

Fiscal Year

2014/15

Carl Zeiss Meditec Group



Financial highlights

(IFRS)

	2014/15		2013/14		2012/13	
	'000 €	%	'000 €	%	'000 €	%
Revenue	1,040,061	100	909,255	100	906,445	100
Research and development expenses	111,957	10.8	99,751	11.0	97,577	10.8
EBIT	130,591	12.6	120,705	13.3	132,610	14.6
Consolidated profit ¹⁾	65,561	6.3	79,157	8.7	97,748	10.8
Earnings per share ² (in €)	0.77		0.92		1.13	
Dividend per share (in €)	0.38 ³		0.40		0.45	
Cash flows from operating activities	56,744		63,105		64,624	
Net cash used in investment activities*	-35,173		-49,437		-32,198	
Net cash provided by financing activities	-19,290		-7,523		-34,191	
Total assets	1,139,290	100	1,039,110	100	983,074	100
Property, plant and equipment	67,381	5.9	65,049	6.3	54,433	5.5
Equity	797,450	70.0	754,227	72.6	715,314	72.8
Net liquidity ⁴	278,410	24.4	293,319	28.2	351,839	35.8
Employees as of 30 September	2,888		2,972		2,540	

¹⁾ With non-controlling interests

²⁾ Earnings/(loss) per share attributable to the shareholders of the parent company in the financial fiscal year:

³⁾ Amounts suggested by the Supervisory Board and the Management Board of Carl Zeiss Meditec AG

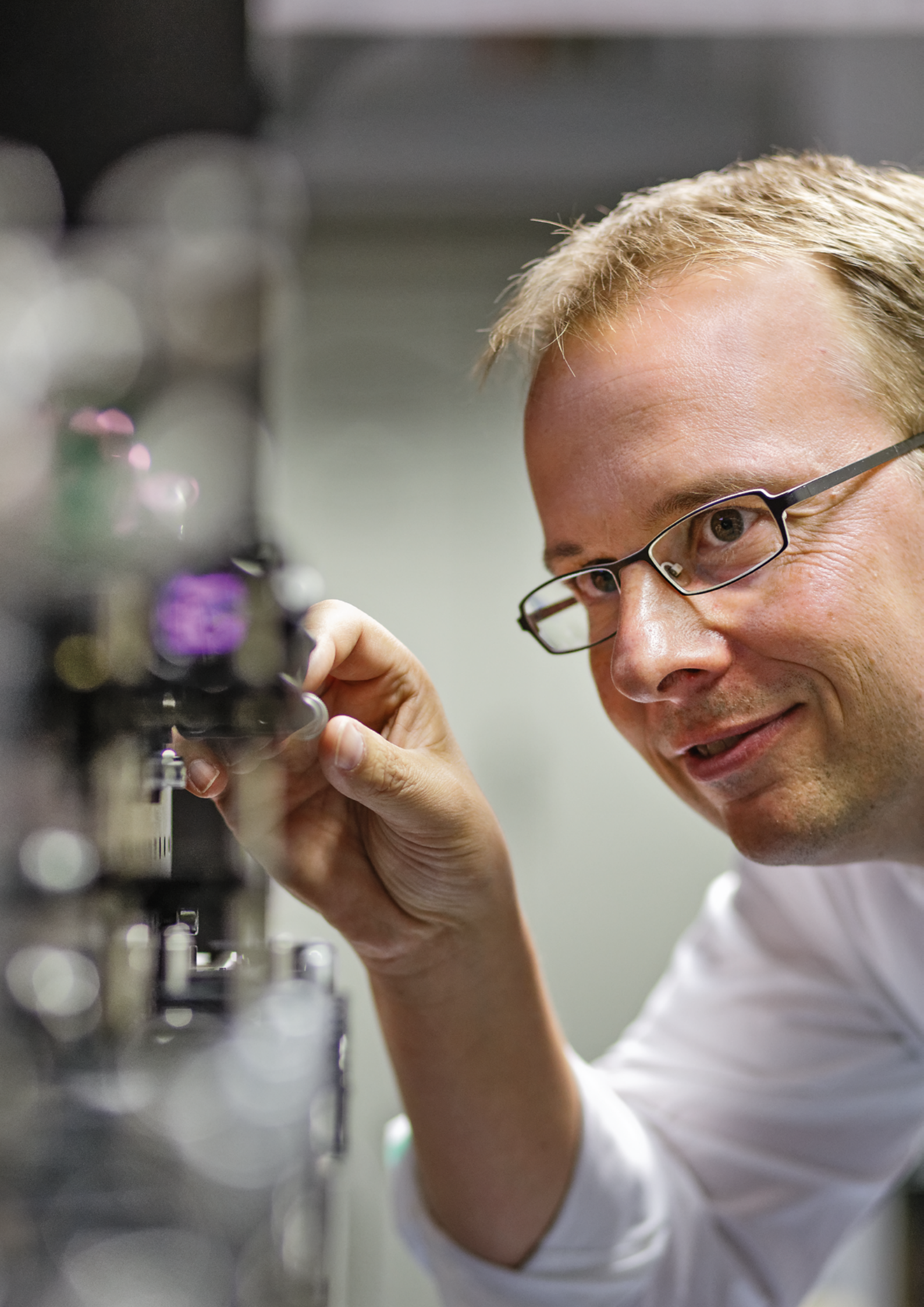
⁴⁾ Cash and cash equivalents plus treasury receivables from/payables to the Group treasury of Carl Zeiss AG



For more information visit our website at:
www.zeiss.com/meditec-ag/ir

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"Many think their work is done, if a principle has been demonstrated. But that is not the case. For the real implementation, for example in medical technology, most of the work is only starting – and then it still takes a very long time. It requires staying power."

