6 Month Report 2013/2014

Carl Zeiss Meditec

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Group highlights in the first 6 months of financial year 2013/2014

€ 460.9 million

Revenue up by around 4 % in first six months. Currency effects continue to impair growth

Adjusted for currency effects, Carl Zeiss Meditec increased its revenue by 8.5 % in the first six months. Once again, "Surgical Ophthalmology" achieved the highest growth rates within the Group. "Microsurgery" made up for its revenue decline in the first quarter. Japan considerably contributed to this result due to a forthcoming VAT increase.

€ 48 million

R&D ratio remains high at 10.4 %. Further product innovations launched as key to sustainable growth

The launch of the OPMI LUMERA® 700 and RESCAN™ 700 saw the introduction of the first ophthalmic surgery microscope with integrated OCT technology, which offers surgeons a whole new range of intraoperative visualization possibilities by combining two established ZEISS gold standards.

13.8 %

EBIT margin down slightly compared with same quarter of previous year; medium-term target of 15 % by 2015 confirmed

The EBIT margin reached the previous year's level in the second quarter, but is down slightly based on the first six months.

21 %

"Asia/Pacific" region achieves highest regional growth rates of approx. 21 %

The main growth drivers in the "Asia/Pacific" region were Japan, China and Southeast Asia.

22 %

Once again, "Surgical Ophthalmology" achieved the highest growth rates of approx. 22 %

"Surgical Ophthalmology" benefits from the acquisition of Aaren Scientific Inc. in January 2014, as well as from a persistently strong demand for standard and premium IOLs, with an organic growth rate well into the double digits.

Content

Ladies and Gentlemen,
dear Shareholders,

Carl Zeiss Meditec increased its revenue by about 4 percent in the first six month of financial year 2013/2014. Revenue climed to a total of € 461 million. As in the previous year, this positive development of revenue was curtailed by negative currency effects. Earnings before interest and taxes (EBIT) amounted to € 63.7 million, which approximates the previous year's level, while the EBIT margin of 13.8 percent was slightly lower compared with the previous year.

All three strategic business units (SBUs) contributed to growth. The highest growth rate was once again achieved by our youngest strategic business unit: the **"Surgical Ophthalmology"** SBU recorded double-digit organic growth, thanks to its strong product portfolio for cataract surgery – even without taking the first-time consolidation of the acquired IOL specialist Aaren Scientific into account: revenue here increased by 22 percent compared with the previous year. In the **"Ophthalmic Systems"** SBU, refractive lasers made the largest contribution to growth. Below the line, this SBU achieved a slight increase in revenue of 2.5 percent, in spite of persistently strong competitive pressure, particularly in diagnostics, and negative currency effects; adjusted for currency effects this increase amounts to 7 percent. The **"Microsurgery"** SBU, which had made a cautious start to the new financial year, recorded a double-digit percentage increase in revenue in the second quarter, thus achieving overall revenue on a par with the previous year again, in spite of high exchange rate losses in the first half of the year. We were helped, however, particularly in this SBU, by a one-off special effect: Japan developed well after a VAT increase from 1 April accelerated investment decisions.

The encouraging figures from Japan are also reflected in the regional distribution of revenue. Besides China and the countries of Southeast Asia, the revenue increase in Japan resulted in a particularly good performance of the **"APAC" ("Asia/Pacific")** region. In the first six months of the financial year, this region achieved total revenue growth of 9.8 percent, which equates to growth of around 21 percent after adjustment for currency effects. The **"Americas"** region, on the other hand, recorded a slight decline in revenue, although adjustment for currency effects resulted in slight growth. As in previous years, the individual markets of the **"EMEA" ("Europe, Middle East and Africa")** region performed very differently, but the region as a whole grew by 3.8 percent. The figures for Germany were stable. Business in Russia continued to decline sharply, now that some government investment schemes, from which it benefited over the past two years, have come to an end. Revenue in Southern Europe was recovering to some extent.

All in all, the development of Carl Zeiss Meditec's business was largely satisfactory in the first six months of financial year 2013/2014. It should not be forgotten that we still face some major challenges: the rise in competitive pressure in individual segments is immense; exchange rate losses continuously threaten to curtail the positive results. How can we confront these challenges? Our answer: cost awareness and product innovations. We recently launched another promising innovation. The OPMI LUMERA® 700 and RESCAN™ 700 is the first ophthalmic surgery microscope with an integrated OCT camera. This unique combination of two established ZEISS gold standards means we can now offer surgeons more comprehensive visualization during surgery, which enables better treatment results. With contributions to innovation such as this, Carl Zeiss Meditec shall also remain on course for growth in the medium term. Another task ahead of us in the current financial year, which shall make a positive contribution to growth, is the successful integration of the acquisitions of Aaren Scientific and Optronik.

Carl Zeiss Meditec shall adhere firmly to its objective to increase revenue at least in line with market growth. At the current time, the Company's management forecasts total revenue of between € 910 and € 940 million, which would correspond to overall growth of 0.4 to 3.7 percent. At the currency rates of the previous year, this would have equated to a growth of about 3.7 percent to 7.5 percent. We shall also adhere firmly to our target to reach an EBIT margin of 15 percent by 2015.

I would like to invite you to continue to put your trust in us and accompany us on the successful path we have chosen.

Jena, May 2014

Yours sincerely,

Dr Ludwin Monz
President and CEO
Carl Zeiss Meditec AG

Consolidated management report for the interim financial statements

1 SUMMARY

Carl Zeiss Meditec AG, Jena, Germany, is the parent company of the Carl Zeiss Meditec Group (“Carl Zeiss Meditec”, the “Group”, the “Company”), which comprises additional subsidiaries.

The following changes occurred with respect to the Group's reporting entity and the structure of its consolidated financial statements in the first six months of 2013/2014:

At the end of the first quarter Carl Zeiss Meditec assumed 100 percent of the shares in the distribution and service company Optronik A.S. in Turkey. Carl Zeiss Meditec assumed Optronik's business activities with effect from 30 December 2013, as contractually agreed.

Furthermore, on 7 January 2014 Carl Zeiss Meditec acquired 100 % of the shares in US intraocular lens manufacturer, Aaren Scientific Inc., which is domiciled in Ontario/California. Aaren Scientific Inc. is a company engaged in the research, development, manufacture and global distribution of intraocular lenses and other ophthalmic surgery products for cataract surgery. Aaren Scientific Inc. has been integrated in the strategic business unit **“Surgical Ophthalmology”** and supplements the existing locations Berlin in Germany and La Rochelle in France. This acquisition is an important strategic step for Carl Zeiss Meditec in terms of generating further growth in the “Surgical Ophthalmology” SBU in future.

2 RESULTS OF OPERATIONS

2.1 Presentation of results of operations

Table 1: Summary of key ratios in the consolidated income statement
(figures in € '000, unless otherwise stated)

	6 Months 2012/2013	**6 Months 2013/2014**	Change
Revenue	442,957	460,922	+4.1 %
Gross margin	*53.2 %*	*52.6 %*	*-0.6 %-pts*
EBITDA	73,298	73,008	-0.4 %
EBITDA margin	*16.5 %*	*15.8 %*	*-0.7 %-pts*
EBIT	64,767	63,660	-1.7 %
EBIT margin	*14.6 %*	*13.8 %*	*-0.8 %-pts*
Earnings before income taxes	69,986	66,502	-5.0 %
Tax rate	*33.0 %*	*33.6 %*	*+0.6 %-pts*
Consolidated net income after non-controlling interests	42,447	39,473	-7.0 %
Earnings per share after non-controlling interests	€ 0.52	€ 0.49	-7.0 %

2.2 Consolidated revenue

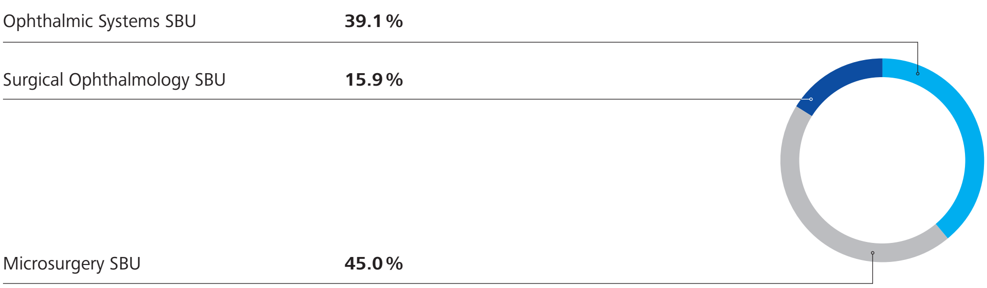
The Carl Zeiss Meditec Group increased its total revenue in the first six months of financial year 2013/2014, from € 443.0 million in the same period of the previous year, to € 460.9 million. This corresponds to revenue growth of 4.1 % (adjusted for currency effects: 8.5 %).

The highest growth rates were achieved in particular by the strategic business unit **"Surgical Ophthalmology"** and, at a regional level, by the **"Asia/Pacific"** region.

Currency effects continued to influence growth, especially in the **"Asia/Pacific"** region.

a) Consolidated revenue by strategic business unit
Due to its significant growth, the **"Surgical Ophthalmology"** SBU's share of total revenue has now increased to 15.9 % after the first six months of the current financial year (previous year: 13.6 %). The **"Ophthalmic Systems"** SBU accounted for 39.1 % (previous year: 39.7 %) of consolidated revenue, while the **"Microsurgery"** SBU accounted for 45.0 % (previous year: 46.7 %).

