with great optimism.

Jena, Germany, December 2003
Executive board, Analytik Jena AG

Woche vom

HAUSAUFGABEN

FACH

Kürzungen im Verwaltungsbudget vornehmen

MONTAG

Exportfähigkeit ausweiten
an Internationalität zulegen

DIENSTAG

Konzernumsatz weiter steigern

MITTWOCH

Woche vom

HAUSAUFGABEN

FACH

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By increasing exports to nearly 60%, Analytik Jena was able to successfully adapt to changing economic conditions.

Consolidated Income Statement

for the period from October 1 to September 30, 2003 and 2002

	Notes	2002/2003	2001/2002
Total net sales	5.1	84,467	64,281
Cost of sales		62,040	45,041
Gross profit		22,427	19,240
Selling expenses		11,893	9,300
General administrative expenses		3,708	4,563
Research and development expenses	5.4	4,251	4,597
Goodwill amortization		190	439
Depreciation and amortization on property, plant and equipment and intangible assets		1,517	2,359
Other income		115	321
Operating income/(loss)		983	(1,697)
Interest income		165	678
Interest expenses		641	635
Earnings before taxes		507	(1,654)
Income taxes	5.6	153	1,087
Earnings after taxes		354	(2,741)
Minority interest		(22)	(11)
Net income/ (loss) for the period		376	(2,730)
Basic earnings per share	5.7	0.10	(0.75)
Diluted earnings per share	5.7	0.10	(0.75)

All figures in EUR'000 except earnings per share

Consolidated Balance Sheet

as at September 30, 2003 and 2002

	Notes	2002/2003	2001/2002
Assets			
Short-term assets (current assets)			
Cash and cash equivalents	6.10	6,799	4,837
Trade accounts receivable	6.7	5,615	8,381
Inventories	6.6	7,398	8,126
Amount due on manufacturing orders with credit balance	6.9	16,873	8,111
Prepaid expenses and other current assets	6.8	3,452	2,948
Total short-term assets (current assets)		40,137	32,403
Long-term assets (fixed assets)			
Property, plant and equipment	6.2	6,154	6,247
Intangible assets	6.1	2,187	2,181
Goodwill		1,241	1,431
Other long-term assets		259	236
Deferred taxes	6.5	2,492	2,258
Total long-term assets (fixed assets)		12,333	12,353
Total assets		52,470	44,756
Liabilities and shareholders' equity			
Short-term liabilities			
Short-term loans		1,287	66
Current portion of long-term debt	6.14	636	499
Trade accounts payable		15,389	8,629
Manufacturing orders with a debit balance	6.9	1,639	2,906
Deposits received from customers		169	346
Accrued liabilities	6.12	968	2,200
Other current liabilities		6,707	4,763
Total short-term liabilities		26,795	19,409
Long-term liabilities			
Long-term financial debt less current maturities	6.14	2,241	2,148
Deferred tax liabilities	6.5	1,838	1,449
Other liabilities		602	1,304
Total long-term liabilities		4,681	4,901
Total liabilities		31,476	24,310
Shareholders' equity			
Common stock	6.11	3,850	3,850
Additional paid-in capital	6.11	25,634	25,634
Retained earnings		(8,348)	(8,724)
Less cost of treasury stock		(263)	(347)
Currency translation differences		121	33
Total shareholders' equity		20,994	20,446
Total liabilities and shareholders' equity		52,470	44,756

All figures in EUR'000

Consolidated Statement of Changes in Shareholders' Equity

as at September 30, 2003

	Common stock number of shares	Treasury stock number of shares	Issued capital number of shares	Common stock EUR'000	Additional paid-in capital EUR'000	Retained earnings EUR'000	Treasury stock EUR'000	Currency translation differences EUR'000	Comprehensive Income EUR'000	Total shareholders' equity EUR'000
Balance at Sept. 30, 2001 (US GAAP)	3,500,000	(60,112)	3,439,888	3,500	22,138	2,871	(850)	-	-	27,659
Effects of first-time application of IFRS						(8,865)				
Balance at Oct. 1, 2001	3,500,000	(60,112)	3,439,888	3,500	22,138	(5,994)	(850)	-	-	19,644
Usage of treasury stock		32,596					503			
Capital increase	349,999			350	3,496					
Net loss for the period						(2,730)				
Currency translation differences								33		
Balance at Sept. 30, 2002	3,849,999	(27,516)	3,822,483	3,850	25,634	(8,724)	(347)	33	(2,697)	20,446
Usage of treasury stock		6,666					84			
Net income for the period						376				
Currency translation differences								88		
Balance at Sept. 30, 2003	3,849,999	(20,850)	3,829,149	3,850	25,634	(8,348)	(263)	121	464	20,994

Consolidated Cash Flow Statement

for the period from October 1 to September 30, 2003 and 2002

	2002/2003	2001/2002
Net cash used in operating activities		
Net income/(loss) for the period	376	(2,730)
Reconciliation of net income to net cash provided by/(used in) operating activities		
Amortization of intangible assets and depreciation of property, plant and equipment	1,707	2,798
Increase/(decrease) in bad debt allowances	(393)	(272)
Increase/(decrease) in deferred taxes	155	918
Gains/(losses) from disposal of fixed assets	154	143
(Decrease)/increase in accrued liabilities	(1,232)	(2,087)
Changes in assets and liabilities		
Decrease/(increase) in trade accounts receivable and other assets	2,743	4,952
Decrease/(increase) in inventories	728	(1,275)
Decrease/(increase) in manufacturing orders for customers	(10,029)	(6,049)
(Decrease)/increase in trade accounts payable and other liabilities	8,165	221
Net cash provided by/(used in) operating activities	2,374	(3,381)
Net cash provided by/(used in) investing activities		
Proceeds from disposal and purchase of other long-term assets	(23)	546
Purchase of intangible assets, property, plant and equipment	(1,584)	(2,926)
Acquisition of majority interests less acquired cash and cash equivalents	(256)	(1,380)
Proceeds from disposal of intangible assets and property, plant and equipment	753	-
Net cash (used in) investing activities	(1,110)	(3,760)
Net cash provided by/(used in) financing activities		
Increase/(decrease) in short-term loans	1,221	(100)
Proceeds from long-term financial debt	-	2,239
Redemptions of long-term financial debt	(491)	(486)
Cash received from issue of new shares	-	3,846
Redemptions of financial leasing	(32)	-
Net cash provided by financing activities	698	5,499
Cash and cash equivalents		
Net increase/(decrease) in cash and cash equivalents	1,962	(1,642)
Cash and cash equivalents at the beginning of the period	4,837	6,479
Cash and cash equivalents at the end of the period	6,799	4,837

All figures in EUR'000

Notes to Consolidated Financial Statements

1. General

The parent company Analytik Jena AG and its subsidiaries develop, manufacture and market analytical and bioanalytical equipment systems and system solutions for laboratory automation and industry-specific software solutions. In addition, the Group is specialized 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 especially to users who are active in the growth markets environment, life science, biotechnology, pharmaceuticals and energy. The Analytik Jena Group includes subsidiaries AJ Überlingen GmbH, IDC GmbH, AJ Blomesystem GmbH, AJ Cybertron GmbH, AJZ Engineering GmbH, AJ USA Inc., AJ Italia s.r.l. and Perichrom s.a.r.l. The parent company is domiciled in Jena, Germany.

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

Publication of the consolidated financial statements was agreed by circulation among members of Analytik Jena AG's supervisory board on December 30, 2003.

Analytik Jena AG's consolidated financial statements are drawn up in EUR m.

2. Principles and Methods

Analytik Jena AG's consolidated financial statements as of September 30, 2003 were drawn up in accordance with the accounting standards (International Financial Reporting Standards, IFRS) of the International Accounting Standards Board (IASB). These included the IAS and IFRS applicable as at September 30, 2003 and the corresponding interpretations issued by the Standing Interpretations Committee (SIC). These requirements having been fulfilled without exception, Analytik Jena AG's consolidated financial statements convey an accurate picture of the assets, financial and earnings position and of payment flows in the course of the financial year.

The preconditions required by Art. 292a of the German Commercial Code (HGB) for exemption from drawing up consolidated financial statements to German accounting standards were fulfilled.

The review of whether these preconditions had been met was undertaken in accordance with German accounting standard DRS 1. Analytik Jena AG's consolidated financial statements comply with the European Union directive 83/349/EWG.

The consolidated financial statements were drawn up on the assumption that the Company was to continue trading. No further events occurred before the completion of the consolidated financial statements that had a material influence on the Group's assets, financial and earnings position.

The annual financial statements of companies included in the consolidated financial statements are based on uniform accounting and valuation principles. Individual financial statements filed by consolidated subsidiaries and affiliated companies are drawn up to the same reporting date as those of the parent company.

Individual items are merged for 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 long-term and short-term capital borrowings. Liabilities and accruals are seen as short-term if they are due within a year. A corresponding distinction is drawn in respect of revenues.

3. Notes on the Conversion of Accounts to IFRS

The adjustment of balance sheet and valuation to IFRS regulations from October 1, 2001 was undertaken in accordance with SIC 8 (First Time Application of IAS as the Primary Basis of Accounting) so as not to affect net income and was charged to revenue reserves as if IAS standards had always been applied in drawing up the balance sheet and in valuation. The first-time application of IFRS led to an EUR 8.865 m reduction in revenue reserves compared with the consolidated financial statements to September 30, 2001, which were drawn up to US GAAP in accordance with the exemption permitted by Art. 292a of the German Commercial Code (HGB). This reduction was due especially to consideration of value-clarifying facts over a value clarification period in accordance with Institute of German Certified Public Accountants' Accounting Note RH HFA 1.001.

These consolidated financial statements are restricted not comparable with the published financial statements for the financial years ending September 30, 2002 and September 30, 2001. Taking fiscal effects into account, the EUR 8.865 m change in revenue reserves breaks down into EUR 2.038 m in asset value adjustments for prototypes, software and sales rights, EUR 1.288 m in value adjustments on trade receivables or amounts due on manufacturing orders with credit balance, EUR 1.126 m in current asset value adjustments, EUR 3.227 m in adjustments on the initial consolidation reporting date for AJ APS Technologies Inc. and in goodwill value adjustment arising from the purchase price allocation in connection with that company's acquisition, EUR 0.978 m in value adjustment of deferred tax entitlements from tax carryovers, and EUR 0.208 m in other changes.

4. Principles of Group Accounting

Analytik Jena AG's consolidated financial statements incorporate the financial statements of all companies controlled by Analytik Jena AG directly or via its subsidiaries as per IAS 27 (Consolidated Financial Statements and Accounting for Investments in Subsidiaries). These companies are incorporated in the consolidated financial statements from the time at which Analytik Jena AG or its subsidiaries gain the opportunity to exercise control. Consolidation ends when this opportunity is relinquished.

