Q2

2014/15

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6 Month Report Carl Zeiss Meditec Group

Financial highlights (IFRS)

(Figures in € '000, unless otherwise stated)

	6 Months 2014/15	6 Months 2013/14	6 Months 2012/13[4]
Revenue	**497,957**	**460,922**	**442,957**
Research and development expenses	***56,170***	***47,973***	***46,031***
Research and development expenses in % of consolidated revenue	***11.3 %***	***10.4 %***	***10.4 %***
EBIT	**60,997**	**63,660**	**64,767**
EBIT in % of consolidated revenue	***12.2 %***	***13.8 %***	***14.6 %***
EBIT (adjusted)[1]	**67,928**	**64,672**	**–**
EBIT in % of consolidated revenue (adjusted)[1]	***13.6 %***	***14.0 %***	***–***
Net income	***32,400***	***44,147***	***46,912***
Attributable to:			
Shareholder of parent company	30,062	39,473	42,447
Non-controlling interest	2,338	4,674	4,465
Profit per share[2] (in €)	***0.37 €***	***0.49 €***	***0.52 €***
Cash flows from operating activities	**3,501**	**22,308**	**18,191**
Cash flows from investing activities	**-19,390**	**-44,385**	**-25,541**
Cash flows from financing activities	**12,124**	**27,790**	**6,406**

	31 March 2014/15	31 March 2013/14	31 March 2012/13
Total assets	1,129,981	986,149	946,969
Total equity	764,104	709,283	679,300
Total equity in %	67.6 %	71.9 %	73.2 %
Net Cash[3]	241,834	265,132	326,699
Number of employees (31 March)	**2,967**	**2,909**	**2,532**

[1] Adjusted for special items.
[2] Profit/(loss) per share, attributable to the shareholders of the current financial year.
[3] Cash and cash equivalents plus treasury receivables from/payables to the group treasury of Carl Zeiss AG.
[4] Adjusted due to the amendment to IAS 19.

Content

Ladies and Gentlemen,
dear Shareholders,

After starting the new financial year with good revenue growth in the first quarter, the six-month statement of financial position for the reporting period 2014/15 is also showing an upward trend for the Carl Zeiss Meditec Group. Total revenue for the first six months amounts to around € 498 million. This corresponds to growth of 8 percent. Adjusted for currency effects, revenue increased by 3.7 percent. Earnings before interest and taxes (EBIT) amount to around € 61 million, which approximates the previous year's figure. The EBIT margin is 12.2 percent. On a adjusted basis, EBIT would have been increased by 5 percent compared to the previous year, and the EBIT margin at 13.6 percent would be slightly lower than the previous year's level at 14.0 percent.

Earnings per share amount to € 0.37 after six months. This decline of approximately 24 percent compared with the previous year is mainly due to a negative result from currency hedging transactions.

Growth is distributed among the three strategic business units as follows: Once again, the **"Surgical Ophthalmology"** SBU grew the most, increasing its revenue by just over 17 percent in the reporting period, to € 173 million. The continuing high demand on the market for innovative intraocular lenses had a positive effect here. Surgical microscopes for ophthalmic surgery also developed positively in the reporting period. The development of business in the **"Ophthalmic Systems"** SBU remains split: There is a positive trend for refractive lasers and in the service area, while the diagnostic systems business remains subdued, due to continued strong pricing and competitive pressure. Below the line, the SBU achieved sound revenue growth of 8.8 percent, and made the largest contribution to revenue with € 183.2 million. Sales figures here benefited significantly from the positive currency effects in the Americas business. Adjusted for currency effects, the increase is 2.4 percent. The **"Microsurgery"** SBU generated revenue of € 141.7 million and is thus down by 2.1 percent compared with the previous year. After adjustment for currency effects, business with surgical microscopes and visualization solutions declined by 5.8 percent. The trend is comprehensible, however, in view of an exceptionally strong year-ago period in **"Microsurgery"**, particularly in the Japanese market.

In regional terms, the **"EMEA"** region generated the highest revenue after six months. In differing individual markets, revenue of € 171.3 million was generated all in all, corresponding to an increase of 8.1 percent. The **"Americas"** region increased its revenue again for the first time since the beginning of financial year 2013/14. Boosted by the strength of the U.S. dollar, revenue increased to € 166.9 million. Adjusted for currency effects, however, this substantial increase of 17.8 percent falls to 5.2 percent. The **"APAC"** region achieved figures that were almost on a par with the very strong first six months of the previous year, and closed the reporting period with almost unchanged revenue of € 159.8 million, in spite of the downturn in the important Japanese market, as anticipated.

The overall satisfactory half-time statement of financial position is the result of our corporate strategy to create true value-added with innovative products and customer-focused solutions. Examples of this include the CT LUCIA® intraocular lens for the standard segment, manufactured at the new site in Ontario, and the IOLMaster® 700, as a new product generation in biometry, both of which were launched in 2014. In March 2015 we introduced the Humphrey Field Analyzer 3, a new generation of our gold standard in glaucoma diagnosis which promises further growth in the future.

Due to our broad product range and high-quality medical technology solutions, as well as our technological innovative strength, we are confident that we will be able to maintain and expand our market shares during the further course of this financial year. We expect our revenue for financial year 2014/15 to range between € 960 million and € 1,000 million. This corresponds to growth of between 5.6 percent and 10 percent compared with the previous year. In the medium term, we continue to strive for an EBIT margin between 13 and 15 percent. The EBIT margin for the current financial year, adjusted for special items, is also expected to be within this range.

I would like to thank you for the trust you have placed in us, and would be very pleased if you continue to provide us with your support.

Jena, May 2015

Yours sincerely,

Dr Ludwin Monz
President and CEO
Carl Zeiss Meditec AG

Consolidated management report for the interim financial statements[1]

1 SUMMARY

Carl Zeiss Meditec AG, Jena, Germany, is the parent company of the Carl Zeiss Meditec Group ("Carl Zeiss Meditec Group", the "Company", the "Group"), 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 financial year 2014/15:

On 22 December 2014, Carl Zeiss Meditec Inc., Dublin, USA, a wholly owned subsidiary of Carl Zeiss Meditec AG, Jena, Germany (ISIN: DE0005313704), concluded a cooperation agreement with the current shareholders of Oraya Therapeutics Inc., Newark, USA. Under this cooperation agreement, the Carl Zeiss Meditec Group shall, over a period of up to two years, provide funding for the further implementation of the growth strategy of Oraya Therapeutics Inc., and shall, in return, essentially receive rights to purchase shares reaching up to a majority holding in Oraya Therapeutics Inc. after two years. Since December 2014 such rights to assume shares in the company have been acquired by way of a payment of € 4.4 million. Oraya has developed and commercialized an x-ray radiation therapy (Oraya Therapy™) to treat wet age-related macular degeneration (wet AMD). Oraya Therapy™ is available on the market in Germany, the UK and Switzerland. The strategic focus shall initially be on expanding the position in these three markets.

In addition, the organizational structure within the Carl Zeiss Meditec Group was modified at the beginning of financial year 2014/15. The previous organizational structure essentially combined locations to form strategic business units (SBUs). In order to better substantiate our claim to be a solutions provider, the new organizational structure is consistently geared to customer groups. Accordingly, the composition of the product portfolio of the three strategic business units changed at the beginning of financial year 2014/15. Surgical microscopes for ophthalmic surgery shall no longer be part of the **"Microsurgery"** SBU in future; instead, these shall be assigned to the **"Surgical Ophthalmology"** SBU. Diagnostic products used preoperatively for cataract surgery were previously assigned to the **"Ophthalmic Systems"** SBU. These products have also been part of the **"Surgical Ophthalmology"** SBU since the start of financial year 2014/15.

For better comparability it is assumed in the present management report that the modified organizational structure was already in place in the previous financial year, and thus the previous year's figures have been adjusted accordingly.