Figure 1: Share of strategic business units in consolidated revenue in the first six months of financial year 2013/2014



Revenue in the **"Ophthalmic Systems"** SBU increased to € 180.2 million after the first six months of the current financial year (previous year: € 175.8 million). This SBU therefore achieved growth of 2.5 % (adjusted for currency effects: 6.9 %), in spite of persistently high exchange rate losses. In particular the refractive laser business contributed to this growth. In the area of diagnostic equipment, on the other hand, a strong competitive pressure persisted.

The **"Surgical Ophthalmology"** SBU increased its revenue by 21.5 % to € 73.4 million (previous year: € 60.5 million). Therefore, this business unit once again made a significant contribution to growth in the first six months. Even without taking the first-time consolidation of Aaren Scientific Inc. into account, the SBU achieved a clear double-digit percentage organic growth rate. This business remained largely unaffected by exchange rate fluctuations. The business unit continued to benefit in particular from the growing demand for innovative intraocular lenses and multifocal and toric premium lenses for minimally invasive cataract surgery. The AT LISA® tri toric lens, an advancement of the AT LISA® tri, with additional astigmatism correction, has established itself very successfully in the market within the first few months of its launch.

The **"Microsurgery"** SBU made up for the decline in its revenue in the first quarter and generated € 207.3 million, which is at almost the same level as the previous year (previous year € 206.7 million; 0.3 %) (adjusted for currency effects: 5.9 %). The strongest sales drivers continued to be the surgical microscopes for neurosurgery and ENT surgery.

Figure 2: Consolidated revenue by strategic business unit (figures in € '000)

	6 Months 2013/2014	6 Months 2012/2013	
Ophthalmic Systems SBU	**180,192**	175,766	+2.5 %
Surgical Ophthalmology SBU	**73,437**	60,459	+21.5 %
Microsurgery SBU	**207,293**	206,732	+0.3 %
Consolidated revenue	**460,922**	442,957	

Figure 3: Consolidated revenue by strategic business unit based on constant exchange rates (figures in € '000)

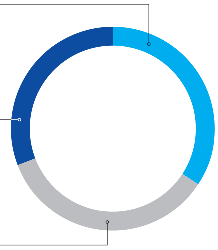
	6 Months 2013/2014	6 Months 2012/2013	
Ophthalmic Systems SBU	**180,192**	168,512	+6.9 %
Surgical Ophthalmology SBU	**73,437**	60,432	+21.5 %
Microsurgery SBU	**207,293**	195,746	+5.9 %
Consolidated revenue	**460,922**	424,690	

b) Consolidated revenue by region

The Carl Zeiss Meditec Group has a very balanced range of business activities worldwide, with each of its three strategic business regions generating around one third of its total revenue. After the first six months 34.4 % of consolidated revenue was attributable to the region **"Europe, Middle East and Africa" (EMEA)**. The **"Americas"** and **"Asia/Pacific" (APAC)** regions accounted for 30.7 % and 34.9 %, respectively, of the Group's total revenue.

Figure 4: Share of regions in consolidated revenue in the first six months of financial year 2013/2014

EMEA	**34.4 %**
Americas	**30.7 %**
Asia/Pacific	**34.9 %**



Revenue in the **"EMEA"** region increased by 3.8 % in the first six months (adjusted for currency effects: 3.8 %), to a total of € 158.5 million (previous year: € 152.6 million). As in the previous quarters, the development in the individual markets of the region was very varied in some cases. The core markets Germany and France were stable as a whole. The countries of Southern Europe grew overall. Revenue growth in Russia – which contributed significantly to this region's growth in the past two years, due to government investment schemes – was curtailed, as expected, by the expiry of these investment schemes.

In the **"Americas"** region, the Carl Zeiss Meditec Group generated revenue of € 141.7 million, resulting in slightly lower consolidated revenue compared with the previous year's total of € 143.9 million (- 1.5 %), due mainly to unfavorable foreign exchange rate fluctuations. Based on constant exchange rates, business in this region grew slightly, by 1.9 %. Business in the USA was largely stable, however. The countries of South America continued to grow significantly.

The **"APAC"** region made the greatest contribution to overall growth. However, currency effects continued to have a noticeable impact in this region, due, in particular, to the considerable volatility of the Japanese yen in the first six months. Nevertheless, the region increased its revenue by 9.8 % in the first six months, to € 160.8 million (previous year: € 146.5 million). Excluding the significant currency effects, revenue increased by as much as 20.8 %. Japan, China and the countries of Southeast Asia proved to be the region's strongest growth drivers, with Japan's development receiving a particular boost by a forthcoming increase in VAT as from 1 April 2014.

Figure 5: Consolidated revenue by region (figures in € '000)

	6 Months 2013/2014	6 Months 2012/2013	
EMEA	**158,464**	152,625	+3.8 %
Americas	**141,663**	143,875	- 1.5 %
Asia/Pacific	**160,795**	146,457	+9.8 %
Consolidated revenue	**460,922**	442,957	

Figure 6: Consolidated revenue by region based on constant exchange rates (figures in € '000)

	6 Months 2013/2014	6 Months 2012/2013	
EMEA	**158,464**	152,611	+3.8 %
Americas	**141,663**	139,002	+1.9 %
Asia/Pacific	**160,795**	133,077	+20.8 %
Consolidated revenue	**460,922**	424,690	

2.3 Gross profit

Gross profit amounted to € 242.3 million at the end of the first six months of the current financial year (previous year: € 235.8 million). The corresponding margin for the period under review is 52.6 % (previous year: 53.2 %).

2.4 Functional costs

Functional costs for the first six months of the reporting year amount to € 178.6 million (previous year: € 171.0 million). The ratio of functional costs to revenue remained almost constant, however, compared with the previous year, at 38.8 % (previous year: 38.6 %).

- **Selling and marketing expenses:** Selling and marketing expenses increased slightly in the first six months of the current financial year, from € 104.7 million to € 109.3 million. The increase in selling and marketing expenses is primarily attributable to higher costs of trademark licenses proportionate to revenue, higher personnel expenses, and the acquisitions of Aaren Scientific Inc. and Optronik A.S. Relative to sales revenues, selling and marketing expenses remained on almost the same level as in the same period of the previous year, at 23.7 % (previous year: 23.6 %).

- **General and administrative expenses:** Expenses in this area amounted to € 21.4 million in the first six months (previous year: € 20.3 million). This increase is mainly due to the acquisitions of Aaren Scientific Inc. and Optronik A.S. The share of these expenses in revenue remained constant compared with the previous year, at 4.6 % (previous year: 4.6 %).

- **Research and development expenses (R&D):** Carl Zeiss Meditec continued to invest in R&D in order to further develop its product portfolio and ensure further growth. R&D expenses increased slightly in the first six months, to € 48.0 million (previous year: € 46.0 million). The R&D ratio remained the same as in the previous year, at 10.4 % (previous year: 10.4 %).

2.5 Development of earnings

The Carl Zeiss Meditec Group uses earnings before interest and taxes (EBIT = operating result) as a key performance indicator. **EBIT** amounted to € 63.7 million for the period from October to March, and was thus almost as high as in the previous year (€ 64.8 million). The **EBIT margin** was 13.8 % (previous year: 14.6 %).

Earnings before interest, taxes, depreciation and amortization **(EBITDA)** were almost the same as for the first six months of the previous year, at € 73.0 million (previous year: € 73.3 million). The **EBITDA margin** was thus 15.8 % (previous year: 16.5 %).

Currency effects arose in the form of foreign currency gains in the amount of € 3.5 million (previous year: € 5.5 million), mainly as a result of the implementation of currency forward contracts and their valuation as of 31 March 2014.

The **tax rate** increased slightly year-on-year, from 33.0 % to 33.6 %. Generally, an average annual tax rate of between 32 % and 34 % is assumed.

In the first six months basic **consolidated net income**[1] amounted to € 39.5 million (previous year: € 42.4 million). **Non-controlling interests** accounted for € 4.7 million of this (previous year: € 4.5 million). In the past six months, basic **earnings per share of the parent company** thus amount to € 0.49 (previous year: € 0.52).

3 FINANCIAL POSITION

3.1 Statement of cash flows

The Carl Zeiss Meditec Group's statement of cash flows shows the origins and use of the cash flows during the reporting period. The statement of cash flows is also presented with adjustments for the effects of the acquisitions of Aaren Scientific Inc. and Optronik A.S. A distinction is made between cash flows from operating activities and cash flows from investing and financing activities.

Changes in individual items in the income statement and the statement of financial position are recorded in the statement of cash flows. In contrast, the consolidated statement of financial position presents the figures as they stood at the end of the reporting period on 31 March 2014. As a result, the statements in the analysis of the financial position may differ from the presentation of net assets based on the consolidated statement of financial position.

[1] Attributable to shareholders of the parent company

Figure 7: Summary of key ratios in the consolidated statement of cash flows (figures in € '000)

	6 Months 2013/2014	6 Months 2012/2013
Cash flow from operating activities	**22,308**	18,191
Cash flow from investing activities	**-44,385**	-25,541
Cash flow from financing activities	**27,790**	6,406
Change in cash and cash equivalents	**5,431**	-1,912

Cash flow from operating activities amounted to € 22.3 million in the reporting period (previous year: € 18.2 million). The higher cash inflow compared with the previous year is mainly attributable to a more moderate increase in trade receivables compared with the previous year. Higher tax payments than in the previous year reduced cash flow from operative activities.

In the reporting period **cash flow from investing activities** amounted to € -44.4 million (previous year: € -25.5 million). It should be noted, that there was a higher outflow of cash during the first six months of this financial year than in the previous year, due mainly to the acquisition of the longstanding distribution partner Optronik A.S. in Turkey and the U.S. intraocular lens manufacturer Aaren Scientific Inc.

Cash flow from financing activities in the first six months of the current financial year amounts to € 27.8 million (previous year: € 6.4 million). The difference here is mainly due to a reduction of treasury receivables from the treasury of Carl Zeiss Financial Services.