4.1 Details of Share Ownership as per Art. 285 No. 11 HGB

The statement on share ownership required by Art. 285 No. 11 HGB has, in accordance with Art. 287 HGB, been deposited along with the consolidated financial statements and the consolidated management report with the Commercial Register in Gera, Germany.

4.2 Changes in the Consolidated Entity

In March 2002 the Company acquired a 51.5% holding in Perichrom s.a.r.l. based in Paris, France. Perichrom s.a.r.l. is specialized in developing and selling analytical equipment in the field of gas chromatography.

Including the former partners, Perichrom had a payroll of 8 employees. The French company was included in the consolidated financial statements from March 1, 2002. The Group's income statements include the company's results from the time of the acquisition.

The following table shows the breakdown of the acquisition price by assets and debts acquired:

Assets		
	Inventories	230
	Other assets	212
	Property, plant and equipment	21
	Intangible assets	169
		632
Liabilities		
	Accrued liabilities and other liabilities	480
Acquisition price breakdown		
	Acquired net assets	152
	Goodwill	104
		256

All figures in EUR'000

A pro-forma description of the effect on earnings of the first-time consolidation of Perichrom s.a.r.l. is not provided because the effect is not significant enough to warrant one.

In the financial year 2002/2003 there were no fundamental changes in the Analytik Jena Group's portfolio of shareholdings and participations.

4.3 Currency Translation

Conversion of annual financial statements drawn up by subsidiaries in foreign currencies is undertaken in accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) on the basis of the functional currency concept. Foreign subsidiaries are regarded as economically independent sub-units of the Analytik Jena Group. Balance sheet items are converted accordingly at the exchange rate on the reporting date, except for incorporated subsidiaries' equity, which is converted at historic rates. Income statement items are converted at annualized average exchange rates. Conversion differences arising from the use of different exchange rates for balance sheet and income statement items are charged to equity and do not affect net income.

In individual financial statements foreign currency transactions are converted at the exchange rate on the transaction date. For monetary assets and liabilities the value of which is denominated in a foreign currency, conversion is undertaken at the rate on the reporting date. Exchange rate gains and losses are netted out and therefore affect net income.

4.4 Capital Consolidation

Capital consolidation is undertaken in accordance with IAS 22 (Business Combinations) using the total purchase method of accounting and based on conditions at the time of acquisition. Assets and liabilities are carried at their current market values. Any remaining deferred difference between purchase price and current market price is listed separately as goodwill where it cannot be allocated to other assets held by the subsidiary. As a matter of principle, goodwill is depreciated by the straight-line method over its expected service life of 5 to 20 years.

4.5 Debt and Revenue Consolidation

Receivables and liabilities between consolidated companies are netted out against each other, and value adjustments and accruals within the Group are written back. Interim results and income and expenditure of incorporated companies are eliminated. Tax accruals and deferrals are made accordingly in respect of consolidation transactions with a material effect on results.

5. Notes on the Consolidated Income Statement

5.1 Sales Revenues

The Analytik Jena Group generates sales revenues from the sale of products and systems (instrument business) and from sales of services and products in connection with project business and of independent software marketing (customer-specific construction contracts spanning several reporting periods).

Sales revenues from the instrument business are shown in the accounts when the economic benefit to be derived from the business transaction is likely to accrue to the Company and the sales figure can be stated reliably. Sales are stated net (after sales tax) and after deduction of discounts or price reductions given. Earnings from the sale of goods are shown when the goods have been delivered to the customer and the risks and opportunities have been transferred to the purchaser. Earnings from the provision of services are shown in accordance with the percentage of completion, assuming that this can be determined reliably.

In view of their long-term nature, sales revenues from project business are realized pro rata over the time that it takes to complete them in accordance with IAS 11 (Construction Contracts) and the percentage of completion method, determining the proportion of sales and earnings on the basis of the ratio of incurred costs to total calculated costs. Taking the degree of progress into account, this method is based on estimates. Given the uncertainties that this involves, estimates of the costs that will be incurred by completion, including warranty costs, may need to be adjusted retroactively. Such adjustments of income and expenditure are shown in the period in which the need for adjustment is ascertained. Accruals for imminent losses are made in the period in which the losses become recognizable.

5.2 Cost of Materials

The cost of materials in financial year 2002/2003 was EUR 55.435 m (previous year: EUR 41.507 m).

5.3 Personnel Costs/Staff Numbers

Personnel costs in the financial year totaled EUR 13.776 m (previous year: EUR 15.749 m). The annual average number of staff employed by the Analytik Jena Group in 2003 was 381 (previous year: 381), plus 29 trainees (previous year: 27).

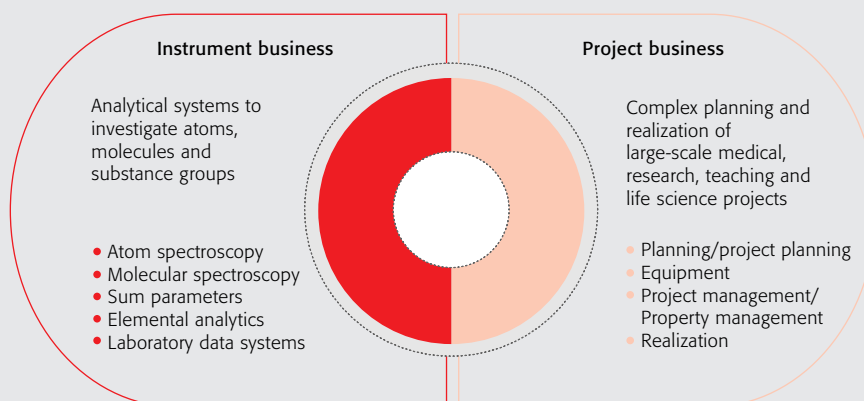
5.4 Research and Development Costs

Research as well as product and process development costs are listed under this heading. General research and development costs are carried as expenditure at the time when they are incurred. Development costs are capitalized insofar as the preconditions for capitalization as per IAS 38 (Intangible Assets) are fulfilled in their entirety. The Company receives grants for certain research and development work that are either netted out against research expenditure or, insofar as they constitute development expenditure that must be capitalized, reduce construction expenditure.

5.5 Segment Reporting

The Analytik Jena Group is managed in business units listed under two segment headings that are based on the economic nature of the business conducted, the kind of services provided and customer relations, and the characteristics of their sale organization.

At present the business units analytical solutions, bioanalytical solutions and optical solutions, listed as the instrument business segment, and the business unit project solutions, listed as the project business segment, form the basis on which Analytik Jena Group structures its primary segment information. For reporting purposes, the business units in the instrument business segment compile sales information by business unit.



In addition, in accordance with IAS 14 (Segment Reporting), individual consolidated financial statement data is listed by region, figures being subdivided in accordance with internal reporting segmentation. In the Analytik Jena Group's consolidated financial statements, segmentation by region consists solely of sales by region.

The European region consists of West European and East European markets. The North American region covers the U.S. and Canadian markets. The Asia-Pacific region includes, among others, Japan, China, Australia and India. Other markets comprise mainly South America and Africa.

Material sales or other performance relationships do not arise within segments. Segment reporting data is carried over to the consolidated balance sheet or the consolidated income statement accordingly by addition of individual segment data for the financial years 2001/2002 and 2002/2003.

	Instrument business		Project business	
	2002/2003	2001/2002	2002/2003	2001/2002
Germany	14,621.8	19,460.0	20,425.1	32,845.6
EU	2,910.3	2,225.7	1.5	74.9
Other European countries	2,294.2	1,881.5	34,722.6	206.0
North America	1,844.6	2,634.3	-	252.8
Asia	5,188.1	4,014.2	-	21.4
Other countries	400.3	560.9	2,058.7	103.8
Sales	27,259.3	30,776.6	57,207.9	33,504.5
Cost of sales	(13,469.4)	(15,454.2)	(48,570.6)	(29,587.4)
Gross profit	13,790.1	15,322.4	8,637.3	3,917.1
Operating income/loss	(594.6)	(2,985.7)	1,578.6	1,289.1
Financial result	90.4	17.1	(566.6)	25.9
Net income/loss for the year	(636.5)	(4,044.5)	1,012.0	1,315.0
Segment assets	31,606.8	32,924.3	20,863.2	11,831.7
Segment liabilities	10,453.9	11,667.3	21,022.1	12,642.7
Investments	1,520.0	2,287.0	87.0	93.0
Depreciation	1,542.0	2,674.1	165.0	123.9
Staff numbers	325	347	49	46

5.6 Income Taxes

Tax income in the reporting year totaled EUR 0.002 m (previous year: EUR 0.011 m). Deferred taxes for the year totaled EUR 0.155 m and for the previous year EUR 1.098 m. Deferred tax for the current financial year results from the balance of newly capitalized loss carryovers amounting to EUR -1.263 m (total of capitalized tax carryovers in financial year 2002/2003: EUR -1.939 m, less value adjustment made in the financial year for loss carryovers: EUR 0.676 m) and the reversal of EUR 1.418 m in time differences (previous year: capitalization of EUR -1.174 m in tax loss carryovers and reversal of EUR 2.272 m in time differences).

As a result of the reform of corporate income tax that came into force in Germany on January 1, 2001, income tax at 25% will apply to financial years from January 1, 2004. At an average trade tax rate and a solidarity surcharge of 5.5%, the effective rate of tax is assessed at 38.1%. Given the first-time application of IFRS and the reversal of its effects within the reporting period, changes in tax rates in 2002 were disregarded to simplify matters.

Assessing income tax at the theoretical amount that would apply using the rate applicable in the country where the Company has its principal domicile leads to the following figures:

	2002/2003	2001/2002
Earnings before income taxes	507	(1,654)
Theoretical income tax expenditure (income) based on a tax rate of 38.1% for the Group	193	(628)
Increase in value-adjusted tax carryovers	-	1,809
Goodwill amortization not afflicted with taxes	(72)	(167)
Tax-free earnings	24	73
Other effects	8	-
Tax burden	153	1,087

All figures in EUR'000

5.7 Earnings per Share

Basic earnings per share are calculated by dividing net income for the period that is due to common shareholders by the weighted average number of shares in circulation during the period.

To calculate diluted earnings per share, the net income for the period that is allocable to common shareholders and the weighted average number of shares in circulation are adjusted for the effect of all potential common stock with a diluting effect (exercise of option rights as specified in the Notes). For this purpose the number of common shares to be taken into account consists of the weighted average number of common shares plus the number of ordinary shares that stand to be issued if all option rights are exercised. Stock option rights are deemed as having been exercised on the day on which the rights were granted.