[1] This report contains certain forward-looking statements concerning the development of the Carl Zeiss Meditec Group. At the present time, we assume that these forward-looking statements are realistic. However, such forward-looking statements are based both on assumptions and estimates that are subject to risks and uncertainties, which may lead to the actual results differing significantly from the expected results. We therefore assume no liability for such a deviation. There are no plans to update the forward-looking statements for events that occur after the end of the reporting period. Apparent addition discrepancies may arise throughout this quarterly report due to mathematical rounding.

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 2013/14	**6 Months 2014/15**	Change
Revenue	460,922	497,957	+8.0%
Gross margin	*52.6%*	*52.4%*	*-0.2%-pts*
EBITDA	73,008	70,419	-3.5%
EBITDA margin	*15.8%*	*14.1%*	*-1.7%-pts*
EBIT	63,660	60,997	-4.2%
EBIT margin	*13.8%*	*12.2%*	*-1.6%-pts*
EBIT (adjusted)[2]	64,672	67,928	+5.0%
EBIT margin (adjusted)[2]	*14.0%*	*13.6%*	*-0.4%-pts*
Earnings before tax	66,502	47,424	-28.7%
Tax rate	*33.6%*	*31.7%*	*1.9%-pts*
Consolidated net income after non-controlling interests	39,473	30,062	-23.8%
Earnings per share after non-controlling interests	€ 0.49	€ 0.37	-23.8%

2.2 Consolidated revenue

The Carl Zeiss Meditec Group increased its revenue by 8.0% in the first six months of financial year 2014/15, from € 460.9 million in the same period of the previous year, to € 498.0 million. After adjustment for currency effects, this corresponds to growth of 3.7%.

The **"Surgical Ophthalmology"** SBU made the greatest contribution to growth, increasing its revenue by 17.1% (adjusted for currency effects: +14.9%), compared with the first six months of the previous year. The **"Ophthalmic Systems"** SBU was boosted by currency trends and contributed to the development of revenue with growth of 8.8% (adjusted for currency effects: +2.4%). Business development in the **"Microsurgery"** SBU must be seen in view to an exceptionally strong year-ago period. Revenue declined by 2.1% (adjusted for currency effects: -5.8%).

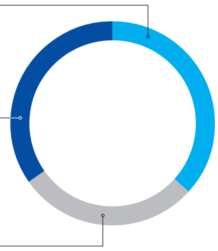
Regionally, currency fluctuations in the USA significantly boosted growth in the **"Americas"** region, helping it to achieve double-digit growth of 17.8% (adjusted for currency effects: 5.2%). The trend in the region **"Europe, Middle East and Africa (EMEA)"** remained positive, with revenue growth of 8.1%. Adjusted for currency effects, this region made the largest contribution to growth, of 7.8%. In the **"Asia/Pacific (APAC)"** region, revenue in Japan declined where pull-forward effects due to a value-added tax increase contributed to a particularly strong year-ago period. The other countries in the **"APAC"** region grew in the double-digit range.

a) Consolidated revenue by strategic business unit
Due to the modification of the Group's organizational structure, the share of revenue generated by the **"Surgical Ophthalmology"** SBU in the first six months of the current financial year amounts to 34.7% of total revenue generated within the Group. This SBU's share of Group revenue therefore increased by 2.6 percentage points year-on-year (previous year 32.1%). A total of 36.8% (previous year 36.5%) of consolidated revenue is attributable to the **"Ophthalmic Systems"** SBU. The **"Microsurgery"** SBU's share of consolidated revenue decreased, compared with the adjusted year-ago basis, from 31.4% to 28.5%.

[2] Adjusted for special items.

Figure 1: Share of strategic business units in consolidated revenue in the first six months of financial year 2014/15

Ophthalmic Systems SBU	**36.8 %**
Surgical Ophthalmology SBU	**34.7 %**
Microsurgery SBU	**28.5 %**



Aided by currency fluctuations, revenue in the **"Ophthalmic Systems"** SBU increased by 8.8 % to € 183.2 million in the first six months of 2014/15 (previous year € 168.4 million). Adjusted for currency effects, the business grew by 2.4 %. The environment remains difficult due to the intense competitive pressure, particularly in the diagnostic instruments sector, and calls for further cost-cutting measures in the current financial year. In contrast, the refractive laser business and services continued to make a positive contribution to the development of revenue in the **"Ophthalmic Systems"** SBU.

Revenue in the **"Surgical Ophthalmology"** SBU increased by 17.1 % during the first six months (adjusted for currency effects: + 14.9 %), to € 173.0 million (previous year € 147.8 million). Even without taking the first-time consolidation of Aaren Scientific Inc. into account, the SBU achieved a double-digit percentage organic growth rate. This business unit benefited in particular from the growing demand for innovative intraocular lenses and multifocal and toric premium lenses for minimally invasive cataract surgery. Surgical microscopes for ophthalmic surgery also made a substantial contribution to the growth of this business unit.

The **"Microsurgery"** SBU recorded revenue of € 141.7 million in the first six months, thus 2.1 % lower than in the previous year's period (€ 144.8 million). Adjusted for currency effects, the decrease was significantly higher at 5.8 %. Business development must be seen in view of an exceptionally strong year-ago period. The development of revenue in Japan compared with the previous year also played a major role in this, where growth was exceptionally high in the first six months, due to the planned VAT increase. The strongest sales drivers were the surgical microscopes for neurosurgery and ENT surgery.

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

	6 Months 2014/15	6 Months 2013/14	
Ophthalmic Systems SBU	**183,199**	168,365	+8.8 %
Surgical Ophthalmology SBU	**173,040**	147,771	+17.1 %
Microsurgery SBU	**141,718**	144,786	-2.1 %
Consolidated revenue	**497,957**	460,922	

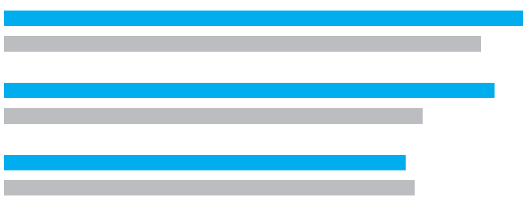
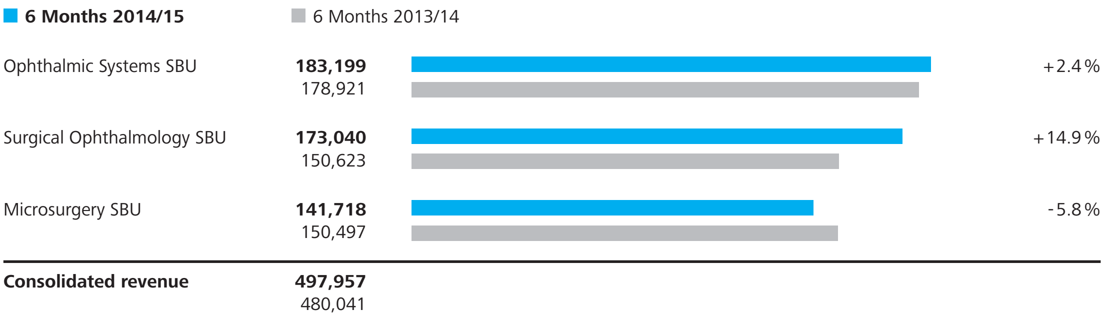


Figure 3: Consolidated revenue by strategic business unit based on constant exchange rates (figures in € '000)

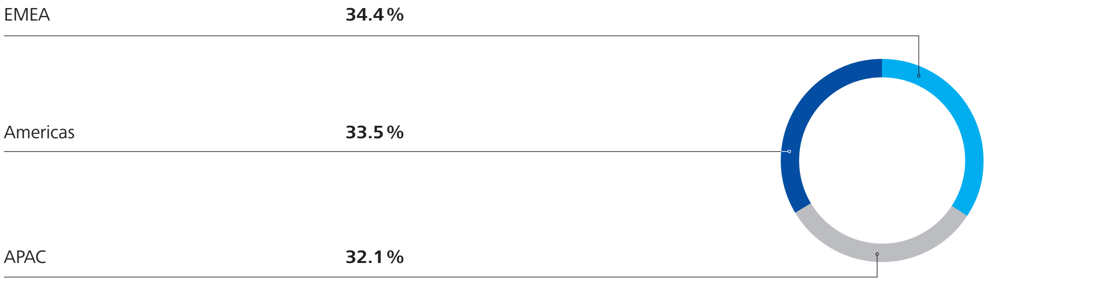


b) Consolidated revenue by region

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. In the first six months of financial year 2014/15, the **"EMEA"** and **"Americas"** regions made a positive contribution to revenue growth.