3.2 Key ratios relating to financial position

Table 2: Key ratios relating to financial position (figures in € '000)

Key ratio	Definition	30 September 2013	**31 March 2014**	Change
Cash and cash equivalents	Cash-in-hand and bank balances	6,286	11,717	+86.4 %
Net cash	Cash-in-hand and bank balances + Treasury receivables from Group treasury of Carl Zeiss AG[2] ./. Treasury payables to Group treasury of Carl Zeiss AG	351,839	265,132	-24.6 %
Net working capital	Current assets including financial investments ./. Cash and cash equivalents ./. Treasury receivables from Group treasury of Carl Zeiss AG[3] ./. Current liabilities excl. treasury payables to Group treasury of Carl Zeiss AG	316,377	329,431	+4.1 %
Working capital	Current assets ./. Current liabilities	528,216	476,563	-9.8 %

[2] 30 September 2013, including financial investments of € 149 million; 31 March 2014, including financial investments of € 118 million

[3] 30 September 2013, excluding financial investments of € 149 million; 31 March 2014, excluding financial investments of € 118 million

Table 3: Key ratios relating to financial position

Key ratio	Definition	6 Months 2012/2013	6 Months 2013/2014	Change
Cash flow per share	Cash flow from operating activities / Weighted average number of shares outstanding	€ 0.22	€ 0.27	+22.6 %
Capex ratio	Investment (cash) in property, plant and equipment / Consolidated revenue	0.9 %	1.2 %	+0.3 %-pts

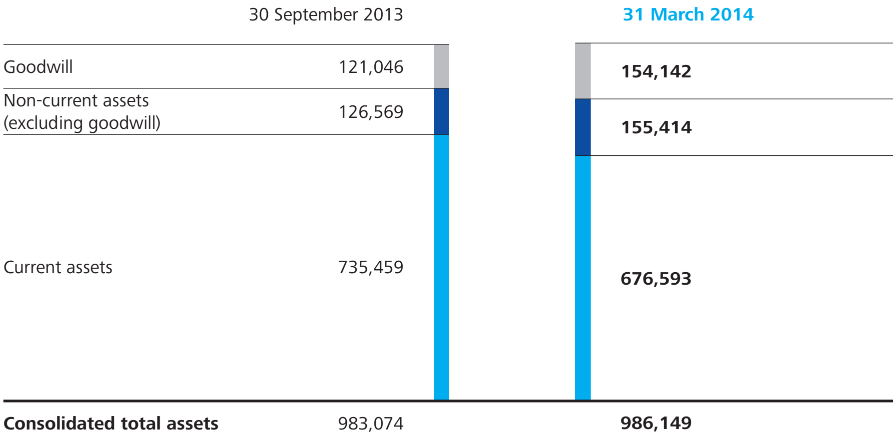
4 NET ASSETS

4.1 Presentation of net assets

Total assets amounted to € 986.1 million as of 31 March 2014 (30 September 2013: € 983.1 million).

ASSETS

Figure 8: Structure of the consolidated statement of financial position: assets (all figures in € '000)

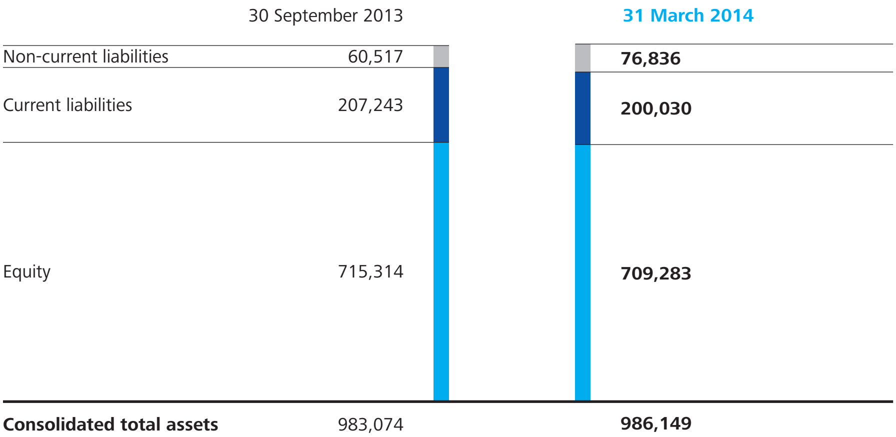


Non-current assets increased due to the increase in goodwill associated with the acquisition of Optronik A.S. and Aaren Scientific Inc. and to the increase in intangible assets, from € 247.6 million on 30 September 2013 to € 309.6 million on 31 March 2014.

There were significant changes in current assets as of 31 March 2014 (€ 676.6 million; 30 September 2013: € 735.5 million), due in particular to the higher inventories, mainly as a result of the acquisitions of Optronik A.S. and Aaren Scientific Inc. Inventories increased to € 161.6 million as of 31 March 2014 (30 September 2013: € 148.5 million).

LIABILITIES AND EQUITY

Figure 9: Structure of the consolidated statement of financial position: liabilities (all figures in € '000)



The equity recognized in Carl Zeiss Meditec's consolidated statement of financial position amounts to € 709.3 million as of 31 March 2014 (30 September 2013: € 715.3 million). The equity ratio is 71.9 % (30 September 2013: 72.8 %) and thus remains high.

Non-current liabilities amounted to € 76.8 million as of 31 March 2014 (30 September 2013: € 60.5 million). Under current liabilities (€ 200.0 million; 30 September 2013: € 207.2 million) trade payables and liabilities to related parties decreased, due, among other things, to effects relating to the end of the reporting period.

4.2 Key ratios relating to net assets

Table 4: Key ratios relating to net assets

Key ratio	Definition	30 September 2013	31 March 2014	Change
Equity ratio	Equity (incl. non-controlling interests) / Total assets	72.8 %	71.9 %	- 0.9 %-pts
Rate of inventory turnover	Cost of goods sold / Average inventories	2.9	2.8	- 0.1
Days of sales outstanding (DSO)[4]	Trade receivables at the end of the reporting period (gross) ./. rolling monthly sales	50.8 days	53.2 days	+4.7 %

5 ORDERS ON HAND

As of 31 March 2014 orders on hand of the Carl Zeiss Meditec Group amounted to € 107.7 million, which corresponds to a slight increase of 2.0 % compared with the previous year (31 March 2013: € 105.6 million).

6 EVENTS OF PARTICULAR SIGNIFICANCE

At the end of the first quarter Carl Zeiss Meditec acquired its longstanding business partner Optronik A.S. in Turkey, which is domiciled in Ankara. In the past Optronik A.S. was the Company's exclusive distribution partner; it shall now be integrated into the global distribution and service network.

[4] This key ratio indicates how many days the Company will need to collect the receivable at the end of the reporting period, assuming that the receivable is being paid on an ongoing basis and only the most recent receivables are outstanding at the end of the reporting period.

On 7 January 2014 Carl Zeiss Meditec acquired the US manufacturer of intraocular lenses, Aaren Scientific Inc., which is domiciled in Ontario/California. Aaren Scientific Inc. is integrated in the strategic business unit "Surgical Ophthalmology" and supplements the existing locations Berlin in Germany and La Rochelle in France. This acquisition is an important strategic step for Carl Zeiss Meditec in terms of generating further growth in the "Surgical Ophthalmology" SBU in future.

No further events of material significance for the net assets, financial position and results of operations of the Company occurred in the first six months of financial year 2013/2014.

7 SUPPLEMENTARY REPORT

No events of material significance for the Group's net assets, financial position and earnings occurred after the end of the first six months of financial year 2013/2014. The development of business at the beginning of the second half of financial year 2013/2014 validates the statements made in the "Outlook" below.

8 EMPLOYEES

As of 31 March 2014, the Group had a workforce of 2,909 worldwide (31 March 2013: 2,532). This increase is mainly related to the acquisition of Aaren Scientific Inc.

9 RESEARCH AND DEVELOPMENT

Research and development plays an important role within the Carl Zeiss Meditec Group. The Carl Zeiss Meditec Group has the necessary resources to secure the Company's future earnings strength with its research and development activities. The Company shall therefore continue to offer innovations in future that make leading technologies available for its customers, enable improvements in efficiency and continuously enhance treatment results for patients.

The Carl Zeiss Meditec Group once again further expanded its research and development activities in the first three months of the current financial year, and invested a total of € 48.0 million (previous year: € 46.0 million) in research and development. At 10.4 % of sales revenue the R&D ratio remained almost constant in comparison to the previous year.

As of 31 March 2014, there were 423 research and development employees Group-wide (31 March 2013: 411). This corresponds to 14.5 % (31 March 2013: 16.2 %) of the Carl Zeiss Meditec Group's entire workforce.

Research and development at Carl Zeiss Meditec mainly focuses on:

- examining new technological concepts in terms of their clinical relevance and effectiveness. The concept of "evidence-based medicine" plays a major role in this, i. e., we consider it extremely important to prove the efficacy of the developed diagnostic and treatment methods.
- the continuous development of the existing product portfolio;
- the development of new products and product platforms based on the available basic technologies and
- networking systems and equipment to increase the efficiency of diagnosis and treatment and to improve treatment results for patients.

Once again, a number of innovations were launched on the market during the reporting period:

MEL® 90 Excimer Laser

The MEL® 90 is a new and improved excimer laser for laser vision correction. It enables a reduction in the depth of ablation and treatment times, and also ensures even greater reproducibility at the same time. The MEL® 90 guarantees gentle correction and excellent predictability, even in patients with very high or very low ametropia. The shorter treatment time increases comfort for both the patient and the surgeon.