	2002/2003	2001/2002
Income/loss for the year distributable to common shareholders in EUR '000	376	(2,730)
Average shares outstanding (basic)	3,822,629	3,576,373
Average shares outstanding (diluted)	3,824,790	3,576,879
Basic earnings per share in EUR	0.10	(0.75)
Diluted earnings per share in EUR	0.10	(0.75)

6. Notes on Distinguished Balance Sheet Items

6.1 Intangible Assets

The development of intangible assets is shown in the consolidated movements on non-current assets.

Acquired intangible assets are valued at cost of acquisition less scheduled straight-line depreciation and impairment of value. The estimated useful life of patents, licenses, industrial property and marketing rights is between four and ten years. The useful life of trademarks is expected to be 15 years.

The EUR 1.241 m in goodwill that is listed in the balance sheet consists of active differences resulting from capital consolidation. It was capitalized in accordance with IAS 22 (Business Combinations) and will be written off in a straight line over its probable useful life (5 to 20 years).

Research and development costs are carried as expenditure in the period in which they are incurred except for project development costs that fulfill the following criteria in their entirety:

- The product or process is defined clearly and unambiguously, and the costs can be allocated clearly and determined reliably;
- The product's technical feasibility can be proven;
- The product or process is either marketed or put to the Company's own use;
- The assets will generate a future commercial benefit (there is, for example, a market for the product or, if it is used internally, the product's benefit for the Company can be proven to exist);
- Sufficient technical, financial and other resources are available to bring the project to completion.

Capitalization of costs begins once the above-mentioned criteria are first fulfilled. Costs booked as expenditure in previous accounting periods cannot be capitalized retroactively.

Capitalized development costs are written off in a straight line over their likely service life. The depreciation period will, as a rule, be no longer than five years.

In accordance with IAS 38 (Intangible Assets), EUR 0.601 m in development costs was capitalized in the financial year 2002/2003 (previous year: EUR 1.238 m). Capitalized development costs consist mainly of personnel costs for employees involved in development, cost of materials, external services and overhead costs that can be allocated directly to projects.

6.2 Property, Plant and Equipment

The development of property, plant and equipment is shown in the consolidated movements on non-current assets.

Property, plant and equipment are valued at cost of acquisition or manufacture, taking scheduled depreciation into account if they are subject to wear and tear. Depreciation is undertaken uniformly in the consolidated financial statements according to the straight-line method. Manufacturing costs consist of production and works costs, cost of equipment, other individual costs and production-related manufacturing costs. Interest paid on borrowed capital is not capitalized.

Costs of repairs to fixed assets are, as a matter of principle, carried so as to affect the operating result. They are capitalized if costs lead to an add-on or a material improvement in the value of the asset in question.

If fixed assets are shut down, sold off or abandoned, the profit or loss from the difference between the price realized and the residual book value is booked as other income or other expenditure.

Depreciation of property, plant and equipment is based on a useful life of 25 years for buildings, of 5 to 15 years for machinery and of 3 to 13 years for equipment.

Leased fixed assets that must in commercial terms be regarded as plant or equipment purchased with long-term financing (financial leasing) are carried at current market value in accordance with IAS 17 (Leases) insofar as the cash value of the leasing installments is not lower. Depreciation is scheduled over the fixed asset's useful life (4 to 5 years). If it is not clear whether the item leased will pass into the Company's ownership, depreciation is spread over the leasing term if that is shorter. Payment commitments arising from future leasing installments are carried as financial liabilities.

As part of a sale and leaseback agreement with HVB Leasing, fixed asset items valued at EUR 0.753 m were sold in the year under review. No profits or losses were realized from the sale. The items sold will be leased from HVB Leasing for a period of 48 months. Their ownership will then revert to Analytik Jena AG. The leasing transaction was qualified accordingly as financial leasing. The corresponding liabilities are listed under long-term financial liabilities.

Public sector grants toward fixed assets are deducted from acquisition and production costs in accordance with the IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) option.

Tax-free investment subsidies are defined as liabilities and booked accordingly over their average useful life for the asset category subsidized.

6.3 Financial Assets

In accordance with IAS 39 (Financial Instruments: Recognition and Measurement), the Group's financial assets are subdivided into the following categories:

- (a) held-to-maturity investments,
- (b) financial assets held for trading, and
- (c) available-for-sale financial assets.

Financial assets with fixed or determinable payments and fixed terms that the Company intends and is in a position to hold until maturity are classified as held-to-maturity investments with the exception of loans and claims granted by the Company.

Financial assets acquired mainly to earn a profit from short-term price fluctuations are classified as financial assets held for trading purposes. The Analytik Jena Group holds no financial assets in this category.

All other financial assets except loans and claims granted by the Company are classified as available-for-sale financial assets.

Financial investments to be held until maturity are carried as long-term assets in the balance sheet unless they are due within 12 months of the reporting date.

Financial assets available for sale are carried as short-term assets if the Management intends to realize them within 12 months of the balance sheet date. On the reporting date various individual items under the heading Prepaid expenses and other current assets are listed as available-for-sale financial assets.

On first listing, a financial asset is carried at cost of acquisition as per the current market value of the given counter performance. Transaction costs are included.

Held-to-maturity investments are valued at ongoing cost of acquisition using the effective yield method.

Insofar as profits and losses arise from changes in the current market value of financial assets that are included in Analytik Jena AG's consolidated financial statements, they are stated so as to affect net income. Profits or losses realized in this way during the reporting period were insignificant.

Other long-term assets consist mainly of the cash values of reinsurance policies taken out to cover pension obligations.

6.4 Impairment of Value of Long-Term Fixed Assets

6.4.1 Intangible Assets, Property, Plant and Equipment and Goodwill

Other assets (intangible assets, property, plant and equipment and goodwill) are reviewed for impairment of value if circumstances or changes in circumstances indicate that the book value of an asset might not be realizable. As soon as an asset's book value exceeds the sum that it can realize, an impairment of value is noted with an effect on net income.

The recoverable amount is the higher of an asset's net selling price or its value in use. The net selling price is the sum that can be realized from the sale of an asset on generally accepted market terms less the cost of disposal. The value in use is the cash value of the estimated future cash flow to be expected from the continued use of an asset and its disposal at the end of its useful life.

The recoverable amount is determined individually for each asset item or, if that is not possible, for the cash-generating unit to which the asset belongs. In the Analytik Jena Group, cash-generating units are defined as legally independent units insofar as they do not provide solely intragroup services.

A re-adjustment with an effect on earnings is undertaken for an asset item that at some time in the past has undergone a value adjustment that was carried as an expense, if there are indications that the value adjustment no longer applies or may no longer apply to the same extent. The value recovery is carried as income in the income statement. An asset's value appreciation (or reduction in value adjustment) is only noted, however, if it does not exceed the book value that would have resulted (taking depreciation effects into account) if no value adjustment had been made in previous years.

Exceptionally, a goodwill value adjustment is not rectified in subsequent reporting periods unless the decline in economic usefulness was caused by a specific external event of an extraordinary nature that is not expected to recur and subsequent external events have occurred to reverse the effect of this specific event.

In the financial year 2002/2003, no impairments of value in excess of scheduled depreciation were stated on tangible or intangible fixed assets or goodwill (previous year: EUR 0.982 m) because in respect of either individual assets or cash-generating units no facts or circumstances indicated that the book value of individual assets or cash-generating items might not be realizable or, if such facts or circumstances existed, the realizable value did not fall below the book value of the assets or cash-generating items.

6.4.2 Financial Assets

Financial assets are reviewed for impairment of value on every balance sheet date.

An impairment of value or a value adjustment for receivables affecting net income is undertaken if the Company is likely to be unable to recover all contractual loan amounts, receivables or financial investments to be held until maturity if its financial assets continue to be carried at cost of acquisition in the balance sheet. A value adjustment that has previously been carried as expenditure is rectified with an effect on earnings if the subsequent partial recovery in value (or reduction in value adjustment) can be attributed objectively to a circumstance that has arisen since the original value adjustment. A value appreciation is only noted, however, if it does not exceed the sum that would have arisen in further acquisition costs if the value adjustment had not been made.

6.5 Deferred Taxes

Deferred taxes are carried in accordance with IAS 12 (Income Taxes) using the balance-sheet oriented liability method for temporary differences between the book value of assets and liabilities in the annual financial statement and the tax value used to calculate the taxable result. Deferred taxes both at individual company level and resulting from consolidation processes are taken into account.

The valuation of deferred taxes both payable and refundable takes into consideration the fiscal consequences that arise from the way in which the Company expects either to realize the book value of its assets or to repay its liabilities on the balance sheet date.

Deferred taxes both payable and refundable are stated irrespective of the time when the temporary booking differences are expected to be resolved. Deferred taxes are not discounted and are carried in the balance sheet as long-term assets or long-term liabilities.

Deferred tax entitlements are stated at the level at which it is felt to be likely that future tax refunds will be available. The Company revalues deferred tax entitlements and their book value on every balance sheet date. The Company lists a previously unstated tax entitlement at the level at which it is felt to be likely that future taxable profits will be available to realize the entitlement. Conversely, the book value of a deferred tax entitlement is reduced by the amount by which it is no longer felt likely that a sufficient taxable profit will be available to make use of the entitlement.

The tax effects of time differences and the capitalization of tax loss carryovers leading to material long-term active and passive deferred taxes are as follows:

	2002/2003	2001/2002
Deferred tax assets arising from different times of booking	54	1,084
Deferred tax liabilities arising from different times of booking		
Partial profit realization	1,232	1,028
Capitalized development costs	508	291
Other	98	130
	1,838	1,449
Deferred tax assets on loss carryovers		
Total loss carryovers	4,922	2,983
Value adjustment	(2,484)	(1,809)
Loss carryovers after value adjustment	2,438	1,174
Net balance of deferred taxes (assets)	654	809

All figures in EUR'000

Current German tax legislation permits loss carryovers with no time limit for netting out against a company's future taxable profits. Capitalized deferred taxes on loss carryovers in the Analytik Jena Group consist mainly of Analytik Jena AG loss carryovers from the financial years 2001/2002 and 2002/2003. The Company makes value adjustments on deferred taxes when their realization seems uncertain (not exceeding a time scale of five years at most from the time when the loss carryover was made).

6.6 Inventories

Inventories as of September 30 were as follows:

	2002/2003	2001/2002
Raw materials, auxiliary materials, consumables and merchandise	2,407	2,669
Unfinished products	1,950	2,594
Finished products	3,041	2,863
Total inventories	7,398	8,126

All figures in EUR'000

Raw materials, auxiliary materials, consumables and merchandise are valued at average cost of acquisition, unfinished products at cost of production. These consist of both directly allocable costs and an appropriate share of production and materials overheads and the decline in value of fixed assets insofar as it is due to production. Interest paid on borrowed capital is not capitalized.

6.7 Trade Accounts Receivable

Goods and services provided and billed to customers are carried as Trade accounts receivable. If they have yet to be billed and customers' orders are valued by the percentage of completion method, they are listed under Amount due on manufacturing orders with credit (debit) balance.