After the first six months of financial year 2014/15, the **"EMEA"** region accounted for 34.4 % of consolidated revenue. The **"Americas"** and **"APAC"** regions generated 33.5 % and 32.1 %, respectively, of the Group's total revenue.

Figure 4: Share of regions in consolidated revenue in the first six months of financial year 2014/15



Revenue in the **"EMEA"** region increased by 8.1 % in the first six months (adjusted for currency effects: +7.8 %), to a total of € 171.3 million (previous year € 158.5 million). The core markets Germany, France and the UK exhibited a positive trend overall. As a whole the countries of Southern Europe, including Spain, Italy, Greece and Portugal, also continued to grow. The Middle East also continued to make a positive contribution to revenue growth.

The **"Americas"** region increased its revenue by 17.8 % to € 166.9 million, compared with € 141.7 million the previous year. This region benefited significantly from the movements of the U.S. dollar. Adjusted for currency effects, the region achieved growth of 5.2 %; however, this is the first time the region has seen a positive trend again since the start of financial year 2013/14. A crucial factor in this was the business in the USA, which regained some momentum in the second quarter of the current financial year and noticeably contributed to growth. The countries of South America also performed well.

In the **"APAC"** region, the Carl Zeiss Meditec Group generated revenue of € 159.8 million and, aided by currency effects, came close to reaching the previous year's figure (previous year € 160.8 million; -0.6 %; adjusted for currency effects: -1.6 %). Revenue in Japan declined significantly compared with an exceptionally strong year-ago period, during which there were pull-forward effects due to a VAT increase. Outside Japan, there was a double-digit percentage increase in revenue of almost 22 % in the region, with China, Australia, the countries of Southeast Asia, and India, being the main contributors.

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

	6 Months 2014/15 / 6 Months 2013/14	
EMEA	**171,296** 158,464	+8.1 %
Americas	**166,862** 141,663	+17.8 %
APAC	**159,799** 160,795	-0.6 %
Consolidated revenue	**497,957** 460,922	

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

	6 Months 2014/15 / 6 Months 2013/14	
EMEA	**171,296** 158,960	+7.8 %
Americas	**166,862** 158,640	+5.2 %
APAC	**159,799** 162,441	-1.6 %
Consolidated revenue	**497,957** 480,041	

2.3 Gross profit

Gross profit amounted to € 261.1 million at the end of the first six months of the current financial year (previous year € 242.3 million). The corresponding margin for the period under review, of 52.4 % (previous year 52.6 %), was almost on par with the previous year's figure.

2.4 Functional costs

Functional costs for the first six months of the current financial year amounted to € 200.1 million (previous year € 178.6 million). The ratio of functional costs to revenue increased slightly compared with the previous year, to 40.2 % (previous year 38.8 %). A considerable portion of the absolute increase is due to movements in exchange rates.

- **Selling and marketing expenses:** Selling and marketing expenses increased slightly after six months, from € 109.3 million to € 118.8 million. Beside the changes in exchange rates, this increase in selling and marketing expenses is mainly due to the increase in revenue, the acquisitions of Aaren Scientific Inc. and Optronik A.S., as well as to a rise in personnel expenses. Relative to sales revenues, selling and marketing expenses were slightly above the previous year's level, at 23.9 % (previous year 23.7 %).
- **General and administrative expenses:** Expenses in this area amounted to € 25.1 million in the first six months (previous year € 21.4 million). Beside the changes in exchange rates, the increase is due to the acquisitions of Aaren Scientific Inc. and Optronik A.S. as well as to transaction costs in connection with the cooperation agreement with Oraya Therapeutics Inc. concluded in December 2014. The share of general and administrative expenses in consolidated revenue was 5.0 % (previous year 4.6 %).
- **Research and development expenses (R&D):** The Group continuously invests in R&D, in order to further develop its product portfolio and ensure further growth. R&D expenses increased to € 56.2 million after six months (previous year € 48.0 million). The R&D ratio increased to 11.3 % (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 € 61.0 million for the period from October 2014 to end March 2015 (previous year € 63.7 million). This corresponds to an **EBIT margin** of 12.2 % (previous year 13.8 %). The decline in the EBIT margin year-on-year is mainly due to the rise in research and development costs. Adjusted for special items, the EBIT margin, at 13.6 %, would have been just slightly lower than the previous year's margin of 14.0 %. In this context, expenses for the strategic project announced in December 2014 amounted to € 6.9 million in the reporting period.

Earnings before interest, taxes, depreciation and amortization **(EBITDA)** stood at € 70.4 million in the reporting period (previous year € 73.0 million). Relative to revenue, this results in an **EBITDA margin** of 14.1 % (previous year 15.8 %). Adjusted for special items, the EBITDA margin would have been at 15.5 % (previous year 16.1 %).

Foreign currency losses, mainly arising from the valuation of currency hedging transactions, in the amount of € 12.5 million, are offset by foreign currency gains in the previous year in the amount of € 3.5 million. The **tax rate** was at 31.7 % (previous year 33.6 %). As a general rule, an average annual tax rate of between 31 % and 33 % is assumed.

In the first six months basic **consolidated net income**[3] amounted to € 30.0 million (previous year € 39.5 million). **Non-controlling interests** accounted for € 2.3 million of this (previous year € 4.7 million). In the first six months, basic **earnings per share of the parent company** thus amounted to € 0.37 (previous year € 0.49). This is largely attributable to the decidedly negative result from currency hedging, due to the current strength of the U.S. dollar against the euro.

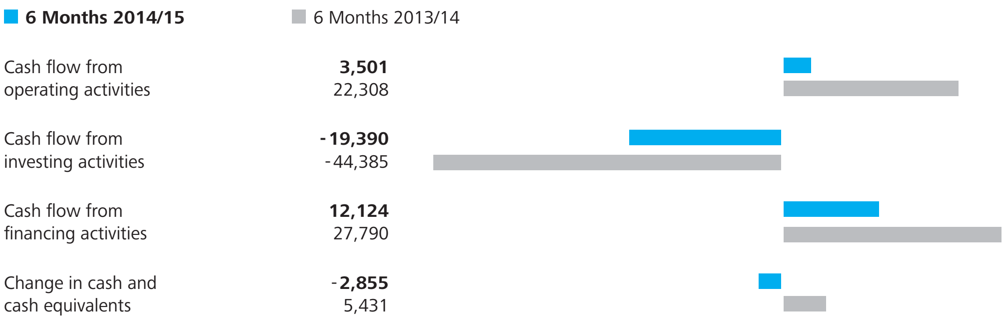
3 FINANCIAL POSITION

3.1 Statement of cash flows

The Carl Zeiss Meditec Group's statement of cash flows shows the origins and utilization of the cash flows during the reporting period. 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 2015. 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.

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



[3] Attributable to shareholders of the parent company.