ZEISS Cataract Suite markerless

The ZEISS Cataract Suite markerless enables a comprehensive, end-to-end workflow for cataract surgery with astigmatism correction, with all components working together in perfect harmony. It incorporates components such as the ZEISS IOLMaster® 500 for quick reference images of the eye, the comprehensive data management system FORUM®, the OR assistance system CALLISTO eye®, right through to the OPMI LUMERA® 700 surgical microscope. Surgeons can therefore devote their full attention to the surgical procedure and patients benefit from a more comfortable treatment.

VISALIS® 500 with APM™ mode

The new ultrasound modulation APM™ (Advanced Power Modulation) for the VISALIS® 500, the phacoemulsification device, is proving impressive in medical tests by significantly reducing phaco energy and increasing anterior chamber stability. For the patient this means better treatment outcomes and faster recovery of the eye after surgery, as well as a significantly shorter treatment time.

AT LISA® tri toric 939MP

The toric trifocal intraocular lens expands the Company's range of premium intraocular lenses. The AT LISA® tri toric 939MP is the first preloaded trifocal toric intraocular lens on the market. Following the extremely successful launch of the AT LISA® tri 839MP last year, ophthalmologists can now also give cataract patients with astigmatism an almost natural visual experience without glasses in the near, distance and intermediate range. Based on the LISA concept and its product platform, the AT LISA® tri toric also offers very good light transmission, as well as an innovative enhancement of asymmetric light distribution: for the patient this means very good vision, even in difficult light conditions, the preservation of contrast sensitivity and the reduction of halos and undesirable glare effects, which is particularly important at night.

OPMI LUMERA® 700 and RESCAN™ 700

This system for integrated intraoperative OCT imaging combines two of ZEISS's gold standard technologies. The system incorporates the OPMI LUMERA® 700 surgical microscope and the integrated OCT camera RESCAN™ 700. The system provides surgeons with top-quality OCT images of the eye, without the need for the surgeon to interrupt the operation to capture the images. The OCT images are superimposed over the microscope image in the eyepiece as three-dimensional real-time images, thus giving a view of anatomical details below the surface and making it possible to identify even transparent structures of the anterior and posterior segments of the eye. This means that the necessary preoperative OCT information is constantly available during the surgical procedure. Continuous OCT scanning also helps to improve the treatment results, as the surgeon can monitor progress and can review the outcome during the operation. The new device thus provides a better foundation for making decisions during surgery.

10 OUTLOOK

Carl Zeiss Meditec anticipates further growth in the medical technology market, as the main growth drivers – such as the growing global population, the rising number of older people, and the increasing proportion of the global population with access to medical care – shall endure.

If nothing else, the development of the global economy shall influence the growth of the medical technology industry. Private customers or public budgets may postpone their investment decisions until the future, or make them prematurely.

Based on the Company's balanced regional presence, its broad product portfolio and substantial investments in research and development, and in spite of imponderable macroeconomic conditions, the management assumes that there will be further revenue growth in the next two financial years that is at least on a par with the expected market growth for this industry.

The **"Ophthalmic Systems"** SBU is characterized by growing competitive pressure. However, having largely redesigned our model range in optical coherence tomography at the beginning of the last financial year, and launching product innovations with refractive lasers, such as the ReLEx® smile procedure and the new excimer laser MEL® 90, we feel cautiously optimistic about the current financial year and are confident that we will be able to defend our market shares.

The **"Surgical Ophthalmology"** SBU continued to grow in the past three months. We expect this growth to continue in the financial year. To achieve this we need to exploit and exhaust any potential that remains in the markets in which we operate and further strengthen our market position through innovations. Microincision (MICS) lenses, which are already well established in the market, shall play a key role in this, as well as the injectors suitable for implantation. Carl Zeiss Meditec's AT LISA® tri, in combination with the BLUEMIXS™ 180 injector, is the only preloaded MICS-compliant trifocal intraocular lens on the market. The recently launched toric version of the AT LISA® tri for astigmatism patients also performed very well in the first quarter. The portfolio in the field of "Surgical Ophthalmology" shall also be significantly expanded by the acquisition of Aaren Scientific Inc. at the beginning of the second quarter. Carl Zeiss Meditec therefore has an even more extensive product range for ophthalmic surgery, which, with the extended range of intraocular ranges, is the broadest in the industry. As a result, we are confident that we will be able to further increase our market shares in the current financial year.

We have an extraordinarily strong market position in the **"Microsurgery"** SBU. In spite of a rather restrained first six months overall, we are cautiously optimistic about the development of revenue in the second half of the financial year, due also to the positive development in the second quarter. With our surgical microscopes OPMI® Pentero® for neuro, spinal and plastic surgery, the OPMI LUMERA® for surgical procedures on the eye, which we recently combined successfully with our OCT technology into a new system, and the OPMI® VARIO, which is used in ENT surgery and other areas, we are well diversified and are exploiting the associated market opportunities to an even greater degree by upgrading the products in terms of additional supporting applications for the user. We expect the "Microsurgery" SBU to continue to make significant contributions to earnings in future. We are confident that we will be able to defend our market shares in the current financial year.

As a global Group, our continued aim in the years ahead shall be to maintain as balanced a distribution of revenue as possible across our individual markets. Carl Zeiss Meditec currently generates around one third of its revenue in each of its three strategically important business regions: **"EMEA"**, the **"Americas"** and **"APAC"**.

Given the generally favourable conditions for market development in the medium and long term, and Carl Zeiss Meditec's good strategic position, the Company's management assumes that revenue will continue to grow in the current financial year, provided that general economic conditions remain stable. We anticipate revenue growth that is at least on a par with the market growth expected for the industry.

The management's current prediction for this financial year is total revenue of between € 910 and € 940 million, which would equate to total growth of 0.4 % to 3.7 %.

A crucial advantage for even greater stability of our overall business is a higher proportion of revenue with case-number-dependent products and services, since there is generally less fluctuation in these areas than in the capital goods business, for example. From a current perspective, we expect a further increase in case-number-dependent revenue in financial year 2013/2014. In the medium term we still aim to increase this share of revenue to around 30 % of consolidated revenue.

The EBIT margin for the first six months is 13.8 %. We shall continue to adhere to our medium-term target of an EBIT margin of 15 % by 2015.

If there are any significant changes in the economic environment currently forecast over the course of the financial year and should it thus become necessary to amend the statements made here on business development from today's perspective, we shall publish these amendments promptly and specify our expectations in more detail.

11 DIRECTORS' DEALINGS – NOTIFIABLE SECURITIES TRANSACTIONS BY MEMBERS OF THE EXECUTIVE BODIES OF CARL ZEISS MEDITEC AG IN THE FIRST SIX MONTHS OF FINANCIAL YEAR 2013/2014

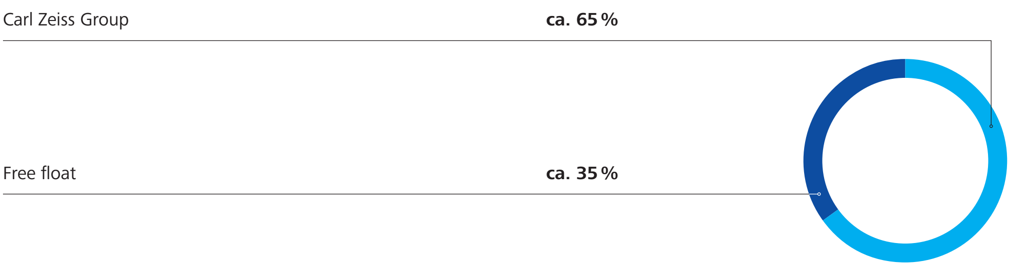
In the first six months of the current financial year no member of the Management Board or Supervisory Board and no individual closely related to a member of the Management Board or Supervisory Board executed any notifiable securities transactions pursuant to Section 15a German Securities Trading Act *(Wertpapierhandelsgesetz, WpHG)*.

The details of all securities transactions executed by members of the Management Board and Supervisory Board are published immediately after their disclosure on the Company's website at **www.meditec.zeiss.com/ir | Corporate Governance | Directors' Dealings** in accordance with the prevailing legal requirements of Section 15b WpHG. The publication documents and the relevant disclosures are forwarded to the German Federal Financial Supervisory Authority *(Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin)*.

At the current time, no Company shares are held by members of the Management Board or Supervisory Board of Carl Zeiss Meditec AG.

12 SHAREHOLDER STRUCTURE

Figure 10: Shareholder structure of Carl Zeiss Meditec AG (as of 31 March 2014)



Consolidated income statement (IFRS) for the period from 1 October 2013 to 31 March 2014

(Figures in € '000)

	2nd quarter 2013/2014 1 January 2014 – 31 March 2014	2nd quarter 2012/2013* 1 January 2013 – 31 March 2013	Financial year 2013/2014 1 October 2013 – 31 March 2014	Financial year 2012/2013* 1 October 2012 – 31 March 2013
Revenue	**248,643**	**223,958**	**460,922**	**442,957**
Cost of goods sold	(120,335)	(105,622)	(218,649)	(207,205)
Gross profit	**128,308**	**118,336**	**242,273**	**235,752**
Selling and marketing expenses	(55,606)	(51,268)	(109,277)	(104,656)
General administrative expenses	(11,336)	(10,715)	(21,363)	(20,298)
Research and development expenses	(24,200)	(22,911)	(47,973)	(46,031)
Earnings before interests, income taxes, depreciation and amortization	*42,468*	*37,706*	*73,008*	*73,298*
Depreciation and amortization	*5,302*	*4,264*	*9,348*	*8,531*
Earnings before interests and income taxes	**37,166**	**33,442**	**63,660**	**64,767**
Interest income	285	587	907	1,288
Interest expense	(1,631)	(1,522)	(3,130)	(2,829)
Foreign currency gains/(losses), net	(1,981)	(1,465)	3,529	5,488
Other financial result	826	639	1,536	1,272
Earnings before income taxes	**34,665**	**31,681**	**66,502**	**69,986**
Income tax expense	(11,942)	(9,956)	(22,355)	(23,074)
Net income	**22,723**	**21,725**	**44,147**	**46,912**
Attributable to:				
Shareholders of the parent company	19,375	19,120	39,473	42,447
Non-controlling interest	3,348	2,605	4,674	4,465
Profit/(loss) per share, attributable to the shareholders of the parent company in the current financial year (€): – Basic/diluted	**0.24**	**0.24**	**0.49**	**0.52**

* The prior-year figures are adjusted due to amended IAS 19 regulations.
The following notes to the consolidated financial statements are an integral part of the unaudited consolidated financial statements.