Professor Dr. Stefan Nolte, Fraunhofer IOF and Head of the Ultrafast Optics department at the Institute of Applied Physics of Friedrich Schiller University in Jena.

Light is essential for human life. This is why the UNESCO General Conference proclaimed 2015 the International Year of Light. The aim is to impress upon the population the key role played by light in science and culture. After all, scientific findings about light led to a deeper understanding of our planetary system, better treatment options in medicine and the discovery of new means of communication, among other things.

As an innovation leader in the field of optics and photonics, ZEISS is giving the public a better understanding of the importance of light for science, technology, nature and culture. In doing so, ZEISS is showing how it has been harnessing light through future-oriented technologies for more than 165 years.

Professor Stefan Nolte is pictured on the left. He is carrying out research into ultrashort pulse lasers and their interfaces to practical application in the "City of Light Jena", which is also where Carl Zeiss Meditec AG has its headquarters.

Letter to the shareholders

Ladies and Gentlemen,
dear shareholders,

"For the rest of my life I will reflect on what light is", Albert Einstein once wrote. Even more than 100 years after Einstein's interpretation of the photoelectric effect fundamentally changed the understanding of the nature of light, we physicists are still fascinated by the phenomenon of light. For more than 165 years, ZEISS has stood for utilizing light through pioneering technologies. We therefore participated in numerous events of the International Year of Light 2015, which was initiated by UNESCO.



Dr. Ludwin Monz

The eye is arguably our most important sensory organ. However, many of us only realize the importance of good eyesight for our life when we succumb to an eye disease or are dependent on glasses. As the physicist and winner of the German Future Prize Stefan Nolte commented during our interview with him, there are still some unknowns in the research into the sense of sight, even though the optical system of the eye is well understood. Nolte also describes the potential of modern technology for operations on the eye. You can read a transcript of this interview from page 10.

We at Carl Zeiss Meditec AG have made it our mission to drive forward the diagnosis and treatment of eye diseases with our products, and to advance microsurgery in various medical disciplines. In addition to offering a wide range of therapeutic approaches, we are particularly concerned with imaging, because imaging is crucial for being able to identify and treat pathological changes in the eye, the brain or other organs. We therefore launched several major innovations in the market, all of which were developed in close cooperation with clinicians.

In September 2015 we expanded our Optical Coherence Tomography (OCT) offering to include a new function – angiography. OCT generates three-dimensional images, similar to an ultrasound examination, but with light. With the angiography function, physicians can visualize the blood vessels of the retina in 3D. Contrary to conventional angiography, this procedure does not require the use of contrast media, which is a decisive clinical advantage. Optical coherence tomography is a key technology in our Ophthalmic Systems strategic business unit. With the above and other product innovations in this area, we consider ourselves well equipped to overcome the challenges in diagnostics, which, as reported, is under heightened price and competitive pressure.

Light is also an effective therapeutic tool. In the premium segment of refractive surgery the development of the innovative SMILE procedure has been very encouraging. As many as 300,000 eyes have already been successfully treated with this, to date only, minimally invasive procedure for refractive laser correction worldwide, since its approval in 2011. As you can read in the interview with Stefan Nolte, short-pulse lasers are noted in particular for their high precision and are therefore predestined for minimally invasive approaches.

Our Microsurgery SBU also depends on the highest of precision. Even though lasers only play a secondary role in treatment, imaging is crucial for surgical success, for example in the field of neurosurgery. We are setting standards in this area with our OPMI Pentero® family. We enable physicians to see precisely what they want to treat. We are continuously expanding our product platform in this area.


Our customers all over the world are facing major financial challenges due to rising case numbers and limited public budgets. We help to improve workflow efficiency and reduce costs with our integrated products and solutions, and a service offering that is tailored to physicians' needs. One example is our products for cataract surgery. From the diagnosis of cataracts and measurement of the eye, which we enhanced even further in 2014 with our new IOL Master 700, through our market-leading surgical workstation (ZEISS Cataract Suite markerless), to our portfolio of intraocular lenses, which can be considered the most extensive in the industry, we offer the ophthalmologist a comprehensive range of solutions. Our data management system FORUM processes data and images and enables digital communication between the various devices.

As a technology leader, we invest continuously in research and development, investing 10.8% of our revenue in the past fiscal year. This also benefits the rapidly developing markets, such as in Asia, for which we developed compact and easy-to-use products, such as the OCT device PRIMUS 200, the OPMI LUMERA® 300 surgical microscope, as well as our portable fundus camera, the VISUSCOUT® 100.

The success of our strategy and our technology offer was also evident in the past fiscal year. We slightly exceeded our forecast revenue range of between € 960 million and € 1 billion. After adjustment for currency effects, we grew by around 8% compared with the prior year. Our EBIT margin declined slightly, from 13.3% to 12.6%, due in part to strategically selected, additional investments in research and development. If adjustments are made for these effects in the current year and the prior year, the EBIT margin amounts to 13.8%, which is almost the same as the prior year's margin of 13.7%.

Light is sure to play an important role in setting new standards in the diagnosis and treatment of patients in future, too. I would like to thank you for your trust as shareholders of Carl Zeiss Meditec AG, and look forward to having you at our side as our Company moves forward.