Cash flow from operating activities amounted to € 3.5 million in the reporting period (previous year € 22.3 million). Cash flow from operating activities was reduced compared with the previous year, due, on the one hand, to the lower operating result. A higher amount of cash outflow resulted in particular from the increase in trade receivables relating, on the one hand, to the end of the reporting period, as a result of a significant revenue increase at the end of the second quarter, and, on the other hand, to a growing share of financial solutions business. Receivables from related parties also rose at the end of the reporting period. Inventories also increased to a greater extent than in the first six months of the previous year, due to a number of current product launches since the end of the past calendar year, as well as to ensure delivery capacity for a number of top-selling products.

Cash flow from investing activities amounted to € -19.4 million in the reporting period (previous year € -44.4 million). The cash outflow is the result, among other things, of the financial resources provided to date to Oraya Therapeutics Inc. The lower cash outflow compared with the previous year is primarily attributable to the acquisition of long-term distribution partner Optronik A.S. in Turkey and the intraocular lens manufacturer Aaren Scientific Inc. in the USA within the first six months of the previous year.

Cash flow from financing activities in the first six months of the current financial year amounts to € 12.1 million (previous year € 27.8 million). The difference here is mainly due to a smaller decline in 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 2014	31 March 2015	Change
Cash and cash equivalents	Cash-on-hand and bank balances	10,727	7,872	-26.6 %
Net cash	Cash-on-hand and bank balances + Treasury receivables from Group treasury of Carl Zeiss AG[4] ./. Treasury payables to Group treasury of Carl Zeiss AG	293,319	241,834	-17.6 %
Net working capital	Current assets including financial investments ./. Cash and cash equivalents ./. Treasury receivables from Group treasury of Carl Zeiss AG[5] ./. Current liabilities excl. treasury payables to Group treasury of Carl Zeiss AG	312,453	366,856	+17.4 %
Working Capital	Current assets ./. Current liabilities	495,772	498,690	+0.6 %

Table 3: Key ratios relating to financial position

Key ratio	Definition	6 Months 2013/14	6 Months 2014/15	Change
Cash flow per share	Cash flow from operating activities / Weighted average of shares outstanding	0.27 €	0.04 €	-84.3 %
Capex ratio	Investment (cash) in property, plant and equipment / Consolidated revenue	1.2 %	1.3 %	+0.1 %-pts

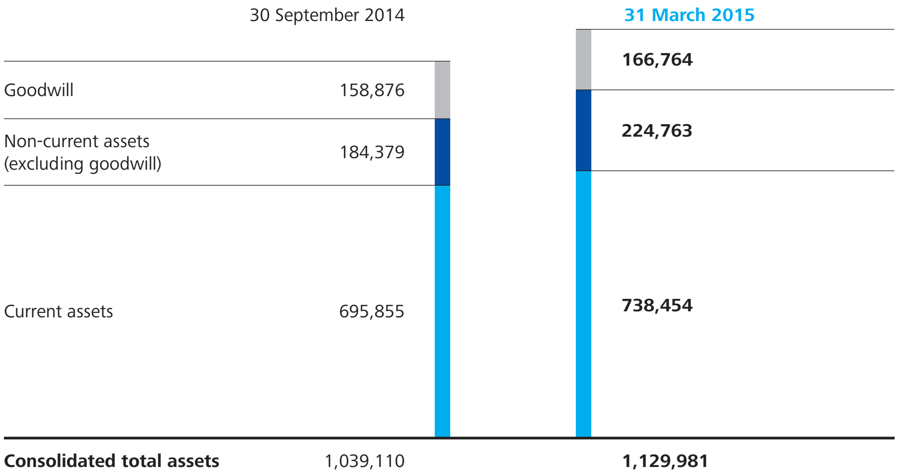
[4] 30 September 2014, including financial investments of € 110 million; 31 March 2015, including financial investments of € 110 million.
[5] 30 September 2014, excluding financial investments of € 110 million; 31 March 2015, excluding financial investments of € 110 million.

4 NET ASSETS

4.1 Presentation of net assets

Total assets amounted to € 1,130 million as of 31 March 2015 (30 September 2014: € 1,039 million). The increase in individual items in the statement of financial position is due in part to currency effects at the end of the reporting period.

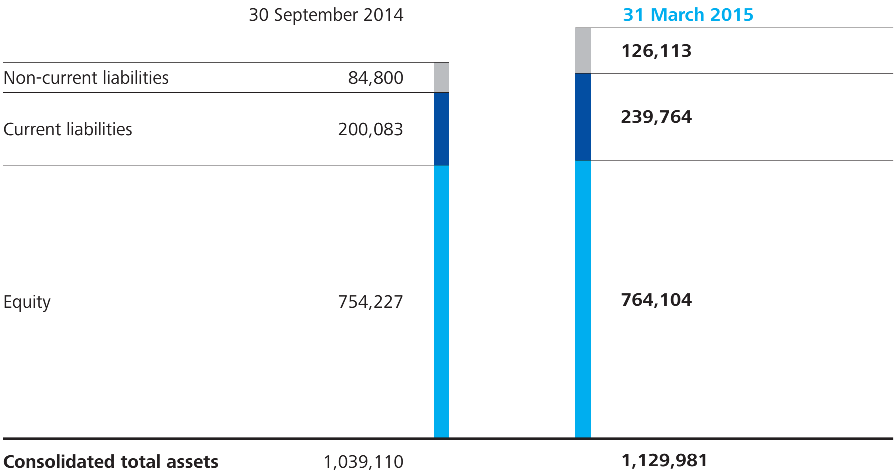
Figure 8: Structure of the consolidated statement of financial position: assets (all figures in € '000)



Non-current assets increased to € 391.5 million as of 31 March 2015 (30 September 2014: € 343.3 million), due, among other things, to the acquisition of rights to assume shares in Oraya Therapeutics Inc., as well as loans to Oraya Therapeutics Inc., and the increase in non-current trade receivables, due to the growing finance leasing business.

There were significant changes in **current assets** as of 31 March 2015, which amounted to € 738.5 million (30 September 2014: € 695.9 million), due to the stockpiling of inventories within the scope of several current new product launches since the end of the past calendar year, and to ensure delivery capacity for a number of top-selling products. Current assets also increased as a result of the rise in trade receivables and receivables from related parties at the end of the reporting period, due, among other things, to the significant increase in revenue at the end of the second quarter. Due, among other things, to the dividend payment in March of this year, and the provision of funding to Oraya Therapeutics Inc., treasury receivables also decreased.

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



The **equity** recognized in Carl Zeiss Meditec's consolidated statement of financial position amounts to € 764.1 million as of 31 March 2015 (30 September 2014: € 754.2 million). The equity ratio amounted to 67.6 % as of 31 March 2015 (30 September 2014: 72.6 %) and thus remains high.

Non-current liabilities amounted to € 126.1 million as of 31 March 2015 (30 September 2014: € 84.8 million). This increase is mainly attributable to the rise in provisions for pensions, which is mainly the result of an adjustment of interest due to the fall in interest rates.

Under **current liabilities** (€ 239.8 million; 30 September 2014: € 200.1 million) trade payables and liabilities to related parties increased, 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 2014	31 March 2015	Change
Equity ratio	Equity (incl. non-controlling interests)	72.6 %	67.6 %	-5.0 %-pts
	Total assets			
Inventories in % of rolling 12-month revenue	Inventories (net)	19.0 %	21.7 %	+2.7 %-pts
	Rolling revenue of the past twelve months as of the end of the reporting period			
Receivables in % of rolling 12-month revenue	Trade receivables as of the end of the reporting period (net) (including non-current receivables)	23.1 %	27.5 %	+4.4 %-pts
	Rolling revenue of the past twelve months as of the end of the reporting period			

5 ORDERS ON HAND

As of 31 March 2015 orders on hand of the Carl Zeiss Meditec Group amounted to € 153.3 million, which corresponds to an increase of 21 % compared with the previous year (30 September 2014: € 126.6 million), and is attributable, among other things, to the phasing out of the distributor business of Aaren Scientific Inc.