Consolidated statement of comprehensive income (IFRS) for the period from 1 October 2013 to 31 March 2014

(Figures in € '000)

	2nd quarter 2013/2014 1 January 2014 – 31 March 2014	2nd quarter 2012/2013* 1 January 2013 – 31 March 2013	Financial year 2013/2014 1 October 2013 – 31 March 2014	Financial year 2012/2013* 1 October 2012 – 31 March 2013
Net income	**22,723**	**21,725**	**44,147**	**46,912**
Other comprehensive income:				
Items, that may be reclassified subsequently to net income/loss				
Foreign currency translation	679	(1,030)	(8,529)	(14,007)
Total of items that may be reclassified subsequently to net income/loss	**679**	**(1,030)**	**(8,529)**	**(14,007)**
Items, that will not be reclassified subsequently to net income/loss				
Actuarial gains (losses) on defined benefit pension plans	(5,649)	943	(5,060)	(946)
Total of items that will not be reclassified subsequently to net income/loss	**(5,649)**	**943**	**(5,060)**	**(946)**
Other comprehensive income	**(4,970)**	**(87)**	**(13,589)**	**(14,953)**
Comprehensive income	**17,753**	**21,638**	**30,558**	**31,959**
Attributable to:				
Shareholders of the parent company	13,981	21,265	28,598	34,516
Non-controlling interest	3,772	373	1,960	(2,557)

* The prior-year figures are adjusted due to amended IAS 19 regulations.
The following notes to the consolidated financial statements are an integral part of the unaudited consolidated financial statements.

Consolidated statement of financial position (IFRS) as of 31 March 2014

(Figures in € '000)

	31 March 2014	30 September 2013*
ASSETS		
Goodwill	154,142	121,046
Other intangible assets	40,189	12,531
Property, plant and equipment	54,735	54,433
Investments	167	124
Deferred tax assets	54,070	52,828
Non-current trade receivables	5,016	5,421
Other non-current assets	1,237	1,232
Total non-current assets	**309,556**	**247,615**
Inventories	161,553	148,467
Trade receivables	152,137	150,000
Accounts receivable from related parties	64,315	62,701
Treasury receivables	261,114	352,412
Tax refund claims	3,969	310
Other current financial assets	6,196	6,384
Other current non-financial assets	15,592	8,899
Cash and cash equivalents	11,717	6,286
Total current assets	**676,593**	**735,459**
Total assets	**986,149**	**983,074**

* The prior-year figures are adjusted due to amended IAS 19 regulations.
The following notes to the consolidated financial statements are an integral part of the unaudited consolidated financial statements.

(Figures in € '000)

	31 March 2014	30 September 2013*
LIABILITIES AND EQUITY		
Share capital	81,310	81,310
Capital reserve	313,863	313,863
Retained earnings	325,649	322,765
Gains and losses recognized directly in equity	(49,933)	(39,058)
Equity before non-controlling interest	670,889	678,880
Non-controlling interest	38,394	36,434
Total equity	**709,283**	**715,314**
Provisions for pensions and similar commitments	41,288	32,747
Other non-current provisions	3,619	3,703
Non-current financial liabilities	1,607	1,820
Non-current leasing liabilities	10,631	11,969
Other non-current non-financial liabilities	7,448	7,863
Deferred tax liabilities	12,243	2,415
Total non-current liabilities	**76,836**	**60,517**
Current provisions	37,611	35,785
Current accrued liabilities	60,922	60,274
Current financial liabilities	2,550	2,717
Current portion of non-current financial liabilities	462	507
Current portion of non-current leasing liabilities	1,997	1,835
Trade payables	29,415	35,861
Current income tax liabilities	10,848	11,962
Accounts payable to related parties	16,426	19,833
Treasury payables	7,699	6,859
Other current non-financial liabilities	32,100	31,610
Total current liabilities	**200,030**	**207,243**
Total liabilities	**986,149**	**983,074**

* The prior-year figures are adjusted due to amended IAS 19 regulations.
The following notes to the consolidated financial statements are an integral part of the unaudited consolidated financial statements.

Consolidated statement of cash flows (IFRS) for the period from 1 October 2013 to 31 March 2014

(Figures in € '000)

	Financial year 2013/2014 1 October 2013 – 31 March 2014	Financial year 2012/2013* 1 October 2012 – 31 March 2013
Cash flows from operating activities:		
Net income	**44,147**	**46,912**
Adjustments to reconcile net income to net cash provided by/(used in) operating activities		
Income tax expenses	22,355	23,074
Result from carve-out of microscopy business of Optronik A.S.	(146)	–
Interest income/expenses	2,223	1,541
Depreciation and amortization	9,348	8,531
Gains/losses on disposal of fixed assets	61	(40)
Interest received	928	2,234
Interest paid	(620)	(910)
Income tax reimbursement	1,217	1,608
Income taxes paid	(30,170)	(22,504)
Other non-cash income	(1,327)	–
Changes in working capital:		
Trade receivables	(1,399)	(23,555)
Inventories	(11,923)	(11,895)
Other assets	(6,319)	(5,234)
Trade payables	(8,517)	(4,742)
Provisions and financial liabilities	2,320	3,395
Other liabilities	130	(224)
Total adjustments	(21,839)	(28,721)
Net cash provided by operating activities	**22,308**	**18,191**
Cash flows from investing activities:		
Investment in property, plant and equipment	(4,040)	(3,206)
Investment in intangible assets	(2,242)	(579)
Proceeds from fixed assets	411	151
Proceeds from fixed term deposits	140,000	120,000
Investments in fixed term deposits	(118,000)	(140,000)
Acquisition of IOL/OVD-business IMEX Clinic S.L., Spain	(716)	(1,907)
Acquisition of consolidated companies/businesses, net of cash acquired		
Optronik A.S., Turkey:	(10,800)	–
Aaren Scientific Inc., USA:	(51,206)	–
Carve-out of microscopy business of Optronik A.S.	2,208	–
Net cash used in investing activities	**(44,385)**	**(25,541)**
Cash flows from financing activities:		
Proceeds from/(repayment of) short-term debt	(101)	(22)
Proceeds from/(repayment of) non-current financial liabilities	(277)	(254)
(Increase)/decrease in treasury receivables	64,807	44,314
Increase/(decrease) in treasury payables	840	(4,207)
Change of leasing liabilities	(890)	(901)
Dividend payments to shareholders of Carl Zeiss Meditec AG	(36,589)	(32,524)
Net cash provided by/(used in) financing activities	**27,790**	**6,406**
Effect of exchange rate fluctuation on cash and cash equivalents	(282)	(968)
Net increase/(decrease) in cash and cash equivalents	**5,431**	**(1,912)**
Cash and cash equivalents, beginning of reporting period	6,286	9,526
Cash and cash equivalents, end of reporting period	**11,717**	**7,614**

* The prior-year figures are adjusted due to amended IAS 19 regulations.
The following notes to the consolidated financial statements are an integral part of the unaudited consolidated financial statements.

Consolidated statement of changes in equity (IFRS)

(Figures in € '000)

	Share capital	Capital reserve	Retained earnings	Gains and losses recognized directly in equity	Equity before non-controlling interest	Non-controlling interest	Total equity
As of 1 October 2012 as reported	**81,310**	**313,863**	**261,309**	**(1,491)**	**654,991**	**40,806**	**695,797**
Effects from the retrospective application of IAS 19 revised	–	–	1,849	(17,780)	(15,931)	–	(15,931)
As of 1 October 2012	**81,310**	**313,863**	**263,158**	**(19,271)**	**639,060**	**40,806**	**679,866**
Foreign currency translation	–	–	–	(17,564)	(17,564)	(9,996)	(27,560)
Changes in value recognized directly in equity	**–**	**–**	**–**	**(17,564)**	**(17,564)**	**(9,996)**	**(27,560)**
Net income	–	–	93,505	–	93,505	5,617	99,122
Sum of comprehensive income for the period	**–**	**–**	**93,505**	**(17,564)**	**75,941**	**(4,379)**	**71,562**
Dividend payments	–	–	(32,524)	–	(32,524)	–	(32,524)
As of 30 September 2013 as reported	**81,310**	**313,863**	**322,290**	**(19,055)**	**698,408**	**36,427**	**734,835**
Effects from the retrospective application of IAS 19 revised	–	–	(1,374)	(2,223)	(3,597)	7	(3,590)
As of 1 October 2013	**81,310**	**313,863**	**322,765**	**(39,058)**	**678,880**	**36,434**	**715,314**
Foreign currency translation	–	–	–	(5,815)	(5,815)	(2,714)	(8,529)
Changes in equity from the remeasurement of pensions liabilities	–	–	–	(5,060)	(5,060)	–	(5,060)
Changes in value recognized directly in equity	**–**	**–**	**–**	**(10,875)**	**(10,875)**	**(2,714)**	**(13,589)**
Net income	–	–	39,473	–	39,473	4,674	44,147
Sum of comprehensive income for the period	**–**	**–**	**39,473**	**(10,875)**	**28,598**	**1,960**	**30,558**
Dividend payments	–	–	(36,589)	–	(36,589)	–	(36,589)
As of 31 March 2014	**81,310**	**313,863**	**325,649**	**(49,933)**	**670,889**	**38,394**	**709,283**

The following notes to the consolidated financial statements are an integral part of the unaudited consolidated financial statements.