All trade receivables are due within a year and are stated at their nominal value, taking all recognizable risks into consideration. As at the balance sheet date, individual value adjustments totaling EUR 0.090 m (previous year: EUR 0.483 m) were made on trade receivables.

6.8 Prepaid Expenses and Other Current Assets

Other receivables and other assets are in principle carried at their nominal value. Other current assets are listed in the following table:

	2002/2003	2001/2002
Sales tax demands	1,709	893
Accounts receivable from grants	701	748
Prepaid expenses	162	113
Other current assets	880	1,194
	3,452	2,948

All figures in EUR'000

6.9 Long-Term Manufacturing Orders

Customer-specific orders that have yet to be billed finally or in part are stated on the basis of the percentage of completion method in accordance with IAS 11 (Construction Contracts) so as to affect the operating result. The degree of completion corresponds to partial performance as at the balance sheet date and is ascertained in accordance with expenditure incurred by the balance sheet date in relation to the probable total cost (cost-to-cost method). Insofar as cumulative performance (contract costs incurred and stated profits) exceeds advance payments in individual cases, manufacturing orders are carried as assets under Amount due on manufacturing orders with a credit balance. If the balance remains negative after deduction of deposits, they are carried as manufacturing orders with a debit balance.

Accruals are made to cover any losses on orders that are expected. They are ascertained taking recognizable risks into account. The sales figures to be used are the sales revenues contractually agreed.

	2002/2003		2001/2002	
	Credit balances	Debit balances	Credit balances	Debit balances
Cost components	25,029	660	16,157	727
Profit components	2,658	34	2,226	608
Total capitalized	27,687	694	18,383	1,335
Deposits received	(10,814)	(2,333)	(10,272)	(4,241)
	16,873	1,639	8,111	2,906

All figures in EUR'000

6.10 Cash and Cash Equivalents

Cash at hand and all funds with an original due date of up to three months are carried as cash and cash equivalents.

6.11 Equity

Development of the Analytik Jena Group's shareholders' equity in the financial years 2001/2002 and 2002/2003 is outlined in the consolidated statement of changes in shareholders' equity.

6.11.1 Subscribed Capital

Analytik Jena AG's capital stock is divided into 3,849,999 no-par-value shares each with a nominal value of EUR 1.00. Each share has one vote. There are no restrictions on voting rights. The common capital stock is paid up in full. After deduction of own shares, capital issued as at the balance sheet date totals 3,829,149 individual bearer share certificates, each with a nominal value of EUR 1.00 (previous year: 3,822,483 share certificates).

6.11.2 Conditional Capital

The conditional capital totals EUR 350,000.00.

A conditional capital increase of up to EUR 350,000.00 consisting of up to 350,000 individual no-par-value shares each with a nominal equity share of EUR 1.00 was approved by the general meeting of shareholders held on June 29, 2000.

The conditional capital increase can be used to make one or more rights issues as per Art. 192 Par. 2 No. 3 of the German Stock Corporation Act (AktG) to members of the company's executive board, to executives of affiliated companies as per Art. 15 AktG and to qualifying employees of the Company and affiliated enterprises.

The conditional capital was entered into the commercial register on August 22, 2000.

The stock option program with a total volume of up to 350,000 rights was to be issued in three tranches. Up to 267,500 options were to be issued to employees of the Company and of affiliated enterprises, up to 30,000 options to executives of affiliated enterprises and the remainder, up to 52,500 stock options, to members of the Company's executive board.

Tranche I, consisting of a total of 245,200 rights, was issued in financial year 1999/2000. Tranche II, consisting of 50,000 options, was issued in full in financial year 2000/2001. Tranche III, consisting of 49,500 options, was issued in financial year 2001/2002. None of the rights issued has yet been exercised. As of the balance sheet date, 29,100 Tranche I options and 4,300 Tranche II options have been forfeited.

In all, 344,700 Tranche I, II and III stock options were issued by the balance sheet date, of which 34,200 have been forfeited. Of the remaining 310,800 option rights (previous year: 275,800) in circulation as of the balance sheet date, 261,800 (previous year: 229,100) were still exercisable.

6.11.3 Authorized Capital

Authorized capital totaled EUR 1,924,999.00 as of September 30, 2003.

The Company's articles of incorporation authorize the executive board to increase the capital stock, subject to approval by the supervisory board, by issuing up to EUR 1,924,999 in new bearer shares by March 19, 2008.

The increase in authorized capital as of September 30, 2003 resulted from the amendment to the articles of incorporation agreed at the general meeting of shareholders held on March 20, 2003.

6.11.4 Additional Paid-In Capital

In 2002/2003 the Additional paid-in capital remained unchanged at EUR 25.634 m.

6.11.5 Treasury Stock

In all, the Company holds 20,850 of its own shares (previous year: 27,516) valued at cost of acquisition. In accordance with SIC 16 (Share Capital – Required Own Equity Instruments “Treasury Shares”), they are listed separately from the shareholders’ equity.

6.12 Other Accruals

Other accruals are valued according to IAS 37 (Accruals, Contingent Liabilities and Contingent Assets) at the best possible estimate of the extent of all commitments as based on past business transactions or past events about which the total amount or maturity is uncertain. Accruals are only taken into account if:

- a legal or factual obligation toward third parties results from a past event,
- an outflow of resources of economic benefit is likely to be required to fulfill the obligation, and
- a reliable estimate of the amount involved is possible.

Where accruals are not due for more than a year, the cash value of the long-term portion is determined by discounting.

Accruals amounting to EUR 0.968 m in the balance sheet (previous year: EUR 2.200 m) consist mainly of EUR 0.342 m in warranty provisions (previous year: EUR 1.088 m) and various individual amounts for project risks and the like totaling EUR 0.626 m (previous year: EUR 1.112 m).

6.13 Stock Options Plan

Analytik Jena Group employees and management have been offered stock options. For the extent of the stock options plan see the notes on equity and conditional capital.

Stock options are valid for a maximum of five years. They are unable to be forfeited and are exercisable after two years of uninterrupted employment by the Company provided that the employee is still in the Company’s employment on the exercise date.

The differences between the exercise price of an option and its current market value have not been charged to revenue and expenditure. Market values of options from the different tranches based on the Black Scholes model were, as at the balance sheet date: EUR 0.02 (compared with EUR 16.88 on the issue date) for Tranche I options (245,200 options at an exercise price of EUR 27.60), EUR 0.61 (compared with EUR 4.60 on the issue date) for Tranche II options (50,000 options at an exercise price of EUR 14.92), and EUR 2.75 for Tranche III options (49,500 options at an exercise price of EUR 5.01). Market values were calculated on the basis of a 50% volatility, a risk-free 4% interest rate and a dividend yield of 0%.

6.14 Long-Term Financial Debt

Financial liabilities are shown in the balance sheet at depreciated cost of acquisition. Details of short- and long-term debt are listed in the following table.

	2002/2003	2001/2002	Terms of redemption
5.95% investment loan (2001-2009)	147	168	monthly as of 10/2001
4.90% investment loan (2001-2004)	84	177	monthly as of 09/2001
8.57% investment loan (2001-2004)	18	22	monthly as of 08/2001
3.25% ERP loan (1999-2009)	173	201	half-yearly as of 09/2001
5.77% financial leasing (1999-2003)	-	33	monthly as of 04/1999
4.50% liquidity loan (2001-2010)	1,454	1,678	half-yearly as of 09/2002
3.13% investment loan (2002-2007)	280	350	half-yearly as of 12/2002
2.33% financial leasing (2003-2007)	721	-	monthly as of 08/2003
Other	-	18	
	2,877	2,647	
Less current maturities	(636)	(499)	
	2,241	2,148	

All figures in EUR'000

The development of future redemption amounts is shown in the following overview:

	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	From 2009	Total
Redemption amounts	636	528	542	520	281	370	2,877

All figures in EUR'000

Of the liabilities listed in the balance sheet, a total of EUR 1.454 m is secured by mortgages totaling EUR 1.541 m.

Various capital goods have also been assigned as security.

Liabilities from leasing agreements are included in the balance sheet when the assets leased are capitalized under fixed assets (financial leasing) as the Group's economic property. They are shown at their cash values. In the years ahead, EUR 0.721 m will be payable to the lessor (see redemption amounts table for due dates).

6.15 Contingencies

On the balance sheet date, contingencies totaled EUR 21,898 m. They resulted mainly from earnest monies, advance payments and guaranties.

6.16 Other Financial Commitments

As in the previous year, the Company rents three business premises in Jena, one each in Berlin, Engelskirchen and Überlingen and a production hall at its Eisfeld location.

In addition, subsidiaries and representative offices rent business premises outside Germany (in the United States, Italy, Thailand, China and Russia).

A large part of the vehicle fleet is leased too. Leasing periods range from 24 to 48 months, ending in the financial year 2006/2007 at the latest.

A total of EUR 0.237 m was booked as expenditure on vehicle leasing agreements in 2003 and EUR 0.279 m in 2002.

The following table shows rental and leasing commitments beyond September 30, 2003:

	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	Total
Rent	781	502	181	181	-	1,645
Leasing	188	91	17	2	-	298

All figures in EUR'000

6.17 Related Parties

Transactions with related parties as per IAS 24 (Related Parties) are conducted exclusively on generally accepted market terms. They mainly involve business with Analytik Jena AG executive board members Klaus Berka and Jens Adomat. They and their wives are partners in A&B und Partner GbR, Jena, in which each holds a 25% stake. Analytik Jena AG rents from this company an office building and a new building in Jena. In this connection, EUR 0.445 m in rent (previous year: EUR 0.327 m) was paid to A&B und Partner GbR in the year under review.

In the previous year and, in part, in the reporting year, DEWB AG was also regarded as a related undertaking. DEWB AG notified Analytik Jena AG in writing on July 14, 2003 that its shareholding in Analytik Jena AG had fallen below the 5% threshold on that day as a result of disposal of the shareholding. In accordance with Art. 21 of the German Securities Trading Act (WpHG) the Company published this information in a supraregional authorized journal for the publication of mandatory stock exchange announcements on July 19, 2003. The German Federal Supervisory Office for Securities Trading was notified on July 22, 2003. DEWB stated that from that time on, it no longer held any Analytik Jena AG stock and was therefore no longer to be qualified as a related undertaking as at the balance sheet date.

Members of the executive board and the supervisory board are also regarded as related parties. Information about the executive board and supervisory board is listed under a separate heading in the notes to consolidated financial statements.

6.18 Risks Arising from Financial Instruments

Financial instruments are contractually agreed commercial activities that involve a cash entitlement. According to IAS 32 (Financial Instruments: Disclosure and Presentation) they include both original financial instruments such as trade accounts receivable and payable and financial receivables and payables. They also include financial derivatives that are used as a hedge against risks arising from exchange and interest rate changes.