Jena, November 2015

Yours sincerely,


Dr. Ludwin Monz
President and CEO
Carl Zeiss Meditec AG

Management Board



Dr. Ludwin Monz
President and CEO

Board member responsible for:

- » Ophthalmic Systems SBU
- » Strategic business development
- » Group functions Human Resources and Corporate Communications

Member of the Management Board
of Carl Zeiss AG, Oberkochen, Germany



Dr. Christian Müller
Member of the Management Board

Board member responsible for:

- » Surgical Ophthalmology SBU
- » Group functions Finance & Controlling, Investor Relations, IT, Legal Affairs, Taxes and Quality



Thomas Simmerer
Member of the Management Board

Board member responsible for:

- » Microsurgery SBU
- » Group functions Sales, Service and Regulatory Affairs

Supervisory Board



Prof. Dr. Michael Kaschke

Ladies and Gentlemen,

In spite of all the challenges, the past fiscal year 2014/15 was another successful year for the Carl Zeiss Meditec Group, with encouraging increases in revenue, albeit with slightly less growth in earnings compared with the prior year.

Once again, shareholders shall participate fairly in the success of Carl Zeiss Meditec AG. The Supervisory Board agrees with the Management Board's proposal on the utilization of profit, which provides for a dividend of € 0.38 per share for the past fiscal year.

On behalf of the entire Supervisory Board, I would like to extend special thanks to the members of the Management Board of Carl Zeiss Meditec AG, as well as all employees, whose dedication has contributed to our success in fiscal year 2014/15.

Jena, 8 December 2015
On behalf of the Supervisory Board

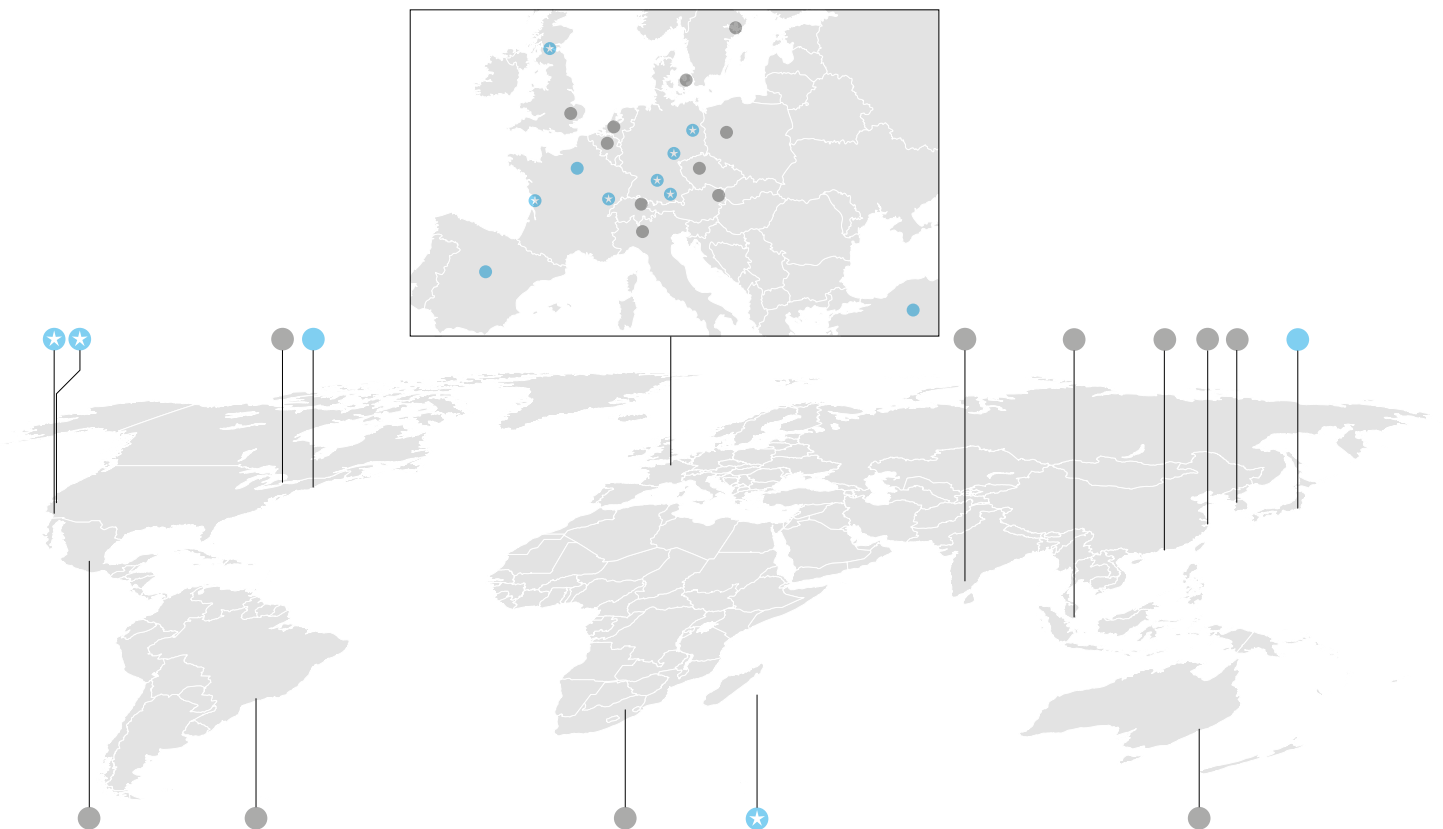
Prof. Dr. Michael Kaschke
(Chairman)

Company sites

The Carl Zeiss Meditec Group has operations all over the world. With its headquarters in Jena (Germany) and additional plants and subsidiaries in Germany, France, Spain, the USA and Japan, the Company has a direct presence in the world's most important medical technology markets.