Notes to the consolidated interim financial statements

1. GENERAL INFORMATION

Accounting under International Financial Reporting Standards (IFRSs)

Carl Zeiss Meditec AG prepared its consolidated financial statements as of 30 September 2013 in accordance with the International Financial Reporting Standards (IFRSs) promulgated by the International Accounting Standards Board (IASB), London, as applicable in the EU as of that date. Accordingly, this interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting".

Accounting and valuation principles

The accounting and valuation principles applied for the interim financial statements as of 31 March 2014 correspond to those applied for the consolidated financial statements for financial year 2012/2013, with the exceptions described below. A detailed description of these methods was published in the notes to the consolidated financial statements as of 30 September 2013.

Recent pronouncements on accounting principles

The Group was obliged to apply the following standards and interpretations for the first time at the beginning of this financial year:

Date of issue	Standard/Interpretation	Amendment/New statutory regulation
12 May 2011	IFRS 13 "Fair Value Measurement"	Guidance on measurement and disclosures on the measurement of fair value
16 June 2011	Amendment IAS 19 "Employee Benefits"	Accounting treatment of defined benefit pension plans, definition of the individual types of employee benefits and enhanced disclosure requirements
19 October 2011	IFRIC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	Accounting treatment of overburden removal costs during the production phase in surface mining
16 December 2011	Amendments IFRS 7 "Financial Instruments: Disclosures"	Additional disclosures relating to the offsetting of financial assets and liabilities
13 March 2012	Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards"	Specification of the accounting treatment of government loans with a below-market rate of interest
17 May 2012	Improvements to IFRSs (2009–2011)	Amendments to Standards IFRS 1, IAS 1, 16, 32 and 34
28 June 2012	Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	Expansion of transition regulations to IFRS 10, 11 and 12

With the exception of the amendments to IFRS 13 and IAS 19, there were no significant changes to the accounting and valuation methods in connection with any standards and interpretations applied for the first time, nor are such changes expected.

IFRS 13 “Fair Value Measurement”, which Carl Zeiss Meditec shall be obliged to apply prospectively from this financial year, specifies uniform guidelines for calculating fair value and enhances the disclosures in the notes on fair value measurement. The Standard does not, however, contain any requirements stipulating in which cases the fair value is to be applied. The first-time application of IFRS 13 did not have any material effects on the measurement of fair value by the Group. A number of specific disclosures concerning fair value are required under IAS 34.16A(j), specifically for financial instruments, and therefore affect the reporting period for the condensed consolidated interim financial statements. The Group presents these disclosures in Section 5.

The amendments to IAS 19 “Employee Benefits” shall generally be mandatory with retrospective effect for financial statements for financial years starting on or after 1 January 2013. Carl Zeiss Meditec has adjusted the figures reported for the previous year for the effects of the amendments to IAS 19. Overall, the amendments to IAS 19 have the following material effects at Carl Zeiss Meditec:

Pensions and similar obligations: Up until now the Group has applied the corridor method. With the abolition of the corridor method as a result of the amended IAS 19, actuarial gains and losses have an immediate effect in the consolidated statement of financial position and led to an increase in provisions for pensions and similar obligations and to a decrease in equity. In addition, pension obligations and plan assets are subject to a standard interest rate (Net Interest Approach).

Partial retirement obligations: Due to the amended definition under IAS 19, top-up contributions within the scope of partial retirement agreements shall no longer to be carried in their full amount as liabilities at their present value, rather, the top-up contributions shall be accumulated on a pro rata basis over the respective active service years within the term of the agreement with the partially retired employees. This shall reduce the provisions for partial retirement.

The following table shows the effects of the application of IAS 19 on the main items in the consolidated statement of financial position as of 1 October 2012, and as of 30 September 2013.

(in € '000)

	30 September 2013	1 October 2012
Deferred income taxes	8,647	7,286
Other non-current assets	-6,144	-10,881
Assets	**2,503**	**-3,595**
Retained earnings	475	1,849
Gains and losses recognized directly in equity	-20,003	-17,780
Non-controlling interest	7	0
Equity	**-19,521**	**-15,931**
Provisions for pensions and similar commitments	22,113	14,944
Other non-current provisions	-89	-2,608
Liabilities	**2,503**	**-3,595**

The effects on the consolidated income statement for the period 1 October to 31 March 2013 are presented in the following table.

(in € '000)

	6 months Financial year 2012/2013 1 October 2012 – 31 March 2013
Cost of goods sold	177
Selling and marketing expenses	128
General administrative expenses	209
Research and development costs	106
Earnings before interest and income taxes	**620**
Other financial result	-347
Income tax expense	-73
Consolidated net income	**200**
thereof attributable to:	
Shareholders of the parent company	200
Non-controlling interests	0

The IASB and IFRS IC also issued the following standards, interpretations and revisions of existing standards; however, application of these is not yet mandatory for Carl Zeiss Meditec. The Company did not opt to apply these standards early:

Date of issue	Standard/Interpretation	Amendment/New statutory regulation	Date of first mandatory application	Adopted by the EU
12 November 2009	IFRS 9 “Financial Instruments”	Classification and measurement of financial assets	Not yet specified	no
28 October 2010	Revision IFRS 9 “Financial Instruments”	Additional requirements for the accounting of financial liabilities	Not yet specified	no
12 May 2011	IFRS 10 “Consolidated Financial Statements”	Accounting regulations for the presentation of consolidated financial statements and notes on the principle of control	Financial years beginning on or after 1 January 2014	yes
12 May 2011	IFRS 11 “Joint Arrangements”	Expansion of requirements for joint arrangements and their accounting treatment	Financial years beginning on or after 1 January 2014	yes
12 May 2011	IFRS 12 “Disclosure of Interests in Other Entities”	Enhanced disclosure requirements for subsidiaries, joint ventures and associates, as well as unconsolidated structured entities	Financial years beginning on or after 1 January 2014	yes
12 May 2011	IAS 27 “Separate Financial Statements”	Guidance on the accounting treatment of investments in subsidiaries, associates and joint ventures in separate financial statements	Financial years beginning on or after 1 January 2014	yes
12 May 2011	IAS 28 “Investments in Associates and Joint Ventures”	Guidelines for the accounting treatment of associates and principles for applying the equity method	Financial years beginning on or after 1 January 2014	yes
16 December 2011	Amendments IFRS 32 “Financial Instruments: Presentation”	Amendment to provisions for offsetting financial assets and liabilities	Financial years beginning on or after 1 January 2014	yes
31 October 2012	Amendment to IFRS 10, IFRS 12 and IAS 27 “Investment Entities”	Special regulations for financial statements of investment entities	Financial years beginning on or after 1 January 2014	yes
20 May 2013	IFRIC Interpretation 21: Levies	Accounting treatment of levies imposed by governments	Financial years beginning on or after 1 January 2014	no
29 May 2013	Amendment to IAS 36 “Impairment of Assets”	Amendment of recoverable amount disclosures for non-financial assets following the adoption of IFRS 13	Financial years beginning on or after 1 January 2014	yes

Date of issue	Standard/Interpretation	Amendment/New statutory regulation	Date of first mandatory application	Adopted by the EU
27 June 2013	Amendment to IAS 39 "Financial instruments: Recognition and Measurement"	Novation of derivatives and continuation of hedge accounting	Financial years beginning on or after 1 January 2014	yes
19 November 2013	Amendment IFRS 9 "Financial instruments"	Enhancement of provisions on hedge accounting	Not yet specified	no
21 November 2013	Amendment IAS 19 "Employee Benefits"	Specification of the accounting treatment of employee contributions or third-party contributions for defined benefit plans	Financial years beginning on or after 1 July 2014	no
12 December 2013	Improvements to IFRSs (2010–2012)	Amendments to Standards IFRS 2, 3, 8, 13, IAS 16, 24 and 38	Financial years beginning on or after 1 July 2014	no
12 December 2013	Improvements to IFRSs (2011–2013)	Amendments to Standards IFRS 1, 3, 13, IAS 40	Financial years beginning on or after 1 July 2014	no

Carl Zeiss Meditec is not expected to apply any of the standards listed above until the date of first mandatory application. According to the current state of knowledge, the future application of these standards is only expected to have material effects on the accounting and valuation with respect to IFRS 9. The specific effects of the first-time application of IFRS 9 are still under review. The other standards listed shall, in some cases, also lead to more extensive disclosures in the notes to the financial statements.

2. PURCHASE AND SALE OF BUSINESS OPERATIONS

Financial year 2013/2014

Optronik A.S., Ankara, Turkey
On 5 December 2013 a purchase agreement was concluded between Carl Zeiss Meditec AG and Mr. Ömer Engin Kalinyazgan, Ankara, Turkey, which provides for the purchase of 100 percent of the shares in the distribution and service company Optronik Optik Ve Elektronik Cihazlar Ticaret Ve Sanayi Anonim Sirketi (hereinafter referred to as Optronik), domiciled in Ankara, Turkey. As contractually agreed, Carl Zeiss Meditec assumed the company's business activities with effect from 30 December 2013 (acquisition date). With effect from 6 February 2014 the company was renamed Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi Anonim Şirketi ("Carl Zeiss Meditec Medikal").

Optronik was the exclusive trader for Carl Zeiss Meditec products in the Turkish medical sector, as well as for the products of the Microscopy division of Carl Zeiss AG. The latter mainly includes microscopes for the industrial sector, as well as the biomedical research sector. In addition to selling the products mentioned, the business also includes product-related services for private and public customers. Up until the date of the transaction, the company was the exclusive distribution partner of Carl Zeiss Meditec and Carl Zeiss AG for the products mentioned.