The Group makes no use of financial derivatives to manage these risks.

6.18.1 Risk of Default

The Group runs no serious risk of default in respect of payments due from either a single contracting partner or a group of contracting partners with similar characteristics, especially as project business payables are covered by German Hermes export credit guarantees.

6.18.2 Risk of Interest Rate Changes

The Group aims to minimize the risk of interest rate changes by financing on the basis of fixed interest rates. At the year's end, fixed interest rates applied to all of its long-term liabilities.

6.18.3 Liquidity Risk

The Group seeks to have at its disposal sufficient funds and funding equivalents or corresponding irrevocable lines of credit to meet its obligations over the next three years in accordance with its strategic three-year plan.

6.18.4 Exchange Rate Risk

The exchange rate risks that the Group runs are attributable to its worldwide business activity and to operating production and sales facilities in a number of different countries. Hedging tools are not used as a safeguard against exchange rate risks.

6.18.5 Estimate of Current Market Value

Group financial instruments that are not shown in the balance sheet at current market value are first and foremost cash, trade receivables, other short-term assets, other long-term assets, trade and other payables, checking account loans, long-term loans and financial investments that are to be held until they reach maturity.

The book value of cash and advances against checking accounts comes very close to their current market value on account of these financial instruments' short term.

The book value based on historical cost also comes very close to the current market value of accounts and debts that are based on normal trade credit terms.

6.18.6 Risks in Connection with Public Subsidies

Since 1996 the Company has regularly received grants toward specific research and development projects. In the year under review they totaled EUR 0.728 m for research and development (previous year: EUR 0.444 m) and EUR 0.198 m (previous year: EUR 0.280 m) toward investment in tangible and intangible fixed assets.

As a matter of principle, these grants are only awarded if certain 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 might face a demand to repay the grants received either wholly or in part that would have a detrimental effect on the Company's economic position. A review of government grants and funding received for the Eisfeld location that was undertaken in the financial year 2001/2002 gave rise to no objections. Reviews of our research and development grants undertaken in the financial year under review gave rise to no indication that repayments might be demanded.

7. Notes on the Consolidated Cash Flow Statement

Cash flow from current business is determined by the indirect method. In other words, expenditure that has no effect on payments is added to the net surplus for the year, while income that has no effect on payments is subtracted from the net surplus.

Cash flow is represented in tabular form as per IAS 7 (Cash Flow Statement) by current business, investment and financial activities. The effects of acquisitions, disinvestment and other changes in the consolidation entity are eliminated for this purpose.

The financial fund includes all liquid funds, i. e. cash and all funds originally repayable within up to three months.

Interest and income taxes paid during the review periods were as follows:

	2002/2003	2001/2002
Interest paid (net)	641	635
Income taxes received	2	11

All figures in EUR'000

8. Membership and Total Remuneration of the Supervisory Board and Executive Board

Detailed information on this can be found on pages 78 and 79 of this Annual Report.

Corporate Governance Codex

Analytik Jena AG's executive board and supervisory board have issued the statement required by Art. 161 of the German Stock Corporation Act (AktG) on the recommendations of the German Corporate Governance Code and made it permanently available to shareholders on the Internet at www.analytik-jena.de/InvestorRelations.

9. Proposed Appropriation of Earnings

The executive board proposes carrying over Analytik Jena AG's net loss for the year as at September 30, 2003.

Consolidated Movements on Non-Current Assets

as at September 30, 2003

Property, plant and equipment								
	Total	Land	Buildings	Plant	Equipment	Software	Advanced payments	Total
Acquisition/manufacturing costs								
as at October 1, 2002	20,582	405	1,922	2,120	5,196	2,311	1,479	13,433
Additions	1,607	-	8	111	313	284	393	1,109
Rebookings	-	-	-	-	747	-	(747)	-
Disposals	(595)	(27)	-	(9)	(287)	(69)	-	(392)
as at September 30, 2003	21,594	378	1,930	2,222	5,969	2,526	1,125	14,150
Depreciation and amortization								
as at October 1, 2002	10,487	-	375	1,187	4,154	939	531	7,186
Additions	1,707	-	104	160	527	292	-	1,083
Disposals	(441)	-	-	(5)	(229)	(39)	-	(273)
as at September 30, 2003	11,753	-	479	1,342	4,452	1,192	531	7,996
Book value								
as at October 1, 2002	10,095	405	1,547	933	1,042	1,372	948	6,247
as at September 30, 2003	9,841	378	1,451	880	1,517	1,334	594	6,154

All figures in EUR'000

Intangible assets					
	Rights/know-how	Advanced payments	Total	Goodwill	Other long-term assets
Acquisition/manufacturing costs					
as at October 1, 2002	4,567	344	4,911	1,976	262
Additions	225	250	475	-	23
Rebookings	64	(64)	-	-	-
Disposals	(180)	(23)	(203)	-	-
as at September 30, 2003	4,676	507	5,183	1,976	285
Depreciation and amortization					
as at October 1, 2002	2,730	-	2,730	545	26
Additions	434	-	434	190	-
Disposals	(168)	-	(168)	-	-
as at September 30, 2003	2,996	-	2,996	735	26
Book value					
as at October 1, 2002	1,837	344	2,181	1,431	236
as at October 1, 2003	1,680	507	2,187	1,241	259

All figures in EUR'000

Differences in Accounting, Valuation and Consolidation Methods

Analytik Jena AG's consolidated financial statements are drawn up on the basis of Art. 292a of the German Commercial Code (HGB), which exempts it from filing consolidated financial statements in accordance with German commercial law, in conformity with the valid accounting rules of the International Accounting Standards Board (IASB), London. The full consolidated financial statements on the basis of Art. 292a HGB, including details of share ownership, have been entered in the Gera Commercial Register under HR B 0027. IAS/IFRS accounting, valuation and consolidation methods differ from German HGB regulations mainly in the following respects:

Intangible Assets

According to HGB and IAS, intangible assets acquired against payment must be capitalized. The German Commercial Code, in contrast, prohibits charging to capital intangible assets that were not acquired against payment or were constructed by a company for its own use.

According to IAS (IAS 38.45), all costs incurred in the development of self-constructed software designed for sale must, up to the point at which it reaches technological feasibility, be booked as expenditure. Technological feasibility is reached once all activities have been completed that are necessary to prove that the software product can be manufactured in conformity with the design specifications. To demonstrate this, all planning, design, programming and test activities must have been completed before any further development costs can be capitalized. These costs may then be charged to capital until the point at which marketing of the software product can begin.

Product development costs incurred by the Company from the time of technological feasibility to the point at which marketing can begin are substantial and are therefore included in the accounts.

Property, Plant and Equipment

Special accelerated depreciation as permitted in certain parts of Germany was, until 1996, directly set off against acquisition and production costs. As it does not constitute an impairment of value or an extraordinary depreciation as per IAS 36 and the principles documented in IAS 16.60, this special depreciation is eliminated once more and the assets are depreciated according to schedule. This leads to higher depreciation than HGB.

Property, plant and equipment assets are reviewed for impairment of value if conditions or changes in circumstances indicate that the book value of an asset might not be realizable (IAS 36.8). The recoverable amount is the higher of an asset's net selling price or its value in use (IAS 36.5).

Leasing

HGB does not deal explicitly with how to account for leasing business. That is why recourse is generally made for its treatment in financial statements to the terms of contract in respect of the opportunities and risks that result from the use of the leased item. Using this method, leasing agreements are drawn up as a rule to ensure that the lessor carries the leasing items in his accounts.

The classification and, with it, the presentation of leasing transactions in financial statements is based on IAS 17 (Leases), and as in presentation to HGB, on the allocation of commercial and not legal ownership. In detail, however, IFRS differs from HGB in the criteria by which it judges commercial ownership.

Long-Term Construction

In principle, both German commercial law and German accounting principles only allow profits to be realized, even in long-term construction, once the entire order has been delivered and handed over, that is, at the earliest once the contract has been largely performed and the remaining risks are insubstantial (completed contract method). IAS 11 (Construction Contracts) requires sales and results to be realized in accordance with project progress (percentage of completion method).

Treasury Stock

Treasury stock is valued in the consolidated financial statements to IFRS at cost of acquisition and netted out against equity at cost of acquisition. Financial statements prepared in accordance with the German Commercial Code (HGB) require own equity to be listed under current assets and to be valued at depreciated cost of acquisition.

Deferred Taxes

According to HGB, deferred taxes must be calculated for all time-limited differences between values stated in the tax balance sheet and the consolidated balance sheet (the so-called timing concept), whereby the current rate of taxation is applied to the calculation. Deferred taxes may not be stated for quasi-permanent differences that are only resolved over a very long period or in the event of sale or liquidation, and for loss carryovers. DRS 10 requires capitalization of deferred taxes on loss carryovers.

IAS 12 (Income Taxes) requires deferred taxes to be stated for all temporary differences between values in the tax balance sheet and the consolidated balance sheet. In addition, deferred taxes must be included for loss carryovers insofar as use is likely to be made of them. Future taxes payable are to be calculated on the basis of the legal situation on the balance sheet reporting date.

Accruals for Pensions

HGB allows various actuarial procedures to be applied. The going-concern method as per Art. 6a of the German Income Tax Act (EStG) is the usual procedure adopted when presenting accounts to HGB, but it is by no means the only one permitted. Given the freedom that HGB allows in the choice of method, the present value of a pension entitlement may also be used in financial statements under German commercial law.

Current pension contributions are booked under HGB as expenditure in the appropriate area of activities in the year in which they are incurred and are therefore reflected in the operating result.

Pension accruals are calculated using the present value method as per IAS 19, taking future salary and pension increases into consideration.

Other Accruals

According to HGB, in addition to mandatory accruals for liabilities and impending losses, provision may also be made for certain other expenditure that does not involve a commitment toward third parties. Accruals are valued in accordance with commercial principles and with due prudence.

Other provisions are valued as per IAS 37 (Accruals, Contingent Liabilities and Contingent Assets) on the basis of the best possible estimate of the extent of all obligations based on past business transactions or events and of which the amount or due date is uncertain. If accruals are not due for more than a year, the present value of the long-term component is calculated by discounting. Accruals may only be taken into consideration if they result from a legal or factual obligation toward third parties.

IFRS does not permit accruals for expenditure.

Capital Consolidation

Art. 301 HGB offers a choice between the book value and purchase method of accounting. The book value provides for capital to be offset against the total of the book value of asset items, debts, accruals and deferrals, accounting conveniences and special items that must be included in the consolidated financial statements.

Undisclosed reserves may only be disclosed to the amount of the difference between the book value of the participation and the equity offset. Using the purchase method, undisclosed reserves are disclosed in advance and in full, regardless of the equity quota.