6 EVENTS OF PARTICULAR SIGNIFICANCE

At the end of the first quarter, on 22 December 2014, Carl Zeiss Meditec Inc., Dublin, USA, a wholly owned subsidiary of Carl Zeiss Meditec AG, Jena, Germany (ISIN: DE0005313704), concluded a cooperation agreement with the current shareholders of Oraya Therapeutics Inc., Newark, USA. Under this cooperation agreement, the Carl Zeiss Meditec Group shall, over a period of up to two years, provide funding for the further implementation of the growth strategy of Oraya Therapeutics Inc., and shall, in return, essentially receive rights to purchase shares reaching up to a majority holding in Oraya Therapeutics Inc. after two years. Since December 2014 such rights to assume shares in the company have been acquired by way of a payment of € 4.4 million.

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 2014/15.

7 SUPPLEMENTARY REPORT

No events of material significance for the Group's net assets, financial position and results of operations occurred after the end of the first six months of financial year 2014/15. The development of business at the beginning of the third quarter of financial year 2014/15 validates the statements made in the “Outlook” below.

8 EMPLOYEES

As of 31 March 2015 the Carl Zeiss Meditec Group had 2,967 employees worldwide (30 September 2014: 2,972).

9 RESEARCH AND DEVELOPMENT

Research and development (R&D) plays an important role within the Carl Zeiss Meditec Group. Pursuant to its strategy, innovations are a key driver of future growth. The Carl Zeiss Meditec Group has the necessary resources to secure the Company's future earnings power through its research and development activities. The Company shall therefore continue to offer innovations in future that make leading technologies available to its customers, enable improvements in efficiency and continuously enhance treatment results for patients.

For this reason the Company is aiming to expand its product portfolio and continuously improve products that are already on the market. The main priority shall be to increase the efficiency and effectiveness of diagnosis and treatment. The Company attaches great importance to the needs of its customers and continuously works closely with them.

In the first six months of financial year 2014/15 research and development expenses increased by 17.1 % to € 56.2 million (previous year € 48.0 million). The R&D ratio increased at the same time, from 10.4 % in the previous year, to 11.3 %.

On 31 March 2015, 14.5 % (30 September 2014: 14.7 %) of the Carl Zeiss Meditec Group's entire workforce were working in Research and Development.

The Company's development activities include:

- examining new technological concepts in terms of their clinical relevance and effectiveness,
- 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.

At the end of calendar year 2013/14, and during the reporting period, the Company therefore launched yet another range of innovations on the market.

IOLMaster® 700

The IOLMaster® 700 with SWEPT Source Biometry™ enables physicians to identify irregular geometries of the eye in their patients at an early stage. In addition to optical biometry, it also offers OCT imaging (optical coherence tomography) across the entire length of the eye. Experts say that this produces more reliable refractive results. Up until now, even a flawless operation and high-quality lenses could result in an unsatisfactory outcome, if irregular eye geometries were overlooked. The device simplifies the workflow: like the IOLMaster® 500, it takes a reference image of the limbal blood vessels, which allows the cylinder axis to be displayed intraoperatively in the surgical microscope as a navigational aid for the surgeon. As a component of the ZEISS Cataract Suite markerless, the IOLMaster® 700 thus also helps to improve efficiency in the implantation of toric lenses.

CT LUCIA®

The Company already offers an extensive range of hydrophilic intraocular lenses, which are suitable for microincision cataract surgery with a large dioptre range. With the launch of the hydrophobic monofocal intraocular lens CT LUCIA®, the Carl Zeiss Meditec Group now offers one of the most comprehensive IOL portfolios on the market, thus giving cataract surgeons more options. The C-loop design of the CT LUCIA® is based on “glistening-free”, hydrophobic biomaterial and has aberration-correcting, aspheric ZEISS optics. A fully preloaded injector system ensures absolute ease of use and trouble-free unfolding of the intraocular lens. It also offers surgeons an efficient workflow during surgery, and it gives patients optimum visual results, due to the optical design.

Essential Line

With the Essential Line the Group offers its customers a broader diagnostics portfolio for basic ophthalmic diagnostics. In addition to the tried-and-tested slit lamps with imaging functions, this range also includes products for measuring objective refraction (VISUREF® 100, VISULENS® 500 and i.Profiler®plus), as well as an applanation tonometer and the non-contact tonometer VISUPLAN® 500. New to the range are the digital phoropter VISUPHOR® 500 and the VISUSCREEN 100/500 Acuity Charts, which are used to measure subjective refraction. Immediately available for examining the retina is the portable fundus camera, VISUSCOUT® 100. With this comprehensive range of products, the Essential Line helps customers to achieve the best measurement results and improve the efficiency of their workflows. Ophthalmologists and optometrists can start off with individual pieces of equipment and gradually add more devices to build a complete workstation. The Essential Line devices can be combined with each other, and with other devices already available in the practice, via established practice management systems (Electronic Medical Record, EMR), for smooth workflows.

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® for quick and fully networked reference images of the eye, the comprehensive data management system FORUM®, the OR assistance system CALLISTO eye®, and 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.

CIRRUS™ HD-OCT for retinal and glaucoma diagnostics

New add-ons are available for the CIRRUS™ HD-OCT 5000 in terms of the diagnostic and treatment tools for the entire ophthalmic spectrum. The Chamber View™ imaging system and the new wide-field visualizations of the CIRRUS™ PanoMap help physicians to make a structural diagnosis of glaucoma patients.

With the new FastTrac Retinal Tracking System, precise macular thickness measurements, the Fovea Finder™ technology, detailed segmentations and more than 100 B-scans, the CIRRUS™ offers all key functions necessary to make a full diagnosis of the patient's retina.

Humphrey Visual Field Analyzer (HFA3)

The Humphrey® projection perimeter (HFA™) is the recognized standard for glaucoma diagnostics and glaucoma management. The new-generation HFA3 is upholding the tradition as the gold standard in visual field testing. It is designed to optimize clinical workflows, while also retaining proven standards for test strategies and progression analyses. The HFA3 is the first perimeter to use the patented Liquid Trial Lens™ instead of conventional corrective lenses. The best-possible refractive correction is automatically set based on the patient data entered into the device for refraction and presbyopia. The automatic setting of the spherical refraction saves time and prevents confusion of the corrective lenses. Additional advantages for a more efficient workflow are offered by the SmartTouch™ user interface, for example, or the RelEYE™ for more reliable test results.

1Chip HD camera[6]

ZEISS is expanding its product range for precision dental work with the 1Chip HD camera. This digital camera for the OPMI PROergo® delivers particularly sharp, high-contrast overview images of the oral cavity and detailed, high-resolution images of the root canal. It can also be easily integrated in the workflow: physicians can save videos and still images to a USB storage medium or a network drive on the handle of the surgical microscope.

10 OUTLOOK

The aim of our strategy is to improve the diagnosis and treatment of diseases by further developing our products. The focus is therefore on the success factors innovation, integrated solutions for diagnostics and therapy, and customer focus. Innovation, in particular, plays a key role in this.

In view of the underlying and persistent long-term growth trends – such as the growing global population, the rising proportion of older people and the growing percentage of the global population with access to medical care – as well as the Company's balanced regional presence, its broad product range and the high level of investment in research and development, we expect further revenue growth for the current financial year that is at least on a par with market growth. From a current perspective, and excluding currency effects, this corresponds to growth in the low to mid-single-digit percentage range.

[6] The 1Chip HD camera is not yet CE-certified and shall not be available until certification is complete.

We anticipate renewed growth in the **"Ophthalmic Systems"** SBU in 2014/15, after a decline in revenue the previous year. In particular the leading products already on the market for diagnosing and treating ophthalmic diseases shall help us to achieve this growth, as well as the new innovations launched in recent months. With our broad product range it is our ambition to be able to provide our customers with efficient solutions for a smooth workflow, with the best possible benefit for the patient. System networking and integrated data management are an important strategic focus in this respect. Our comprehensive data management system FORUM®, in particular, offers excellent solutions for this.