This acquisition strengthens Carl Zeiss Meditec's business, particularly in Turkey, and it is a systematic investment in its distribution and service organization. The acquisition of Optronik means that Carl Zeiss Meditec shall be represented in the Turkish market by a team of established experts in the area of distribution and support, and shall offer customer-focused product solutions and related services.

The purchase price is € 12.9 million and consists of a fixed sum of € 11.5 million and a contingent earn-out component of € 1.4 million.

The fixed price component is in part dependent on key ratios in Optronik's statement of financial position according to Turkish accounting standards, and was calculated based on Optronik's audited statement of financial position as of the acquisition date. Pursuant to the agreement, the fixed price of € 11.5 million was paid at the end of December 2013; a small adjustment payment of € 0.1 million was made in February 2014 as part of the final purchase price calculation. The earn-out component shall be payable in one tranche one year from the acquisition date, and shall depend on the revenue of the acquired business.

The calculation of the earn-out is based on the achievement of defined revenue targets for the subsequent 12 months. In the event of deviations from the expected revenue targets, the earn-out shall be increased or decreased accordingly. The expected earn-out of € 1.4 million results from an achievement of the revenue target of 100 %. The contractual margin of fluctuation of the earn-out has a lower limit of € 0 and, in the case of over-achievement of the specified targets, is capped at € 2.2 million.

On 30 December 2013 Optronik and the seller, Mr. Ömer Engin Kalinyazgan, Ankara, Turkey, concluded a consultancy agreement, which regulates the rendering of relevant services to Optronik in the period of one year from the acquisition date. The agreement did not specify any remuneration. For this reason it is assumed that the consultancy services, which, based on a preliminary estimate, amount to significantly less than € 0.1 million, shall be compensated for with the earn-out payment. This results in a deduction from the earn-out in the same amount and the corresponding recognition of a prepaid expense under other current non-financial assets, which shall be reversed as an expense under administrative expenses over the term of the agreement.

Prior to the merger, business relations existed between Carl Zeiss Meditec and Optronik in the form of supply and service transactions. At the acquisition date Carl Zeiss Meditec had outstanding trade receivables in the medical technology business from this period amounting to € 0.3 million, as well as outstanding sales commission liabilities, also amounting to € 0.3 million. These transactions, which Optronik accounted for identically, shall be treated separately from the acquisition of the assets and liabilities. These items were eliminated as part of consolidation in the consolidated financial statements as of 31 March 2014.

At the date of publication of the interim financial statements of Carl Zeiss Meditec as of 31 March 2014 the allocation of the purchase price to the assets and liabilities of the acquired company was not yet complete. The preliminary fair values of the identified assets and liabilities at the date of acquisition and the corresponding carrying amounts directly prior to the date of acquisition are as follows:

(in millions of €)

	Optronik A.S.	
	Fair value	Carrying amount
Intangible assets	4.3	–
Property, plant and equipment	0.1	0.1
Deferred income tax assets	0.2	0.2
Inventories	1.6	1.6
Trade receivables	3.0	3.0
Cash and cash equivalents	0.7	0.7
Total assets	**9.9**	**5.6**
Non-current provisions	0.3	0.3
Deferred tax liabilities	0.9	–
Current provisions	0.2	0.2
Current accrued liabilities	0.5	0.5
Current income tax liabilities	0.3	0.3
Other current non-financial liabilities	0.2	0.2
Total liabilities	**2.4**	**1.5**
Net assets	**7.5**	**4.1**
Goodwill from acquisition	5.4	
Total costs of acquisition	**12.9**	
Cash received	0.7	
Capital outflow for purchase price components	(11.5)	
Net capital outflow as of 31 March 2014	**(10.8)**	
Contingent purchase price payment pursuant to IFRS 3 B64 (g) (i)	(1.4)	

The change in fair values since the acquisition date is as follows:

(in millions of €)

	Optronik A.S.	
	Preliminary fair value 31 December 2013	Preliminary fair value 31 March 2014
Intangible assets	1.6	4.3
Property, plant and equipment	0.1	0.1
Deferred income tax assets	–	0.2
Inventories	1.6	1.6
Trade receivables	2.9	3.0
Other current non-financial assets	0.2	–
Cash and cash equivalents	0.7	0.7
Total assets	**7.1**	**9.9**
Non-current provisions	–	0.3
Deferred tax liabilities	0.3	0.9
Current provisions	–	0.2
Current accrued liabilities	–	0.5
Current income tax liabilities	–	0.3
Other current non-financial liabilities	0.5	0.2
Total liabilities	**0.8**	**2.4**
Net assets	**6.3**	**7.5**
Goodwill from acquisition	6.6	5.4
Total costs of acquisition	**12.9**	**12.9**
Cash received	0.7	0.7
Capital outflow for purchase price components	(11.5)	(11.5)
Net capital outflow as of 31 March 2014	**(10.8)**	**(10.8)**
Contingent purchase price payment pursuant to IFRS 3 B64 (g) (i)	(1.4)	(1.4)

The following additional information is given for the acquired receivables:

(in millions of €)

	Fair value	Gross amount	Valuation allowances
Trade receivables	3.0	3.1	0.1

The preliminary goodwill identified from the acquisition of Optronik is mainly the result of the anticipated synergy effects of the integration of the distribution and service business into the existing business. It shall be allocated to all business units of Carl Zeiss Meditec and to the Microscopy division. As expected, goodwill shall not be deductible for tax purposes.

Incidental acquisition costs amounting to € 0.1 million were incurred in the first quarter of financial year 2013/2014. These were recognized under general administrative expenses.

Effect of Optronik on Carl Zeiss Meditec's result

Since the acquisition, Optronik has contributed € 1.2 million to the revenue generated by the Group, which is recognized in the income statement. The acquired company's share of consolidated net income was € 0.1 million. These shares relate exclusively to the Medical Technology division, since the Microscopy division was sold with effect from 1 January 2014, as detailed below. The presented amounts are not incremental; rather, in the previous year they also include the share of revenue and earnings generated with the former distribution partner, which is now carried, as of this financial year, directly via Optronik distribution company of Carl Zeiss Meditec.

Pro forma account of acquisitions

Assuming that the presented acquisition had already been completed as of 1 October 2013, pro forma revenue would have amounted to € 462.7 million; pro forma consolidated net income would have amounted to € 44.4 million.

These pro forma figures were prepared exclusively for comparison purposes. They provide neither a reliable indication of the operating results that would actually have been achieved had the acquisition taken place at the beginning of the period, nor of future results. These amounts contain only the shares of revenue and earnings generated by the Medical Technology business in financial year 2013/2014.

Disposal of the Microscopy business of Optronik

On 5 March 2014 a purchase agreement was concluded between Carl Zeiss Meditec Medikal (formerly Optronik) and Carl Zeiss Teknoloji Çözümleri Ticaret Limited Şirketi (“Carl Zeiss Teknoloji”), a Turkish subsidiary of Carl Zeiss AG, domiciled in Istanbul, Turkey, which foresees the sale of assets and liabilities and the transfer of employees to this company associated with the sale of the products and services of the Microscopy division. As contractually agreed, Carl Zeiss Teknoloji assumed the assets and liabilities retrospectively as of 1 January 2014. The purchase price amounts to € 2.2 million.

Due to the fact that the distribution of the purchase price among the assets and liabilities of the acquired Optronik is not yet complete, the carrying amounts of the identified assets and liabilities are also provisional at the date of sale of the Microscopy business. These are as follows:

(in millions of €)

	Microscopy business Carl Zeiss Meditec Medikal
	Carrying amount
Goodwill	0.6
Intangible assets	0.8
Inventories	0.4
Trade receivables	0.5
Total assets	**2.3**
Deferred tax liabilities	0.2
Total liabilities	**0.2**
Carrying amount of the sold net assets	**2.1**
Selling price	2.2
Net capital inflow as of 31 March 2014	**2.2**

The gain on the disposal of € 0.1 million was recognized in the other financial result. The appropriateness of the selling price was assured by an independent third party based on a fairness opinion in accordance with the guidelines of IDW S 8.

Aaren Scientific Inc., Ontario, USA

On 7 January 2014 a purchase agreement was concluded between Carl Zeiss Meditec Inc., Dublin, USA, and the shareholders of Aaren Scientific Inc., which provides for the acquisition of 100 percent of the shares in Aaren Scientific Inc. (hereinafter referred to as Aaren), domiciled in Ontario/California, USA. As contractually agreed, Carl Zeiss Meditec assumed the company's business activities with effect from the same date.

Aaren is a company engaged in the research, development, manufacture and global distribution of a portfolio of intraocular lenses and other ophthalmic surgery products for cataract surgery.

The broadening of the product range as a result of this acquisition facilitates the expansion of Carl Zeiss Meditec's customer base, the addressing of new market segments, as well as the development of new geographical markets in the field of surgical ophthalmology.

The preliminary purchase price is € 51.4 million and is composed of preliminary fixed sum of € 44.1 million and an escrow amount of € 7.3 million, which has been deposited in a trust account.

The fixed price component is partly dependent on key ratios in Aaren's statement of financial position prepared in accordance with US-GAAP, and was calculated based on preliminary data available at the acquisition date. A final calculation of this component shall be performed during the course of financial year 2013/2014 based on Aaren's final statement of financial position at the acquisition date. The escrow amount serves to secure contractually regulated warranties and guarantees in a period of 24 months from the acquisition date, for circumstances that date from the time before the merger. The preliminary fixed price was also paid, like the escrow amount, in January 2014. The escrow amount shall be released to the seller 24 months after the acquisition date, subject to any claims that may have been made during this period.