For capital consolidation the provisions of DRS 4 must be observed in addition to those of the commercial code. They correspond in principle to capital consolidation procedure in accordance with IFRS.

Since the German Transparency and Publicity Act (TransPuG) came into force, Art. 301 HGB has also restricted to a large extent opportunities to continue with valuations that are conditional on taxes.

Identifiable assets and debts acquired in a corporate acquisition arise from the total of their market values on the day of exchange and at the level of the holding the purchaser has acquired and the share of the book values allocable to minority interests prior to the acquisition (IAS 22.32 benchmark method).

An alternative permitted by IAS 22.34 is to state at their market values the identifiable assets and debts acquired. The minority share is calculated on the basis of the minority interest in the stated market values of identifiable assets and debts reported.

Classification Requirements

IFRS, unlike HGB, does not require a fixed format for the presentation of financial statements. It (IAS 1.66) merely specifies a number of items that constitute a minimum reporting requirement and must be stated regardless of a company's legal form.

Like HGB, it requires consistency of presentation (IAS 1.27) meaning that the chosen format must be maintained. IAS 1.38 makes presentation including figures for the previous year mandatory.

The Income Statement can be presented in either the total cost or the cost of sales format, taking into account the requirements of IAS 1 and IAS 33.47.

Jena, December 2003

Analytik Jena AG

The executive board

Organs of the Company

Executive and Supervisory Board/

Other Directorships

(held in financial 2002/2003)

Executive Board

Klaus Berka

Graduate in Engineering

Date of birth: August 27, 1949

Chairman and CEO since June 2, 1999

Under contract until April 28, 2009

Other directorships:

Director:

- AJ Cybertron GmbH

- AJ Blomesystem GmbH

Board of Directors:

- Analytik Jena USA, Inc.

- Analytik Jena India Pvt. Ltd.

Advisory Board:

- AJZ Engineering GmbH

Jens Adomat

Graduate in Engineering

Date of birth: April 22, 1960

Member since June 2, 1999

Under contract until April 28, 2009

Other directorships:

Director:

- AJZ Engineering GmbH

Jürg Briner

Graduate in Business Studies

Date of birth: December 1, 1952

Member since June 1, 2003

Under contract until May 31, 2006

Other directorships:

None

Melik Maallem

Graduate in Business Economy

Date of birth: April 2, 1957

Member since March 1, 2001

Retired as of December 1, 2002

Executive board remuneration totaled EUR 0.322 m
(previous year: EUR 0.449 m).

Supervisory Board

As per Art. 285 No. 10 of the German Commercial Code (HGB), the persons listed below are serving members of supervisory boards or supervisory bodies specified in accordance with Art. 125 Par. 1 Sentence 3 of the German Stock Corporation Act (AktG).

Alexander von Witzleben

Graduate in Business Studies

Chairman since April 28, 1999

Member since April 28, 1999

Executive board chairman and CEO, Jenoptik AG

Other directorships:

- Vice-Chairman, supervisory board,
Carl Zeiss Meditec AG, Jena,
- Supervisory board member, Krone GmbH, Berlin,
- Chairman,* supervisory board, DEWB AG, Jena,
- Chairman,* supervisory board, Meissner + Wurst
Zander Holding AG, Stuttgart,
- Chairman,* supervisory board,
Jenoptik Photonics AG, Jena

Prof. Dr. habil. Manfred Grün

Graduate in Chemistry

Member since April 28, 1999

Managing director, Agrar- und Umweltanalytik

Jena GmbH

Other directorships:

- Member, supervisory board, ADIB Agrar-
Dienstleistungs-Industrie und Baugesellschaft mbH &
Co. KG, Wiegleben

Dr. Nikolaus Reinhuber

Attorney

Member since September 24, 1999

Partner, Freshfields Bruckhaus Deringer, Frankfurt

Other directorships:

None

Supervisory board remuneration totaled EUR 0.034 m
(previous year: EUR 0.046 m).

* Directorships held within the Jenoptik AG Group

Independent Auditor's Report

"We have audited the consolidated financial statements drawn up by Analytik Jena AG, Jena, for the financial year October 1, 2002 to September 30, 2003, consisting of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in shareholders' equity, consolidated cash flow statement and notes to consolidated financial statements. The drawing up and contents of the consolidated financial statements are the responsibility of the Company's executive board. Our task is to deliver, on the basis of our audit, an opinion on whether the consolidated financial statements are in accordance with International Financial Reporting Standards (IFRS).

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and in compliance with German principles of proper auditing of financial statements as laid down by the Institute of Auditors (IDW). These stipulate that the audit must be planned and executed in such a way as to be able to ascertain with sufficient reliability whether the consolidated financial statements are free from fundamental inaccurate information. In determining audit activities, knowledge of the Group's business activities and of its economic and legal environment are taken into account, as are expectations of possible errors. As a part of the audit's remit, evidence for the estimated values and information in the consolidated financial statements is assessed on the basis of random samples. The audit includes assessing the accounting principles applied and the legal representatives' principal assessments, as well as an appreciation of the overall presentation of the consolidated financial statements. We believe that our audit provides a sufficiently reliable foundation for our judgment.

Our conviction is that the consolidated financial statements in accordance with IFRS convey a true and fair picture of Group's assets, financial and earnings position and of payment flows during the financial year.

Our audit, which also covered the consolidated management report drawn up by the executive board for the financial year October 1, 2002 to September 30, 2003, gave rise to no objections. Our conviction is that overall, the consolidated management report together with the other information contained in the consolidated financial statements gives an accurate idea of the Group's position and describes the risks of future development accurately. We also certify that the consolidated financial statements and the consolidated management report for the financial year October 1, 2002 to September 30, 2003 fulfill the conditions for the Company to be exempted from drawing up consolidated financial statements and a consolidated management report in accordance with German law."

Leipzig, December 29, 2003

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

Schiffmann
Auditor

Mandler
Auditor

Further Information

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An important concern for us is for our subsidiaries worldwide to present a uniform corporate image under the Analytik Jena umbrella. We made good progress toward this in the year under review.

Company Calender 2004

2004	
Feb 26	Publication of interim report for 3 months
Mar 23	Shareholder's meeting
May	Publication of interim report for 6 months
Aug	Publication of interim report for 9 months
Dec	Publication of preliminary figures for the financial year 2003/2004
Dec	Publication of the annual report 2003/2004
Dec	Analysts' conference
Dec	Press conference on the financial statements

These dates may be subject to change at short notice. For the latest version of the company calendar visit the Group's website: www.analytik-jena.de

Glossary

ACHEMA: International Congress for Chemical Engineering, Environmental Protection and Biotechnology.

Analysis/Analytics: Testing of medical, biological or chemical samples using chemical and physical processes.

Atom Absorption Spectroscopy (AAS): Spectral photometrical analytic process for the quantitative determination of elemental concentrations using weakened electromagnetic radiation or incident light intensity.

Biotechnology: An industry that devises, develops and markets technologies that use living cells or their substrates to produce or modify active substances. A field of science that uses microbiological, biochemical and genetic engineering methods to change microorganisms, cell cultures and enzymes, restoring their metabolic physiology performance and making it utilizable.

Break-Even: Transition from the loss to the profit zone.

Cash flow: Flow of financial funds earned during an accounting period.

CEO: Chief Executive Officer

CFO: Chief Financial Officer

CIS: Commonwealth of Independent States, a group of 12 successor states to the former Soviet Union, including Russia.

Concentration: Level of a component as a proportion of the mass or volume of a mixture. Amount of a substance in a solution.

Controlling: Planning, management and control of an organization, a process or a project (in this case of a company).

COO: Chief Operating Officer

Coverage: Regular assessment of the economic and financial position of a listed company. Compilation of studies and expression of recommendations to buy and sell, hold or reduce holdings of shares in the company undertaken by an independent financial analyst.

Credit standing: The credit-worthiness of a company.

DIN EN ISO 14001: Internationally recognized standard that contains definitions and requirements for the introduction and maintenance of an environmental management system. A certificate is issued if the results of (voluntary) participation are found to be successful.

DEWB: Deutsche Effekten- und Wechsel-Beteiligungsgesellschaft AG. An independent, listed, internationally active equity investment company domiciled in Jena, Germany.

EBIT: Earnings before interest and taxes.

EBIT ratio: EBIT in relation to sales.

EBITDA: Earnings before interest, taxes, depreciation and amortization (of tangible and intangible fixed assets).

EBT: Earnings before (income) taxes.

Environmental Management System: The part of an overriding management system that ensures the continuous, documented, systematic introduction, implementation and ongoing development of environmental policy. Can be based on DIN EN ISO 14001 or EC Eco Audit Regulation procedures.

Equity ratio: Equity in relation to the balance sheet total.

Financial derivatives: Instruments to hedge against market price change risks.

Freefloat: The percentage of a company's stock remaining after block ownership and restricted share adjustments are applied to the total number of shares.

General Standard: A new market segment at the Frankfurt Stock Exchange from January 1, 2003 for companies that fulfill the statutory transparency requirements. Admission to General Standard does not require participation by the issuers and occurs automatically with a listing in the official or regulated market.

Genomics: Research into the genetic make-up (genome) of living beings with a view to gaining a better understanding of properties and diseases and to identifying new active agents for diagnostics and therapy.

German Corporate Governance Code: A code outlining material statutory regulations governing the management and supervision of German listed companies and containing internationally and nationally recognized standards of good and responsible corporate management. It was drawn up to make the German corporate governance system transparent and comprehensible.

Gross Domestic Product: The entire economic output of an economy during a specific period. Summary measurement for the value of the economic output resulting from production activity in a country.

HGB: Handelsgesetzbuch, or German Commercial Code.

IAS: International Accounting Standards. The International Accounting Standards (IAS) are issued by the International Accounting Standards Committee (IASC), an international specialist organization set up by professional associations that deal with accountancy issues.

IFRS: International Financial Reporting Standards. a collection of standards and interpretations developed and maintained by an independent private body, the International Accounting Standards Board (IASB). These standards and interpretations lay down rules governing external corporate audits. Renamed IFRS (previously IAS) after a reorganization of international accounting standards in 2000/2001.

Investment ratio: Investments as a percentage of sales.

ISO 9001/DIN EN ISO 9001:2000: Internationally recognized standard that contains definitions and requirements for the introduction and maintenance of a quality management system.

Kit: Ready-to-use set of equipment and documentation for undertaking specific tests.

KonTraG: [German] law on corporate control and transparency.

Laboratory automation: Equipment or equipment arrays to perform high-frequency routine work steps such as weighing laboratory receptacles, the simple dosing of liquids and solids or transporting or handling samples during an analytic process.

LIMS: Laboratory, Information and Management System – comprehensive software to enhance laboratory operating efficiency. Ensures data capture, analysis, processing, transfer and archiving.