In addition, the Carl Zeiss Meditec Group utilizes the strong global sales network of the ZEISS Group, with more than 50 sales companies, thus ensuring itself customer proximity and a crucial advantage over international rivals. Aside from its own research and development locations, the Carl Zeiss Meditec Group also has access to the expertise of the ZEISS Group. Of the 25 research and development

locations of the ZEISS Group worldwide, in particular China and India are important research centers for the Carl Zeiss Meditec Group. These make it possible to work with customers on site, to gain a comprehensive understanding of the market and develop products that are specifically tailored to market requirements.



- ★ **Carl Zeiss Meditec company sites**
Production, Sales, Service, R&D
- **Carl Zeiss Meditec sales and service sites**
USA, France, Spain, Germany, Japan, Turkey
- **Carl Zeiss sales and service sites**

Reporting date 30 September 2015



The eye is driving research

Dr. Ludwin Monz in an interview with Prof. Dr. Stefan Nolte, Fraunhofer Institute for Applied Optics and Precision Engineering (IOF), Head of the Ultrafast Optics department at the Institute of Applied Physics (IAP) of Friedrich Schiller University in Jena, and winner of the German Future Prize.

Ludwin Monz: *The eye is the sensory organ for light. It is therefore hardly surprising that optical methods used in medical technology on the eye still play an important role today. The Year of Light highlights very clearly the connection between the eye, light and optics. That is why I have so been looking forward to this interview.*

Stefan Nolte: The connection between light, research and optics was and still is important for ZEISS, I would assume...

L.M.: *Absolutely! For ZEISS it was definitely an obvious move, given its*

particular optics expertise, to also turn its hand to ophthalmology more than 100 years ago, after crafting glasses lenses. With the invention of the slit lamp it became possible, for the first time, to literally look inside the sensory organ in a new way. This device made it possible to examine the anatomy of the eye, to understand how it works, and to detect pathological changes.

S.N.: Even though we now understand the optical system of the eye well, it is still highly fascinating for the world of science to know how signals in the brain are processed into a visual impression.

If, for example, there are scars on the cornea that scatter light, then we can simulate their optical effects, but we don't know how the result is perceived. The brain can eliminate distorting effects, which then impair the visual impression much less than would be expected in a laboratory environment. However, I suspect that such effects play less of a role in diagnostic technology and that you are dealing with other challenges?

L.M.: *I see in particular two challenges today for imaging of the eye: One is further improving the resolution of the visualization. The other is being able to visualize structures or media in the eye that are actually hidden. The combination of microscopy with optical coherence tomography, for example, has enabled us to achieve this just recently, in a new product for ophthalmic surgery.*

S.N.: To me, it seems that what is important is that ZEISS did not rest on its



"Today, we can use lasers to alter the smallest of structures through highly precise incisions – but only if the physician knows exactly where he is working within the eye. Therefore: without precise visualization, there can be no good treatment." Stefan Nolte



"I see two challenges for imaging of the eye: We would like to further improve the resolution of the visualization and enable visualization of structures or media that are actually hidden."

Ludwin Monz

laurels in diagnostics. I am thinking here, for example, of your range of lasers for treating certain eye diseases. It is now possible to perform operations in which lasers alter the smallest of structures through highly precise incisions. That is only possible, however, if the physician knows exactly where in the eye the laser beam is at a given time. Therefore: without precise visualization, there can be no good treatment.

L.M.: *Progress in diagnostics and treatment of the eye are more important than ever because the increasing aging of the population is leading to a steep increase in the incidence of eye diseases. And expectations of good eyesight are increasing at the same time. For example, patients now expect to no longer require glasses – not even reading glasses – after cataract surgery, which is very common in old age. ZEISS is the pioneer in this field, with its intraocular lenses.*

But even younger patients, who don't yet have cataracts, can be affected by presbyopia (age-related long-sightedness). There are only a few surgical treatment options available for this that give freedom from glasses. For many patients, a special laser correction of the cornea is appropriate. Those who don't want surgery, however, will continue to need glasses. In this case, varifocal glasses are the best option. I myself wear varifocals manufactured by ZEISS.

S.N.: I am not at the presbyopic stage just yet.

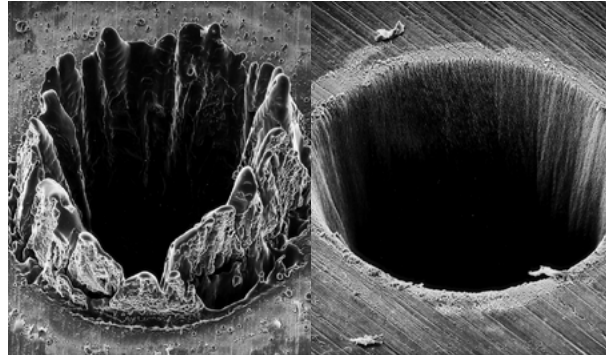
L.M.: *Believe me: it comes sooner than you would think. This phenomenon usually begins at age 45. And it comes to everyone at some point. As you know, our joint research project, in which we were looking for new ways to treat presbyopia, also yielded a number of new approaches. What do you think of the work we did then now?*

S.N.: The issue really is a lot more complex than even I originally thought. Back then we thought it was enough to make the lens more flexible again, by making very precise incisions. But it's not as easy at that. The eye is not like a pie that you can cut pieces from and then simply join the remaining pieces back together. Its structure is far from being this uniform.

And it is in this context that we also realize that there are lot of things we still do not understand. What does the brain do with the visual impression? It is also unclear how the eye will respond, biologically, in the longer term to manipulation of the lens.

Making progress with these issues requires broad, interdisciplinary collaboration. We need researchers at universities and other research institutes to understand the fundamentals; we need physicians to develop medically feasible

Looking through a microscope you can see the difference between working with a precise ultrashort pulse laser (right) and a conventional laser, which works thermally.