Another example is in the area of refractive lasers, where, three years after its international market launch, the ReLEx® SMILE procedure has established itself as the third generation of laser vision correction. Compared with previous procedures, ReLEx® SMILE stands out by being considerably less invasive and offering very good predictability of correction. To date, around 200,000 eyes worldwide have been successfully treated using this microinvasive method.

The **"Ophthalmic Systems"** SBU continues to be characterized by a strong competitive pressure, particularly for diagnostic instruments. The competitive situation will make further cost-cutting measures necessary in the current financial year. Due to product innovations, however, the new products we have launched in the market, and a good performance by refractive lasers, we are looking forward to the second half of the current financial year with cautious optimism, and are confident that we shall grow at least to the same extent as the underlying market. The EBIT margin is currently expected to improve. However, it is still anticipated that this will be below the Group average.

The **"Surgical Ophthalmology"** SBU continued to grow in the first six months. We expect this growth to continue in financial year 2014/15. 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. MICS lenses, which are already well established in the market, play a key role in this, as well as the injectors suitable for implantation, and the VISALIS® 500 phaco system, which is capable of microincision surgery. The Company's AT LISA® tri and AT LISA® tri toric, in combination with the BLUEMIXS™ 180 injector, is the unique preloaded MICS-compliant trifocal intraocular lens on the market. The CT LUCIA®, launched in September 2014, is the first intraocular lens in the standard segment to be manufactured at our new site in Ontario. Due to the change in the organizational structure, growth in **"Surgical Ophthalmology"** shall now also be driven by surgical microscopes for cataract surgery, which performed well in the first half. Excluding currency effects, we are confident that we will once again grow faster than the underlying market in 2014/15, which is currently expected to grow in the low- to mid-single-digit percentage range. As things stand, the EBIT margin is expected to be around the average for the Group.

We have an extraordinarily strong market position in the **"Microsurgery"** SBU. Our surgical microscopes, the OPMI® Pentero® for neuro, spinal or plastic surgery, and the OPMI® VARIO, which is used in ENT surgery, for example, mean we are broadly diversified and are exploiting the associated market opportunities to an even greater degree by upgrading the products in terms of additional supporting applications. We expect the **"Microsurgery"** SBU to continue to make significant contributions to earnings in future. As things stand, the EBIT margin is expected to remain above the Group average.

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 financial year 2014/15. In the medium term we aim to increase this revenue share to around one third of consolidated revenue by financial year 2018/19.

The management remains confident that the Company can maintain and expand its market shares and anticipates revenue of between € 960 million and € 1,000 million for the current financial year[7]. The EBIT margin is expected to range between 13 % and 15 % in the medium term. The EBIT margin is also expected to be within this range in financial year 2014/15, after adjustment for special items.

[7] This forecast is based on a U.S. dollar rate (USD) of 1.10 and a Japanese yen rate (JPY) of 130 for the second half of 2014/15.

Should there be 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 the development of business 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 2014/15

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 VOTING RIGHTS ANNOUNCEMENTS

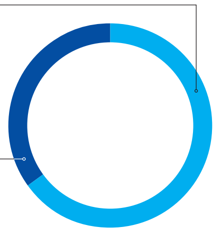
Carl Zeiss Meditec AG was not notified of any changes in the shares of voting rights pursuant to Section 26 (1) *WpHG* during the first six months of the current financial year. The details of all voting rights announcements are published immediately after their disclosure, in the version prevailing at that date, on the Company's website at **www.meditec.zeiss.com/ir | Corporate Governance | Vote Rights Disclosures** in accordance with the provisions of Section 26 (1) *WpHG*. The publication documents and the relevant disclosures are forwarded to the German Federal Financial Supervisory Authority *(Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin)*.

13 SHAREHOLDER STRUCTURE

Figure 10: Shareholder structure of Carl Zeiss Meditec AG (as of 31 March 2015)

Carl Zeiss Group **ca. 65 %**

Free float **ca. 35 %**



Consolidated income statement (IFRS) for the period from 1 October 2014 to 31 March 2015

(Figures in € '000)

	2nd quarter 2014/15 1 January 2015 – 31 March 2015	2nd quarter 2013/14 1 January 2014 – 31 March 2014	**Financial year 2014/15 1 October 2014 – 31 March 2015**	Financial year 2013/14 1 October 2013 – 31 March 2014
Revenue	**256,867**	**248,643**	**497,957**	**460,922**
Cost of goods sold	(123,346)	(120,335)	(236,892)	(218,649)
Gross profit	**133,521**	**128,308**	**261,065**	**242,273**
Selling and marketing expenses	(59,023)	(55,606)	(118,764)	(109,277)
General administrative expenses	(13,607)	(11,336)	(25,134)	(21,363)
Research and development expenses	(27,775)	(24,200)	(56,170)	(47,973)
Earnings before interests, income taxes, depreciation and amortization	*37,925*	*42,468*	*70,419*	*73,008*
Depreciation and amortization	*4,809*	*5,302*	*9,422*	*9,348*
Earnings before interests and income taxes	**33,116**	**37,166**	**60,997**	**63,660**
Results from investments accounted for using the equity method	(189)	–	(189)	–
Interest income	280	285	550	907
Interest expense	(356)	(752)	(705)	(1,395)
Interest balance from defined benefit pension plans	(303)	(359)	(581)	(505)
Foreign currency gains/(losses), net	(13,645)	(1,981)	(12,530)	3,529
Other financial result	(118)	306	(118)	306
Earnings before income taxes	**18,785**	**34,665**	**47,424**	**66,502**
Income tax expense	(5,798)	(11,942)	(15,024)	(22,355)
Net income	**12,987**	**22,723**	**32,400**	**44,147**
Attributable to:				
Shareholders of the parent company	11,735	19,375	30,062	39,473
Non-controlling interest	1,252	3,348	2,338	4,674
Profit/(loss) per share, attributable to the shareholders of the parent company in the current financial year (€): – Basic/diluted	**0.14**	**0.24**	**0.37**	**0.49**

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 2014 to 31 March 2015

(Figures in € '000)

	2nd quarter 2014/15 1 January 2015 – 31 March 2015	2nd quarter 2013/14 1 January 2014 – 31 March 2014	Financial year 2014/15 1 October 2014 – 31 March 2015	Financial year 2013/14 1 October 2013 – 31 March 2014
Net income	**12,987**	**22,723**	**32,400**	**44,147**
Other comprehensive income:				
Items, that may be reclassified subsequently to net income/loss				
Foreign currency translation	30,935	679	32,580	(8,529)
Total of items that may be reclassified subsequently to net income/loss	**30,935**	**679**	**32,580**	**(8,529)**
Items, that will not be reclassified subsequently to net income/loss				
Actuarial gains (losses) on defined benefit pension plans	(14,514)	(5,649)	(22,579)	(5,060)
Total of items that will not be reclassified subsequently to net income/loss	**(14,514)**	**(5,649)**	**(22,579)**	**(5,060)**
Other comprehensive income	**16,421**	**(4,970)**	**10,001**	**(13,589)**
Comprehensive Income	**29,408**	**17,753**	**42,401**	**30,558**
Attributable to:				
Shareholders of the parent company	23,396	13,981	37,122	28,598
Non-controlling interest	6,012	3,772	5,279	1,960

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 2015

(Figures in € '000)