Mechatronics: A branch of engineering that aims to ensure the functionality of a technical system by means of a close interlinking of mechanical, electronic and data processing components.

mercur: A new Analytik Jena device to identify the presence of minute quantities of mercury in, say, water.

Molecular biology: Research into genetic structure and functions on a molecular basis extended to include protein research. Cf Genomics and Proteomics.

Molecular spectroscopy: Spectral photometric analytic process to analyze the structure or nature of specific molecules and their concentration by means of the interaction between electromagnetic radiation and matter.

multiEA® 3100: A new Analytik Jena analytic device to identify carbon, nitrogen, sulphur and chlorine concentrations in liquids and solids.

novAA®: A new Analytik Jena equipment range for routine analysis of liquid and solid samples by means of atom absorption spectroscopy.

Parent company: A company that controls several subsidiaries directly or indirectly by means of a majority interest and/or a uniform management.

Percentage of completion: Realization of profits on the basis of degree of completion that allocates income and expenditure to reporting period in accordance with the degree of completion of the overall project.

Prime Standard: New market segment in use at the Frankfurt Stock Exchange since January 1, 2003 that meets a high level of international transparency requirements. Intended for companies that aim to position themselves for international investors. Analytik Jena qualified for the Prime Standard as of January 1, 2003.

Product portfolio: The range of different products that a company has positioned in the market.

Proteins: Biomolecules consisting of more than 100 amino acids that make up cells, organs and tissue. They can also function as hormones, enzymes and antibodies that serve to keep infections at bay.

Proteomics: Research into the creation, function and effect of proteins in cells and organisms with special reference to their efficacy in the diagnosis and treatment of illnesses.

Salud para Todos (Spanish: Health for All): Eleventh International Medical Technology Fair held in Havana, Cuba, in 2003, attended by 420 companies from 32 countries at which Analytik Jena was awarded a gold medal for quality and innovation.

SARS: Severe Acute Respiratory Syndrome. An atypical form of pneumonia transmitted mainly by droplet infection that first occurred in Hong Kong in 2003 and triggered an epidemic in Asia and parts of the Western world.

Screening process: Testing of a large number of different molecules in a single test run during which chemical substances are mixed and the mixture is evaluated by a measuring device to determine chemical or biological activities.

Spectral photometry: An analytical process that tests a sample on the basis of interaction between electromagnetic radiation and matter.

Subsidiaries: All the companies that are controlled directly or indirectly by a parent company on the basis of a majority interest and/or a uniform management.

Sumparameter: Analytic and evaluation method used to analyze entire groups of substances with the same characteristics. Makes sense because a large number of unknown substance often occur in very small concentrations in, say, water and individual analysis would be complicated and expensive.

System provider: Analytik Jena enables its customers to achieve a total realization of investment projects, including the planning and realization of complex laboratories, their equipment with analytic system and networking by means of laboratory, information and management systems (LIMS).

US GAAP: United States Generally Accepted Accounting Principles (recommended accounting standards).

UV/VIS: Ultra-Violet/Visible. Light with a wavelength in a spectral area ranging from ultra-violet to visible.

Validation: Systematic check of the material work steps and facilities used in development and production, including inspection of pharmaceutical products to ensure that products can be manufactured reliably and in a reproducible manner in the quality required.

Xetra: Abbreviation for Exchange Electronic Trading, an electronic trading system used by the German Stock Exchange. Due to the high volume of orders, a security order placed on the Xetra exchange is executed sooner than at other trading locations. Over 90% of securities traded at German stock exchanges are traded on Xetra.

Addresses

Germany

Analytik Jena AG

Konrad-Zuse-Str. 1
07745 Jena / Germany
Phone +49 36 41 / 77 70
Fax +49 36 41 / 77 99 88
e-mail info@analytik-jena.de

AJZ Engineering GmbH

Konrad-Zuse-Str. 3
07745 Jena / Germany
Phone +49 36 41 / 77 75 00
Fax +49 36 41 / 77 74 69
e-mail info@ajz-engineering.de

AJ Blomesystem GmbH

Hindenburgstr. 28
77514 Engelskirchen / Germany
Phone +49 22 63 / 92 34 01
Fax +49 22 63 / 92 34 11
e-mail info@blome.de

AJ Cybertron GmbH

Louis-Blériot-Str. 5
12487 Berlin / Germany
Phone +49 30 / 6 31 06 31
Fax +49 30 / 6 31 06 36
e-mail info@aj-cybertron.de

AJ IDC GmbH

In den Folgen 5
98704 Langewiesen / Germany
Phone +49 36 77 / 80 40 0
Fax +49 36 77 / 80 40 32
e-mail sales@idc-online.de

Analytik Jena AG

Niederlassung Eisfeld

Coburger Str. 72
98673 Eisfeld / Germany
Phone +49 36 86 / 37 10
Fax +49 36 86 / 37 12 01
e-mail info@docter-germany.com

Analytik Jena AG

Niederlassung Überlingen

Askaniaweg 4
88662 Überlingen / Germany
Phone +49 75 51 / 3 08 00
Fax +49 75 51 / 3 08 01 99
e-mail g.schlemmer@analytik-jena.de
b.radziuk@analytik-jena.de

Europe**Analytik Jena Italia srl.**

Via G. Puricelli, 3

Milano-20147 • Italy

Phone +39 02 405490

Fax +39 02 4075060

e-mail analytik-jena.italia@libero.it**Perichrom s.a.r.l**

Zac Du Moulin N° 2

91160 Saulx-Les-Chartreux • France

Phone +33 1 64548969

Fax +33 1 69098091

e-mail contact@perichrom.com**AJB Nederland B.V.**

Eiffelstraat 1-224

Industrieterrein Marslanden G

8013 RT Zwolle • Netherlands

Phone +31 3 84677060

Fax +31 3 84677062

e-mail gbrugge@blome.de**Analytik Jena Russia**

Rep. Office Moscow

Starosadskij Pereulok 7

101000 Moscow • Russia

Phone +7 095 9335576

Fax +7 095 9245310

e-mail info@analytik-jena.ru**Analytik Jena Russia**

Rep. Office St. Petersburg

Kanal Gribodjedowa 129

190068 St. Petersburg • Russia

Phone +7 812 1137087

Fax +7 812 1137087

e-mail info@analytik-jena.spb.ru**International****Analytik Jena USA, Inc.**

26009 Budde Road, Suite D-100

The Woodlands, TX 77380 • USA

Phone +1 281 3676130

Fax +1 281 3676730

e-mail aj-usa@analytik-jena.de**Analytik Jena China**

Rep. Office Beijing

Room 503 Tower A, Fuhua Mansion

No. 8 Chaoyangmen North Avenue

Dongcheng District,

Beijing 100027 • China

Phone +86 10 65543879

Fax +86 10 65543265

e-mail t.zhao@analytik-jena.com.cn

Analytik Jena AG – India Liaison Office

20-A, Ground Floor, Main Shivaji Marg

Near Moti Nagar Police Station

New Delhi - 110 015 • India

Phone +91 11 25112194

Fax +91 11 25112197

e-mail info@ajindia.com

Analytik Jena Far East

121/2 Moo4, 7th Fl. Srichareonchai Bldg.

Tiwanon Road, Nonthaburi 11000 • Thailand

Phone +66 2 5254120

Fax +66 2 5254122

e-mail b_veokeki@analytik-jena.co.th

Analytik Jena Middle East

10 EL Mesaha Square

Flat no. 1006

Dokki, Giza • Egypt

Phone +2 02 3372492

Fax +2 02 3372492

e-mail MiddleEast@analytik-jena.com.eg

AJZ Engineering Algeria s.a.r.l.

Niveau 108, Riadh El-Feth

El-Madania • Alger/Algerie

Phone +213 2 1679334

Fax +213 2 1679518

e-mail ajz_dz@yahoo.fr

Blome YVH Pty. Ltd.

P.O. Box 170

AUS-4568 Pomona Qld. • Australia

Phone +61 7 54853355

Fax +61 7 54853641

e-mail volker@yvh.au.com

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Contact

Contact

Chairman of the Executive Board

Klaus Berka

Phone +49 36 41 / 77 92 56

Fax +49 36 41 / 77 99 88

e-mail vorstand@analytik-jena.de

Investor and Public Relations

Corporate Communications

Thomas Fritsche

Phone +49 36 41 / 77 92 81

Fax +49 36 41 / 77 91 49

e-mail t.fritsche@analytik-jena.de

Lars Russek

Phone +49 36 41 / 77 73 55

Fax +49 36 41 / 77 92 79

e-mail l.russek@analytik-jena.de

Subject-specific e-mail addresses

Instruments:

e-mail analytical@analytik-jena.de

Engineering:

e-mail info@ajz-engineering.de

Laboratory, Information and Management Systems:

e-mail info@blome.de

Automation:

e-mail info@aj-cybertron.de

Internet

Internet update:

Visit the Analytik Jena website for a continuing update on the latest topics and trends in the AJ Group.