"There are other applications which we haven't tapped into yet – generally, anywhere where high precision work is required, without damaging the surrounding environment – such as in brain surgery, for example."

Stefan Nolte

concepts, and we also need an industrial corporation that can bring the procedure to market in an affordable and safe device.

L.M.: *This is a very important aspect in my opinion. It's not enough to demonstrate a principle once in a laboratory. Rather, groundbreaking technologies must be developed far enough, so that they can be used on an industrial scale. This relates to efficacy, safety and cost-efficiency. In practical terms, this more or less means reducing the costs of new technologies to make them affordable for the health care systems. Or increasing their reliability such that you don't need your own physicist to adjust the device during operation.*

S.N.: You are absolutely right. When I began research with ultrashort pulse

lasers in the mid-nineties it was all laboratory systems. There was permanently a physicist beside the device making complex adjustments to the structure. There wasn't much time left in the day for actual experiments. This has changed dramatically over the years, also thanks to the involvement of business. The specific application we had in mind, namely rapid, high-precision processing of materials using ultrashort pulse lasers, was a major driving force in this.

L.M.: *The interface to the practical application was therefore critical to success.*

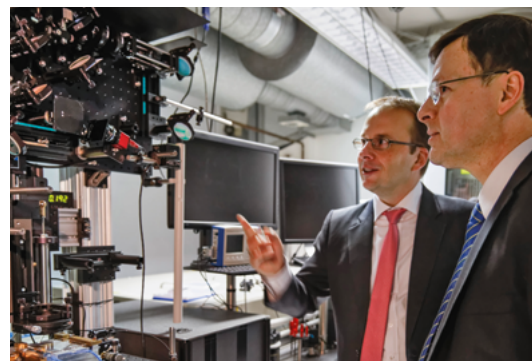
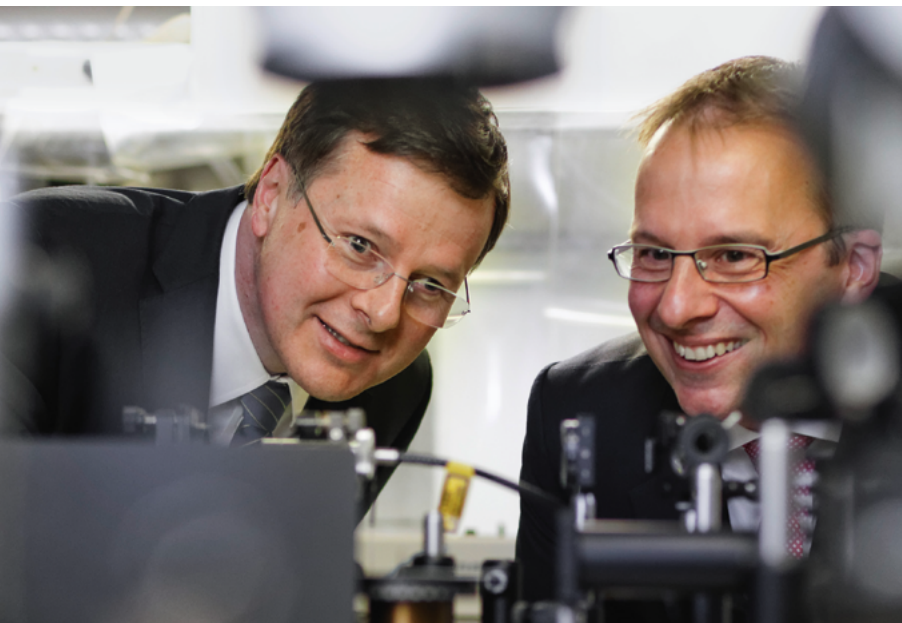
S.N.: Yes, and that is something that some university researchers, in particular, have yet to learn. Many think their work is done, if a principle has been demonstrated. But that is not the case at all. For the real implementation, for example in

materials processing or in medical technology, most of the work is only starting – and then it still takes a very long time. It requires staying power.

L.M.: *In the case of ultrashort pulse lasers it can be said that the patience and perseverance of those involved have paid off. ZEISS uses this technology today, in its lasers for treating refraction (VisuMax®). And you have further developed the laser technology for manufacturing engine injectors.*

S.N. That's correct. The fuel saving in the engines, made possible by the very fine holes in the injector, is around 20 percent.

L.M.: *Given these values it is no wonder that the Federal President awarded you with the Future Prize in 2013, the top*



prize for applied research in Germany. What potential do you see for ultrashort pulse lasers in medicine, beyond the applications we have discussed? Are there any other areas of application outside of ophthalmology?

S.N.: I actually do believe that there are other applications which we haven't tapped into yet - generally, anywhere where high precision work is required, without damaging the surrounding environment – such as in brain surgery, for example. For this to happen, however, visualization will have to keep pace with the development of treatment. Because, unlike the scalpel, lasers do not give the surgeon any tactile feedback. You therefore have to guide the laser beam differently so that it actually cuts where you want it to. A robot may play a role in this. The physician would then not have

to physically do the work himself, but just control the robot.

L.M.: ZEISS is also making its mark in the field of microsurgery within medical technology. Minimally invasive approaches really are a major trend in this area. But let's talk about Jena again, which in our view at least has quite a special quality, with its particular infrastructure of science and business. What do you as a scientist, who could carry out research at many other places, think of the city?

S.N.: Based on its history alone, Jena came up with the forerunner of the modern joint project, so to speak: the collaboration of Zeiss, Schott and Abbe brought industry and science together in the mid-19th century. This understanding of science-based and application-oriented work has made Jena the global

leader in the field of optics. We have a truly outstanding amount of potential for specialists in all areas of this field. And this potential can be found in scientific institutions, larger corporations, as well as in small companies.