	31 March 2015	30 September 2014
ASSETS		
Goodwill	166,764	158,876
Other intangible assets	46,400	41,633
Property, plant and equipment	69,011	65,049
Investments accounted for using the equity method	4,463	–
Loans to investments acc. for using the equity method	6,052	–
Investments	124	124
Deferred tax assets	81,089	65,941
Non-current trade receivables	15,603	10,161
Other non-current assets	2,021	1,471
Total non-current assets	**391,527**	**343,255**
Inventories	205,412	172,402
Trade receivables	165,488	142,607
Accounts receivable from related parties	78,718	57,103
Treasury receivables	254,697	290,614
Tax refund claims	4,066	3,670
Other current financial assets	4,017	3,141
Other current non-financial assets	18,184	15,591
Cash and cash equivalents	7,872	10,727
Total current assets	**738,454**	**695,855**
Total assets	**1,129,981**	**1,039,110**

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

(Figures in € '000)

	31 March 2015	30 September 2014
LIABILITIES AND EQUITY		
Share capital	81,310	81,310
Capital reserve	313,863	313,863
Retained earnings	358,668	361,130
Other components of equity	(33,971)	(41,031)
Equity before non-controlling interest	719,870	715,272
Non-controlling interest	44,234	38,955
Total equity	**764,104**	**754,227**
Provisions for pensions and similar commitments	85,736	48,888
Other non-current provisions	3,748	3,911
Non-current financial liabilities	3,906	1,588
Non-current leasing liabilities	10,705	10,415
Other non-current non-financial liabilities	8,097	7,596
Deferred tax liabilities	13,921	12,402
Total non-current liabilities	**126,113**	**84,800**
Current provisions	22,728	26,901
Current accrued liabilities	67,131	60,576
Current financial liabilities	23,903	13,435
Current portion of non-current financial liabilities	480	477
Current portion of non-current leasing liabilities	2,807	2,359
Trade payables	37,360	33,421
Current income tax liabilities	6,216	7,741
Accounts payable to related parties	20,466	16,527
Treasury payables	20,735	8,022
Other current non-financial liabilities	37,938	30,624
Total current liabilities	**239,764**	**200,083**
Total liabilities	**1,129,981**	**1,039,110**

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 2014 to 31 March 2015

(Figures in € ’000)

	Financial year 2014/15 1 October 2014 – 31 March 2015	Financial year 2013/14 1 October 2013 – 31 March 2014
Cash flows from operating activities:		
Net income	**32,400**	**44,147**
Adjustments to reconcile net income to net cash provided by/(used in)		
Income tax expenses	15,024	22,355
Result from carve-out of microscopy business of Optronik A.S.	–	(146)
Interest income/expenses	736	993
Results from investments accounted for using the equity method	189	-
Depreciation and amortization	9,422	9,348
Gains/losses on disposal of fixed assets	42	61
Interest received	225	928
Interest paid	(657)	(620)
Income tax reimbursement	3,239	1,217
Income taxes paid	(20,751)	(30,170)
Other non-cash expense and income	69	(1,327)
Changes in working capital:		
Trade receivables	(38,124)	(1,399)
Inventories	(18,015)	(11,923)
Other assets	(2,791)	(6,319)
Trade payables	5,251	(8,517)
Provisions and financial liabilities	13,916	3,550
Other liabilities	3,326	130
Total adjustments	(28,899)	(21,839)
Net cash provided by operating activities	**3,501**	**22,308**
Cash flows from investing activities:		
Investment in property, plant and equipment	(6,040)	(4,040)
Investment in intangible assets	(2,252)	(2,242)
Proceeds from fixed assets	24	411
Purchase of investments accounted for using the equity method	(4,375)	-
Payments for loans to investments acc. for using the equity method	(5,680)	-
Proceeds from fixed term deposits	–	140,000
Investments in fixed term deposits	–	(118,000)
Acquisition of IOL/OVD-business IMEX Clinic S.L., Spain	–	(716)
Acquisition of consolidated companies/businesses, net of cash acquired		
(Optronik A.S., Turkey;	(1,067)	(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	**(19,390)**	**(44,385)**
Cash flows from financing activities:		
Proceeds from/(repayment of) short-term debt	(837)	(101)
Proceeds from/(repayment of) noncurrent financial liabilities	(238)	(277)
(Increase)/decrease in treasury receivables	35,436	64,807
Increase/(decrease) in treasury payables	11,531	840
Change of leasing liabilities	(1,244)	(890)
Dividend payments to shareholders of Carl Zeiss Meditec AG	(32,524)	(36,589)
Net cash provided by/(used in) financing activities	**12,124**	**27,790**
Effect of exchange rate fluctuation on cash and cash equivalents	910	(282)
Net increase/(decrease) in cash and cash equivalents	**(2,855)**	**5,431**
Cash and cash equivalents, beginning of reporting period	10,727	6,286
Cash and cash equivalents, end of reporting period	**7,872**	**11,717**

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	Other components of equity	Equity before non-controlling interest	Non-controlling interest	Total equity
As of 1 October 2013	**81,310**	**313,863**	**322,765**	**(39,058)**	**678,880**	**36,434**	**715,314**
Foreign currency translation	–	–	–	9,682	9,682	(1,565)	8,117
Changes in equity from the remeasurement of pensions liabilities	–	–	–	(11,655)	(11,655)	(117)	(11,772)
Changes in value recognized directly in equity	**–**	**–**	**–**	**(1,973)**	**(1,973)**	**(1,682)**	**(3,655)**
Net income	–	–	74,954	–	74,954	4,203	79,157
Sum of comprehensive income for the period	**–**	**–**	**74,954**	**(1,973)**	**72,981**	**2,521**	**75,502**
Dividend payments	–	–	(36,589)	–	(36,589)	–	(36,589)
As of 30 September 2014	**81,310**	**313,863**	**361,130**	**(41,031)**	**715,272**	**38,955**	**754,227**
Foreign currency translation	–	–	–	29,639	29,639	2,941	32,580
Changes in equity from the remeasurement of pensions liabilities	–	–	–	(22,579)	(22,579)	–	(22,579)
Changes in value recognized directly in equity	**–**	**–**	**–**	**7,060**	**7,060**	**2,941**	**10,001**
Net income	–	–	30,062	–	30,062	2,338	32,400
Sum of comprehensive income for the period	**–**	**–**	**30,062**	**7,060**	**37,122**	**5,279**	**42,401**
Dividend payments	–	–	(32,524)	–	(32,524)	–	(32,524)
As of 31 March 2015	**81,310**	**313,863**	**358,668**	**(33,971)**	**719,870**	**44,234**	**764,104**

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 (IFRS)

Carl Zeiss Meditec AG prepared its consolidated financial statements as of 30 September 2014 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 Reporting".

Accounting and valuation principles

The accounting and valuation principles applied for the interim financial statements as of 31 March 2015 correspond to those applied for the consolidated financial statements for financial year 2013/14, 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 2014.

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 10 "Consolidated Financial Statements"	Accounting regulations for the presentation of consolidated financial statements and notes on the principle of control
12 May 2011	IFRS 11 "Joint Arrangements"	Expansion of requirements for joint arrangements and their accounting treatment
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
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
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
16 December 2011	Amendment to IAS 32 "Financial instruments: Presentation"	Amendment to provisions for offsetting financial assets and liabilities
31 October 2012	Amendment to IFRS 10, IFRS 12 and IAS 27 "Investment Entities"	Special regulations for financial statements of investment entities
20 May 2013	IFRIC Interpretation 21: Levies	Accounting treatment of levies imposed by governments
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
27 June 2013	Amendment to IAS 39 "Financial instruments: Recognition and Measurement"	Novation of derivatives and continuation of hedge accounting

For all standards and interpretations applied for the first time there were no significant changes to the accounting and valuation methods, nor are such changes expected.