Homepages

www.analytik-jena.de

www.ajz-engineering.de

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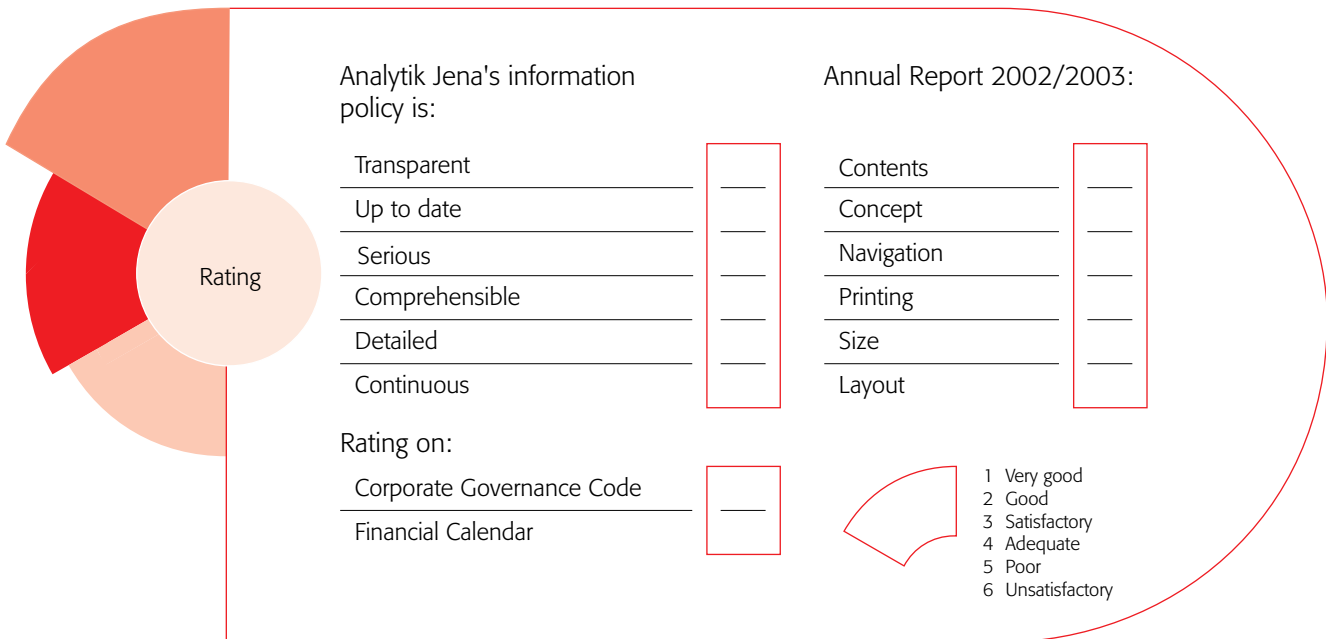
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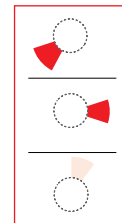
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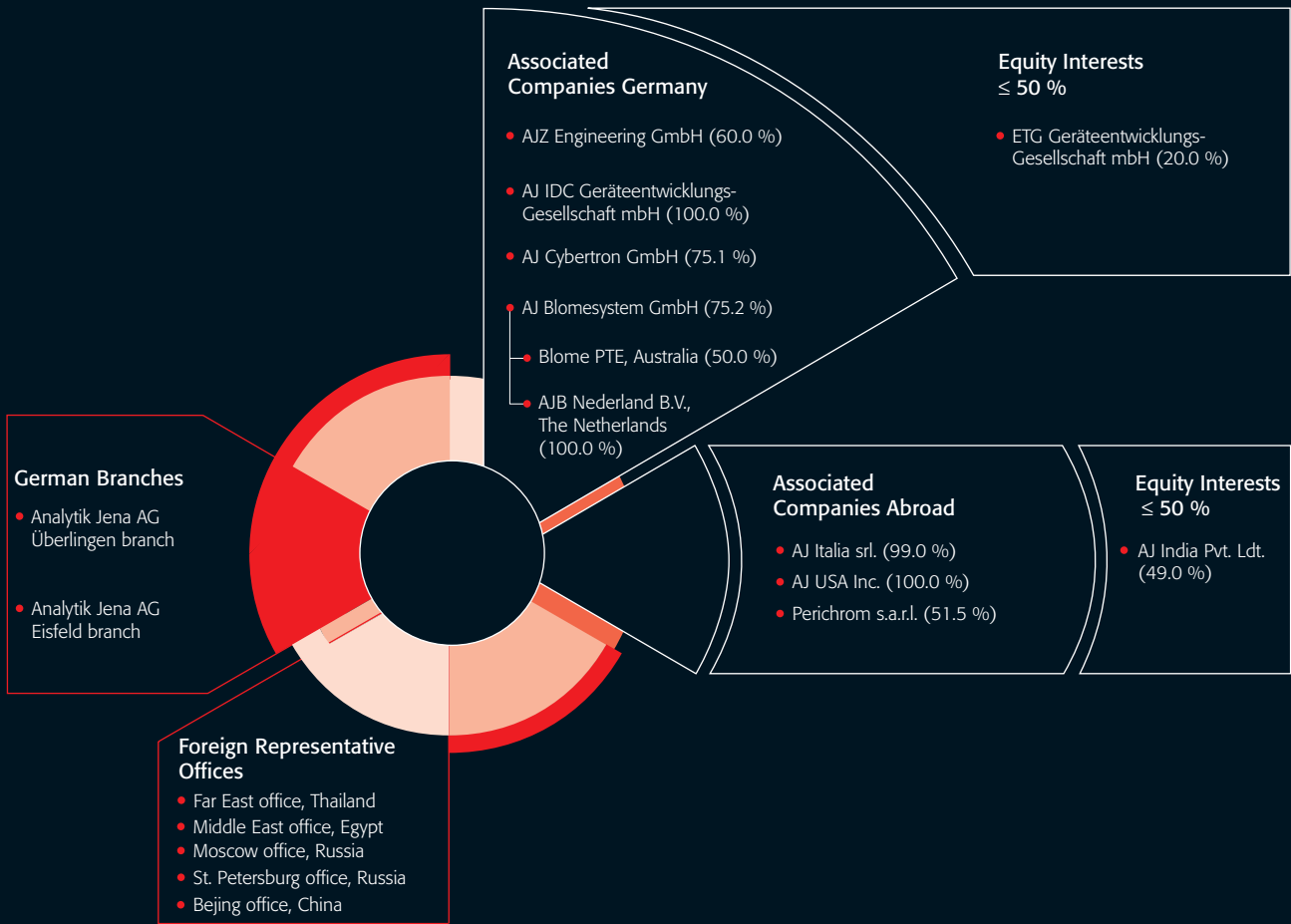
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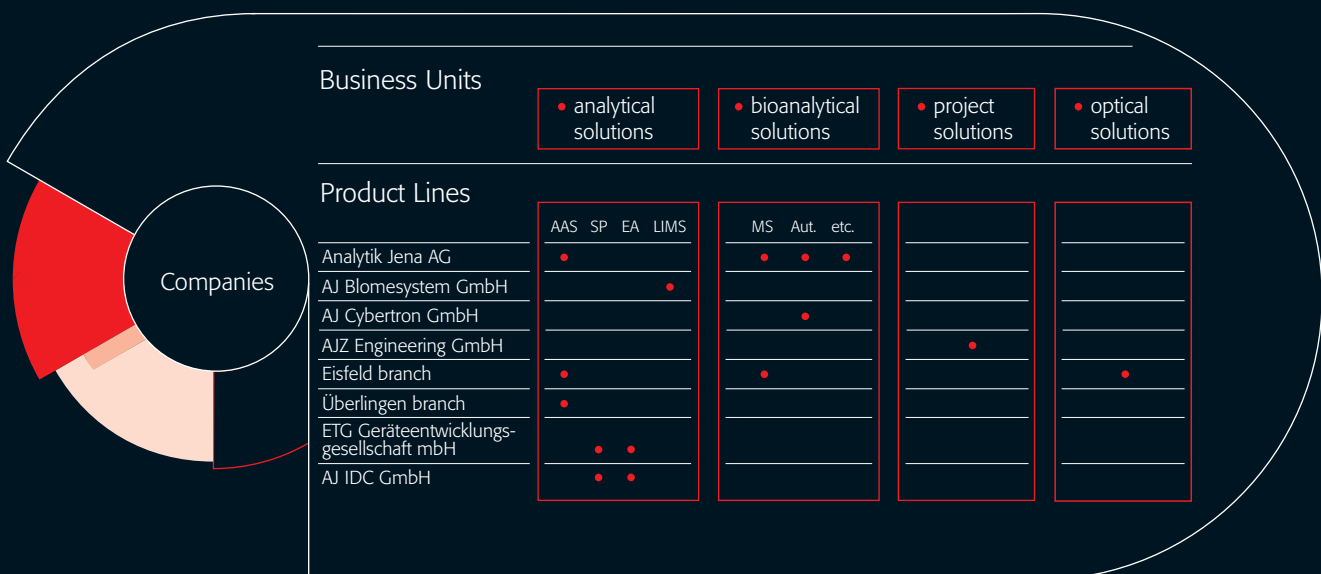
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Analytik Jena Organizational Forum/Matrix



Abbreviations:

- AAS Atom Absorption Spectrometry
- SP Sum Parameter
- EA Elemental Analysis
- LIMS Laboratory Information and Management System
- Aut. Automation
- MS Molecular Spectrometry
- etc. stands for fluorescence and chemoluminescence, molecular interaction, PCR technologies

* excl. sales partners

Analytik Jena AG

Konrad-Zuse-Str. 1

07745 Jena/Germany

Phone +49 36 41 / 77 70

Fax +49 36 41 / 77 92 79

www.analytik-jena.de

info@analytik-jena.de

Investor Relations & Communications

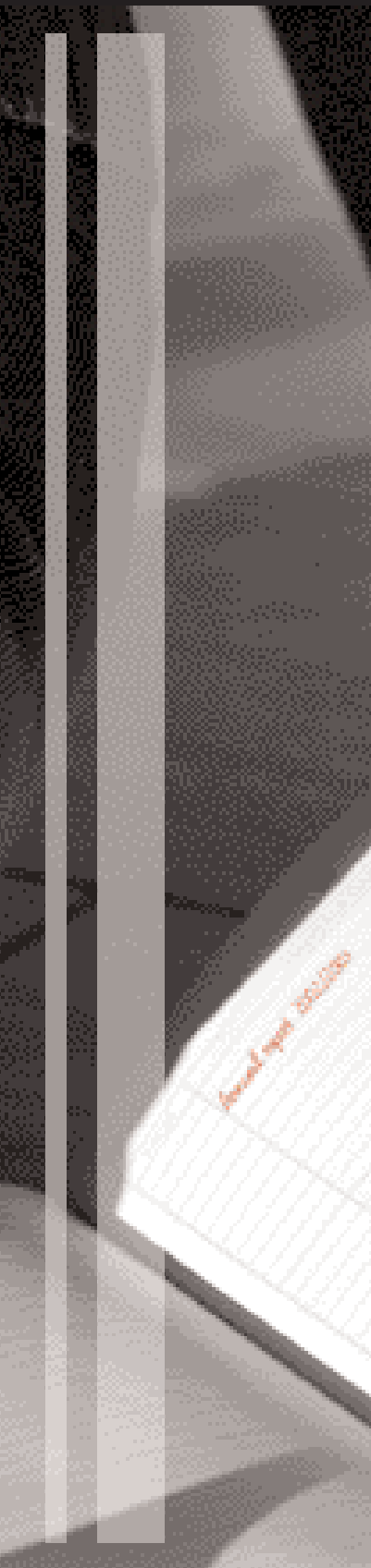
Thomas Fritsche

Phone +49 36 41 / 77 92 81

Fax +49 36 41 / 77 91 49

ir@analytik-jena.de

analytikjena
Analytik Jena AG



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Analytik Jena AG (ISIN: DE0005213508, Prime Standard) develops, manufactures and sells modern analytical instrumentation technology and now enjoys an international reputation as a partner in scientific and industrial investment projects. The company has established itself as a system provider of high-tech analysis systems and extensive engineering know-how in planning and equipping hospitals and laboratories. Efficient customized software solutions (LIMS) to manage the enormous data quantities that are generated in laboratories round off the portfolio. Customers of Analytik Jena AG, founded in 1990, include well-known companies from all areas of pharmaceuticals, biotech and environmental technology, plus universities and research institutes in over 70 countries.

For further information visit:

www.analytik-jena.de

ir@analytik-jena.de