For me, the city of Jena simply offers an ideal environment. The science hub Jena is shining bright and I was therefore happy to accept the call to Jena.

Fiscal year highlights

in the International Year of Light

As a review of the International Year of Light, we present to you a number of innovations with which ZEISS is making a special contribution to progress in the diagnosis and treatment of eye diseases. These are based on methods such as optical coherence tomography (OCT). OCT provides an image of the inner workings of a body part, but works with light in the infrared range and produces pixels only five thousandths of a millimeter apart. This makes, for example, hidden body structures visible. In laser surgery, physicians can treat visual defects quickly and non-invasively using concentrated light rays.

Mobile retinal photography

Reliably detecting and monitoring retinal diseases is key to maintaining eyesight. With the portable VISUSCOUT 100, ZEISS has launched a mobile fundus camera that enables inexpensive retinal examinations to be performed anytime, anywhere, without foregoing high-resolution visualization, which is essential for fast detection of retinal diseases. The device is not only for use by doctors; medical auxiliary staff can also be tasked with capturing the images, which increases workflow efficiency, especially in the rapidly growing markets, where patient numbers are particularly high.



Measure with light



50,000

cataract operations as basis of calculation

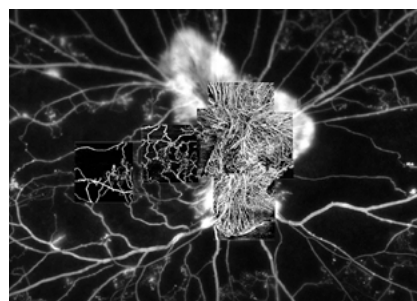
Better predictability in cataract surgery

The IOLMaster 700 helps physicians to achieve the best possible outcome for their cataract patients: once cataracts have been diagnosed, the device measures the eye in a contactless procedure, to calculate the appropriate artificial intraocular lens. To assist with this, the integration of optical coherence tomography enables the creation of cross-sectional images of the eye in its full length, as well as three-dimensional images of the internal eye shapes. The IOLMaster 700 also offers access to a database that contains the lens constants for more than 270 intraocular lens models, and is based on more than 50,000 cataract operations. This pooling of experiences also enables physicians to achieve better treatment results for their patients.

Diagnose with light

Light can also be used to visualize blood vessels

ZEISS AngioPlex OCT angiography helps physicians to display the blood vessels in the patient's retina, without the need to inject fluorescent dye: The retina and choroid can be examined non-invasively and displayed in 3D using optical coherence tomography. This assists physicians with their clinical decision-making; for patients, it eliminates risks of side-effects caused by injections into the eye.





The new generation of visual field analysis

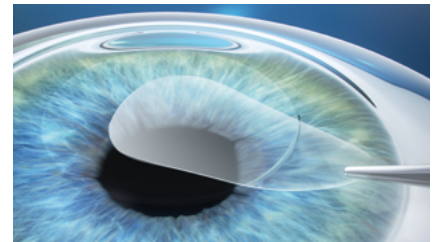
The interplay between light, optics and the eye becomes quite clear in visual field analysis: Light stimuli are projected onto defined spots of the retina and their brightness is varied. Depending on the patient's eyesight, a kind of map of the photo-sensitivity differences in the patient's eye is created – the visual field. For decades now, the Humphrey Field Analyzer (HFA) has reliably assisted ophthalmologists in this analysis to diagnose characteristic changes, such as glaucoma, and to assess treatment success. The ZEISS HFA3 represents a new generation of visual field analysis. It combines proven ZEISS technologies with state-of-the-art user navigation and variable optics. Set-up times are shortened and the workflow is optimized.

300,000

successful eye surgeries.

When light sharpens the eye

The minimally invasive SMILE procedure has become very successful. This procedure for refractive laser correction creates huge benefit with the least intervention currently possible. More than 300,000 eyes have been successfully operated on to date. Without causing essential damage to the corneal surface, a laser light is used to cut and then remove a disc of tissue from inside the cornea. As a result of the modified corneal curvature, the patient regains sharpness of vision.



Treat with light



An OCT device for fast-growing markets

Optical coherence tomography is the standard procedure for retinal and glaucoma diagnostics. The OCT method makes it possible, for example, to visualize the retina in the posterior segment of the eye. ZEISS has expanded its OCT portfolio to include a compact solution with the launch of the PRIMUS 200. This is an easy-to-operate, versatile device that offers new possibilities in clinical care, particularly to physicians in smaller eye care practices and in countries with fast-growing markets.

Optical coherence tomography in the operating room

Up until now surgeons were sometimes unable to clearly identify certain anatomical details intraoperatively. The OPMI LUMERA 700 with RESCAN 700, the surgical microscope for ophthalmology, with the first-ever integrated OCT camera, is giving surgeons new insights into transparent structures of the eye during surgery: the device can overlay the microscopic image with high-resolution OCT images in the eyepiece. Surgeons can therefore view anatomical details beneath the retinal surface in real time, intraoperatively, and even in-depth transparent structures in the anterior and posterior section of the eye, without having to interrupt the surgical procedure. The surgical result can be reviewed during surgery.