At the date of publication of the interim financial statements of Carl Zeiss Meditec as of 31 March 2014 the allocation of the purchase price to the assets and liabilities of the acquired company was not yet complete. The preliminary fair values of the identified assets and liabilities at the date of acquisition and the corresponding carrying amounts directly prior to the date of acquisition are as follows:

(in millions of €)

	Aaren Scientific Inc.	
	Fair value	Carrying amount
Intangible assets	26.7	2.2
Property, plant and equipment	2.2	2.2
Deferred income tax assets	0.2	0.2
Inventories	3.4	3.4
Trade receivables	2.7	2.7
Other current assets	0.3	0.3
Cash and cash equivalents	0.2	0.2
Total assets	**35.7**	**11.2**
Other non-current non-financial liabilities	1.5	1.5
Deferred tax liabilities	9.5	–
Current accrued liabilities	1.1	1.1
Trade payables	1.0	1.0
Other current non-financial liabilities	0.2	0.2
Total liabilities	**13.3**	**3.8**
Net assets	**22.4**	**7.4**
Goodwill from acquisition	29.0	
Total costs of acquisition	**51.4**	
Cash received	0.2	
Capital outflow for purchase price components	(51.4)	
Net capital outflow as of 31 March 2014	**(51.2)**	

The following additional information is given for the acquired receivables:

(in millions of €)	Fair value	Gross amount	Valuation allowances
Trade receivables	2.7	3.1	0.4

The expected identified goodwill from the acquisition of Aaren is mainly the result of the anticipated synergy effects of the company's integration into the existing surgical ophthalmology business.
As expected, goodwill shall not be deductible for tax purposes.

Incidental acquisition costs in the amount of € 0.7 million were incurred in the second quarter of financial year 2013/2014. These were recognized under general administrative expenses.

Effect of Aaren on Carl Zeiss Meditec's result
Since the acquisition, Optronik has contributed € 3.2 million to the revenue generated by the Group, which is recognized in the income statement. The acquired company's share of consolidated net income was € -0.2 million.

The contribution to earnings includes a positive effect of € 0.4 million before taxes. This results from the complete write-off, in the second quarter of financial year 2013/2014, of a licensing right to a third-party patent, as well as from the write-off of the corresponding obligation for future minimum license royalties.

Pro forma account of acquisitions
Assuming that the presented acquisition had already been completed as of 1 October 2013, pro forma revenue would have amounted to € 465.1 million; pro forma consolidated net income would have amounted to € 43.7 million.

These pro forma figures were prepared exclusively for comparison purposes. They provide neither a reliable indication of the operating results that would actually have been achieved had the acquisition taken place at the beginning of the period, nor of future results.

Financial year 2012/2013

Carl Zeiss EyeTec GmbH, Aalen, Germany
With effect from 1 December 2012 Carl Zeiss Meditec AG assumed from Carl Zeiss EyeTec GmbH (CZ EyeTec GmbH), Aalen, Germany, the necessary assets for the continuation of this company's existing business operations. CZ EyeTec GmbH helps Carl Zeiss Meditec to select qualified suppliers and develops and optimizes optometric diagnostic equipment in collaboration with Carl Zeiss Meditec. The relevant assets (approx. € 0.1 million) and the employees and the related personnel commitments (approx. € 0.5 million) were transferred to Carl Zeiss Meditec AG's strategic business unit “Ophthalmic Systems”. The purchase price amounted to around € -0.4 million. The resulting receivable from CZ EyeTec GmbH was settled, pursuant to the purchase agreement, in the second quarter of financial year 2012/2013.

This is a transaction under common control, as all companies involved are directly or indirectly majority-owned by Carl Zeiss AG. In line with the accounting method applied by Carl Zeiss Meditec, the transaction is carried at the prior carrying amounts. No hidden reserves or charges are disclosed. Consequently, it does not give rise to any goodwill. Due to the small scope of the transaction in relation to the assets and liabilities of Carl Zeiss Meditec AG this purchase is considered insignificant.

3. EFFECTS OF PURCHASES IN PREVIOUS YEARS

IMEX Clinic S.L., Paterna, Spanien

On 21 September 2011, Carl Zeiss Meditec Iberia, S.A., concluded a purchase agreement with medical distribution and service company IMEX Clinic S.L, Paterna, Spain (IMEX), and Dismedica S.A., Las Arenas/Bilbao, Spain, which regulated the purchase of assets and the transfer of employees in connection with the distribution and support of intraocular lenses (IOLs) and viscoelastics (OVDs).

The purchase price amounted to € 16.4 million and consisted, in addition to a fixed sum of € 9.0 million, of a discounted contingent earn-out component of € 3.6 million and a price for the assumed inventories of € 3.8 million. The fixed price components and the price of the inventories were paid in financial year 2011/2012. The earn-out component shall be payable in three tranches over 30 months starting from the acquisition date, and shall depend on the success of the acquired business.

In December 2012 the first tranche of the earn-out component was paid to the seller in the amount of € 1.9 million. The second tranche was paid in December 2013 in the amount of € 0.7 million. There remains a contingent discounted purchase price payment pursuant to IFRS 3 B54 (g) (i), of € 1.3 million, which is based on an unchanged expectation of the future earnings contribution in comparison with 30 September 2012.

4. NOTES TO THE CONSOLIDATED INCOME STATEMENT

Operating segments

The Group has three operating segments, which are simultaneously the Group’s strategic business units (“SBUs”). The **“Ophthalmic Systems”** and **“Surgical Ophthalmology”** SBUs comprise Carl Zeiss Meditec's activities in the ophthalmic market. Ophthalmic Systems include medical laser and diagnostic systems. The Surgical Ophthalmology segment combines the Company's activities in the field of intraocular lenses and consumables. The activities in the field of neuro, ear, nose and throat surgery are presented in the **“Microsurgery”** segment (the former “Neuro/ENT surgery” SBU). Surgical visualization solutions in the area of ophthalmic surgery and activities in the field of intraoperative radiation are also allocated to this SBU. Internal management reports are evaluated by the CEO at least every quarter for each of the strategic business units.

The operating segments for the reporting period are as follows:

(in € '000)

	Ophthalmic Systems		Surgical Ophthalmology		Microsurgery		Total	
	6 Months		6 Months		6 Months		6 Months	
	2013/2014	2012/2013*	**2013/2014**	2012/2013*	**2013/2014**	2012/2013*	**2013/2014**	2012/2013*
External revenue	180,192	175,766	73,437	60,459	207,293	206,732	460,922	442,957
EBIT	2,456	1,313	10,188	8,926	51,016	54,528	63,660	64,767
Reconciliation of segments’ comprehensive income to the Group’s period-end result.								
Comprehensive income of the segments							**63,660**	**64,767**
Consolidated earnings before interest and taxes (EBIT)							**63,660**	**64,767**
Financial result							2,842	5,219
Consolidated earnings before income taxes							**66,502**	**69,986**
Income tax expense							(22,355)	(23,074)
Consolidated net income							**44,147**	**46,912**

* The previous year was adjusted due to the amendment to IAS 19.

NOTES

As a general rule there were no intersegment sales between the SBUs.

There are no significant changes in segment assets compared with the disclosures in the notes to the last consolidated annual financial statements; nor is this the subject of internal management reports.

Related party disclosures

In the reporting period 2013/2014, transactions with related parties result in revenue of € 127,262 thousand (previous year: € 113,672 thousand). The term "related parties" refers here to Carl Zeiss AG and its subsidiaries.

5. DISCLOSURES ON FAIR VALUE

The principles and methods for measuring at fair value are essentially the same as in the previous year. Detailed notes on the evaluation principles and methods are contained in the Annual Report as of 30 September 2013.

The allocation of the fair values to the three categories of fair value hierarchy is based on the availability of observable market prices on an active market. The valuation categories are defined as follows:

Category 1
- Financial instruments traded on active markets, for which the listed prices were taken over unchanged for valuation.

Category 2
- Valuation is based on valuation methods for which the influencing factors used were derived directly or indirectly from observable market data.

Category 3
- Valuation is based on valuation methods for which the influencing factors used are not exclusively based on observable market data.

The table below provides an overview of the items in the statement of financial position measured at fair value:

(in € '000)

	31 March 2014			
	Carrying amount	Category 1	Category 2	Category 3
From held-for-trading financial assets	5,477	–	5,477	–
From held-for-trading financial liabilities	(1,528)	–	(1,528)	–

Carl Zeiss Meditec shall review at the end of each reporting period whether there are grounds for reclassification to or from a valuation category. In the reporting period there were no reclassifications amongst the valuation categories.

Reconciliation of items in the statement of financial position to the categories of financial instruments:

The fair value of the financial instruments measured at amortized cost, such as receivables and liabilities, is determined through discounting, taking into account a risk-based market interest rate with matching maturity. In comparison with 30 September 2013 there are no significant changes in the ratios between carrying amount and fair value with respect to non-current assets and liabilities. For reasons of materiality the fair value shall be equated to the carrying amount for current items in the statement of financial position.

6. EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

There were no events of particular significance after the end of the reporting period, 31 March 2014.

Responsibility statement

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

Dr Ludwin Monz
President and
Chief Executive Officer

Dr Christian Müller
Chief Financial Officer
and Member of the
Management Board

Thomas Simmerer
Member of the
Management Board

Important financial dates and contacts

1 FINANCIAL CALENDAR

Date	Financial year 2013/2014
14 August 2014	9 Month Report
14 August 2014	Telephone conference
8 December 2014	Annual Financial Statements 2013/2014
8 December 2014	Analyst's Conference, Frankfurt am Main

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This report has been published on 9 May 2014.

The 6 Month Report 2013/2014 of Carl Zeiss Meditec AG has been published in German and English.

Both versions and the key figures contained in this report can be downloaded from the following address:

www.meditec.zeiss.com/ir

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