The IASB and IFRS IC also issued the following standards, interpretations and revisions of existing standards; 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
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 February 2015	Yes
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 February 2015	Yes
12 December 2013	Improvements to IFRSs (2011 – 2013)	Amendments to Standards IFRS 1, 3, 13 and IAS 40	Financial years beginning on or after 1 January 2015	Yes
30 January 2014	IFRS 14 “Regulatory Deferral Accounts”	Interim standard for regulation of regulatory deferral accounts for transition to IFRS accounting	Financial years beginning on or after 1 January 2016	No
6 May 2014	Amendment IAS 11 “Joint Arrangements”	Additional guidelines on the accounting presentation of an acquisition of an interest in a joint operation	Financial years beginning on or after 1 January 2016	No
12 May 2014	Financial assets pursuant to IAS 16 and 38	Guidelines on which methods can be applied for the depreciation of property, plant and equipment and the amortization of intangible assets	Financial years beginning on or after 1 January 2016	No
28 May 2014	IFRS 15 “Revenue from Contracts with Customers”	Amalgamation of existing standards and interpretations on revenue recognition (IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 13)	Financial years beginning on or after 1 January 2017	No
24 July 2014	IFRS 9 “Financial instruments”	Classification and measurement of financial assets	Financial years beginning on or after 1 January 2018	No
12 August 2014	Amendment to IAS 27 “Separate Financial Statements”	Approval of the equity method as an accounting option for investments in subsidiaries, joint ventures and associates	Financial years beginning on or after 1 January 2016	No
11 September 2014	Amendment to IFRS 10 and IAS 28	Guidelines on the recognition of unrealized gains or losses from transactions with assets between an investor and associates	Financial years beginning on or after 1 January 2016	No
25 September 2014	Improvements to IFRSs (2012 – 2014)	Amendments to Standards IFRS 5, 7, IAS 19 and 34	Financial years beginning on or after 1 January 2016	No
18 December 2014	Amendment to IFRS 10, 12 and IAS 28	Confirmation of the exemption from preparing consolidated financial statements for subsidiaries of an investment entity	Financial years beginning on or after 1 January 2016	No
18 December 2014	Amendment to IAS 1 “Presentation of Financial Statements”	Improvement in the reporting with regard to disclosures in the notes	Financial years beginning on or after 1 January 2016	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 being reviewed. The other standards listed shall, in some cases, also lead to more extensive disclosures in the notes to the financial statements. In addition, IFRS 15 “Revenue from Contracts with Customers”, was published in May 2014. This Standard amalgamates a number of different standards and interpretations relating to revenue recognition. The effects of this standard are still being reviewed.

2. PURCHASE AND SALE OF BUSINESS OPERATIONS

Financial year 2013/14

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.

The purchase price amounted to € 12.5 million and consisted of a fixed sum of € 11.5 million and a contingent earn-out component of € 1.0 million.

Pursuant to the agreement, the fixed price of € 11.5 million was paid at the end of December 2013; a small adjustment payment of significantly less than € 0.1 million was made in February 2014 as part of the final purchase price calculation. The earn-out component was paid in the amount of € 1.1 million in March 2015. The amount of € 0.1 million exceeding the provision was recognized through profit or loss under "Other financial result".

3. NOTES TO THE CONSOLIDATED INCOME STATEMENT

Operating segments

The Group has three operating segments, which are simultaneously the Group's Strategic Business Units ("SBUs"). Previously, the allocation to the individual segments was based on market segments whereas overlapping technological aspects dominated in particular cases. From this financial year onwards, allocation to the various SBUs will be determined by business fields and thus stringently by market segments. This means that all activities in the area of cataracts, such as intraocular lenses, consumables, surgical visualization solutions in the field of ophthalmic surgery, as well as the diagnostic devices which are used prior to cataract surgery, shall be allocated to the **"Surgical Ophthalmology"** SBU. The **"Microsurgery"** segment shall continue to comprise the activities of neuro, ear, nose and throat surgery, as well as the activities in the field of intraoperative radiation. The medical laser and diagnostic systems that do not specifically apply to the condition cataracts are allocated to the **"Ophthalmic Systems"** SBU.

Internal management reports are evaluated by the Management Board on a regular basis for each of the strategic business units. The segment assets are not, however, the subject of these internal management reports.

The comparative values have been adjusted in line with the new structure.

The operating segments for the reporting period are as follows:

(Figures in € '000)

	Ophthalmic Systems		Surgical Ophthalmology		Microsurgery		Total	
	6 Months		6 Months		6 Months		6 Months	
	2014/15	2013/14*	2014/15	2013/14*	2014/15	2013/14*	2014/15	2013/14
External revenue	183,199	168,365	173,040	147,771	141,718	144,786	497,957	460,922
EBIT	4,215	2,514	22,060	21,950	34,722	39,196	60,997	63,660
Reconciliation of segments' comprehensive income to the Group's period-end result.								
Comprehensive income of the segments							**60,997**	**63,660**
Consolidated earnings before interest and taxes (EBIT)							**60,997**	**63,660**
Financial result							(13,573)	2,842
Consolidated earnings before income taxes							**47,424**	**66,502**
Income tax expense							(15,024)	(22,355)
Consolidated net income							**32,400**	**44,147**

* Comparative values adjusted in line with new structure.

As a general rule there were no intersegment sales.

Related party disclosures

In the reporting period 2014/15, transactions with related parties result in revenue of € 154,670 thousand (previous year € 127,262 thousand). The term "related parties" refers here to Carl Zeiss AG and its subsidiaries.

4. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

On 22 December 2014 a contract was concluded between Carl Zeiss Meditec Inc., Dublin, USA, and Oraya Therapeutics, Inc., Newark, USA, (hereinafter: Oraya), under the terms of which Carl Zeiss Meditec Inc. may – during a period of two years from conclusion of the contract – acquire rights to purchase shares in Oraya reaching up to a majority holding. The acquired rights may be converted into shares under normal circumstances at the earliest in January 2017. In the period from December 2014 to March 2015 such rights to purchase shares in the company were acquired by way of a payment of € 4.4 million. Due to the role played by employees of the Carl Zeiss Meditec Group in the advisory board of Oraya, the company shall be classified as an associate pursuant to IFRS 28.6. Up until a controlling influence is achieved, the company shall be accounted for according to the equity method.

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 can be found in the Annual Report from 30 September 2014.

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 assumed unchanged for valuation.

Category 2

- Valuation is based on valuation methods where input factors are derived directly or indirectly from observable market data.

Category 3

- Valuation is based on valuation methods where input factors are not based exclusively on observable market data.

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

(Figures in € '000)

		Category 1	Category 2	Category 3	Total
Financial assets recognized at fair value through profit or loss	**31 March 2015**	–	3,079	–	3,079
	30 September 2014	–	1,869	–	1,869
Financial liabilities recognized at fair value through profit or loss	**31 March 2015**	–	(26,190)	–	(26,190)
	30 September 2014	–	(12,602)	–	(12,602)

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

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 2014 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 2015.

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
Member of the
Management Board

Thomas Simmerer
Member of the
Management Board

Important financial dates

FINANCIAL CALENDAR

Date	Financial year 2014/15
7 August 2015	9 Month Report
7 August 2015	Telephone conference
14 December 2015	Annual Financial Statements 2014/15
14 December 2015	Analyst's Conference

Contact

CARL ZEISS MEDITEC AG

Investor Relations
Sebastian Frericks

Phone: +49 3641 220 116
Fax: +49 3641 220 117
investors.meditec@zeiss.com

Concept and editing by:
Henriette Meyer

Visual concept and design by:
Publicis Pixelpark, Erlangen, Germany
www.publicispixelpark.de

Translation service by:
Herold Fachübersetzungen, Bad Vilbel, Germany
www.heroldservice.de

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The 6 Month Report 2014/15 of the Carl Zeiss Meditec Group 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

Carl Zeiss Meditec AG
Goeschwitzer Strasse 51 – 52
07745 Jena
Germany

Phone: + 49 3641 220 115
Fax: + 49 3641 220 117
investors.meditec@zeiss.com
www.meditec.zeiss.com/ir