Responsibility

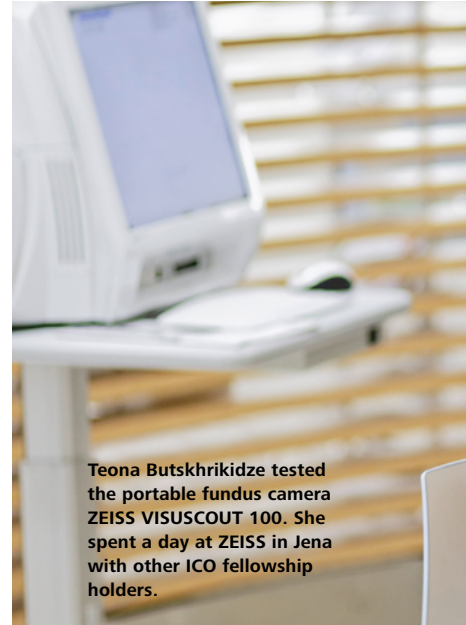
A special commitment to the environment and public welfare traditionally plays an important role at Carl Zeiss Meditec AG. Two clear examples of this are the award received for a new, particularly sustainable company building, and the commitment to young physicians – the recipients of the International Council of Ophthalmology fellowships (right).

ZEISS's new medical technology building in Oberkochen was awarded the gold certificate by the Deutsche Gesellschaft für Nachhaltiges Bauen e.V. (DGNB – German Sustainable Building Council) in December 2014. This new building currently ranks in the top ten of all buildings constructed in Germany and inspected by the DGNB.

For many years now, ZEISS medical technology has supported "VISION 2020 – The Right to Sight" – an initiative of the United Nations. The aim of this initiative is to improve ophthalmic care, particularly in economically poorer regions. Training and education for physicians, combined with cutting-edge therapies are key to combating preventable blindness. ZEISS has now funded a total of five diagnostic, treatment and training centers for

ophthalmology in remote regions of Asia, Africa and South America. Good access to eye care in all parts of the world is not only ethically necessary, however; it also makes economic sense. Because after having an operation, those affected can usually quickly start caring for themselves again and contributing to the GDP of the respective country.

The Company has also been a supporter of the Fellowship Program of the ICO Foundation since 2012. The fellowships are used to fund hospital residencies in Germany, Austria or Switzerland, where young ophthalmologists from developing and emerging countries can expand their knowledge of modern ophthalmology, in order to apply it later in their native countries.



Teona Butskhrikidze tested the portable fundus camera ZEISS VISUSCOUT 100. She spent a day at ZEISS in Jena with other ICO fellowship holders.

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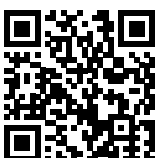
The International Council of Ophthalmology (ICO Foundation) has been awarding fellowships to young ophthalmologists from developing and emerging countries since 2000. ZEISS has funded three of the fellowship recipients since 2012; 15 visited the Company in Jena.

5

Over the past few years ZEISS has financed diagnostic, treatment and training centers in Africa, Asia and South America in collaboration with the VISION 2020 initiative. ZEISS's objective with this funding is to contribute to ophthalmic care and training at a high level, even in remote regions.



Awarded gold rating for sustainable building: the new building of the Medical Technology division in Oberkochen



For more information visit our website at:
www.zeiss.com/responsibility



Inspiring insights: Toward the end of 2014 five promising young doctors from Egypt, Georgia, Pakistan, Nepal and Iran spent a day at the Medical Technology section of ZEISS in Jena as part of a fellowship awarded by the International Council of Ophthalmology (ICO). The fellowship program, which ZEISS has been sponsoring since 2012, helps doctors from newly industrialized countries improve their prospects in ophthalmology. Dr. Teona Butskhrikidze from Georgia told us about her fellowship experience.

You visited ZEISS in Jena a year ago – a place where research with light and the application of light plays a very important role. What do you remember most about your visit?

Butskhrikidze: The thing that impressed me most was the portable fundus camera. I'm sure ophthalmologists all over the world will want to get their hands on one of these! I was also fascinated by the optics production process – ZEISS shows such care and precision with even the tiniest components, which ensures the highest standards of quality. I found that both amazing and reassuring.

You visited ZEISS shortly after arriving in Germany. Now your scholarship at the eye clinic in Homburg/Saar is already

over. What have you learned since then?

Butskhrikidze: My time at the Saarland University Eye Hospital has been tremendously rewarding since day one. It really helped to enhance my knowledge of ophthalmology.

In what sense?

Butskhrikidze: I come from Georgia, which is a developing region. It's very difficult to learn modern ophthalmology procedures there – even simple diagnostic and treatment methods are still unavailable in some parts of the country. That's why the ICO fellowship was so important to me. I'm looking forward to applying what I've learned in daily routine – things like how to do a corneal transplant using the very latest

techniques, and how to remove an opaque lens, perform a corneal transplant and insert an artificial intra-ocular lens (IOL) in a single surgery. I'm also impressed by how we can use the ZEISS IOLMaster 500 to calculate IOL power.

What are your plans after the fellowship?

Butskhrikidze: My fellowship has just finished. I am now back in Georgia. I intend to discard all the faulty and non-cost-effective clinical practices and procedures and introduce more modern standards, especially the VISION 2020 guidelines. I will also try to boost awareness of the importance of good vision and explain ways of preventing avoidable blindness.

Report of the Supervisory Board



Prof. Dr. Michael Kaschke
Chairman of the Supervisory Board

Dear Shareholders and Friends of the Company,

In spite of all the challenges, the past fiscal year 2014/15 was another successful year for the Carl Zeiss Meditec Group, with encouraging increases in revenue, albeit with slightly less growth in earnings compared with the prior year.

In fiscal year 2014/15 the Supervisory Board conscientiously performed the tasks incumbent upon it by law and pursuant to the Articles of Association and the rules of procedure. The Supervisory Board therefore kept itself regularly and fully informed in real time about all company-related events and matters of business policy, and monitored and assisted with the work of the Management Board in an advisory capacity. The subject of the written and verbal reports from the Management Board was the economic situation and the development of the Group's business, as well as the individual strategic business units, including their further strategic development. Moreover, the Supervisory Board dealt with the position of the Group as a whole in terms of the risk situation, risk management, and the internal control system, and compliance. The Supervisory Board was involved in all important decision-making. In the case of transactions requiring approval, the Supervisory Board gave its vote after thorough examination of the submitted reports and draft resolutions.

The Supervisory Board also continued to engage in a regular exchange of information with the Company's Management Board, including outside of Supervisory Board meetings. Any collaboration between the Supervisory Board and the Management Board was always open and trusting, with constructive dialog.

Conflicts of interest among the members of the Supervisory Board did not arise in fiscal year 2014/15.

Focus of the deliberations and audits of the Supervisory Board

During the past fiscal year the Supervisory Board convened at five ordinary meetings in which the members of the Management Board also participated. The meeting on 21 January 2015 was held as a telephone conference.

The regular meetings addressed the revenue and earnings situation and the employment trend within the Carl Zeiss Meditec Group, as well as the financial situation of the Company and ongoing strategic projects, and future investments and their funding.

During the meeting to adopt the financial statements on 5 December 2014, the declaration of conformity to the recommendations of the German Corporate Governance Code was also resolved. The proposal on the utilization of profit was discussed in detail and adopted. In addition, the Supervisory Board authorized the Management Board to engage in negotiations with Oraya Therapeutics, Inc., USA, concerning the purchase of equity options, as well as a loan agreement, subject to a positive outcome of due diligence and further negotiations.

The telephone conference of the Supervisory Board on 21 January 2015 also adopted the agenda for the Annual General Meeting on 18 March 2015, and passed the resolution – in accordance with the recommendation of the Nominating Committee – to propose to the Annual General Meeting the appointment of Dr. Carla Kriwet as an ordinary member of the Supervisory Board. At the recommendation of the Audit Committee, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY), Stuttgart, was again appointed as auditor of the annual and the consolidated financial statements for fiscal year 2014/15 to be elected by the Annual General Meeting.

On 17 March 2015 and on 4 May 2015 the main topics at the Supervisory Board meetings continued to be the current development of business and the organization.

At the Supervisory Board meeting on 17 September 2015 the budget for fiscal year 2015/16 was passed and strategic issues in the OPH division were discussed.

Diligent work of the committees

In accordance with its rules of procedure, the Supervisory Board of Carl Zeiss Meditec AG has formed three committees. These committees carry out preliminary work on topics to be discussed at the plenary Supervisory Board meeting and make decisions on behalf of the Supervisory Board, insofar as the plenary session has instructed them to do so in accordance with statutory regulations. The current chairs of the committees report regularly and extensively to the Supervisory Board about their work on the committees.

The General and Personnel Committee advises the Management Board on matters of Company strategy. It is jointly responsible for coordinating and preparing for the Supervisory Board meetings. In addition, this committee prepares the Supervisory Board's personnel decisions and, in certain cases, passes resolutions on the transactions requiring approval submitted by the Management Board. The General and Personnel Committee convened at two meetings during the past fiscal year.

The Audit Committee is mainly concerned with the development of business and monitoring the accounting process, the efficiency of the internal control system and the internal auditing and risk management system, auditing and its focus areas, and in particular the independence of the auditor, as well as the additional services rendered by the auditor. The Audit Committee also deals with compliance issues. The Audit Committee convened at five meetings during the reporting period.

In the event of the appointment of new Supervisory Board members, the Nominating Committee proposes suitable candidates to the Supervisory Board for its candidate proposals to the Annual General Meeting. The Nominating Committee convened at one meeting during the reporting period to discuss the replacement of Dr. Wolfgang Rein, who stepped down from the Supervisory Board on 4 March 2014.

Corporate governance and declaration of conformity

During the Supervisory Board Meeting on 8 December 2015, the Supervisory Board resolved upon the declaration of conformity pursuant to the German Corporate Governance Code, in its version dated 5 May 2015.

Further information on corporate governance reporting and the declaration of conformity can be found on the Carl Zeiss Meditec AG website at www.zeiss.com/meditec-ag/declaration_on_corporate_management.

Audit of the annual and consolidated financial statements 2014/15

The Annual General Meeting on 18 March 2015 appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as auditor for the annual and consolidated financial statements.

Before making its candidate proposal to the Annual General Meeting, the Supervisory Board obtained a declaration of independence from the auditor. In this declaration EY confirms that there are no private, professional, business, financial or other relationships between the auditor and its executive bodies or audit managers, on the one hand, or between the Company and its executive body members, on the other. On 7 August 2015 the Supervisory Board engaged EY to audit all of the financial statements and management reports for the past financial year, including the dependent company report on relationships with associated companies of Carl Zeiss Meditec AG pursuant to Section 312 AktG.

The annual financial statements of Carl Zeiss Meditec AG were prepared in accordance with the rules of the German Commercial Code (*Handelsgesetzbuch*, HGB). The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) prevailing at the end of the reporting period, as they are to be applied in the EU, and in accordance with Section 315a HGB in compliance with specific provisions of the HGB.

EY audited the annual financial statements and consolidated financial statements, as well as the associated management reports for financial year 2014/15, including the accounting, and issued all the financial statements with an unqualified audit certificate.

The annual financial statements and consolidated financial statements prepared by the Management Board to 30 September 2015, and the associated management reports, as well as the audit reports prepared by the appointed auditor, were submitted in good time for inspection by all members of the Supervisory Board and discussed in detail and audited in advance at the meeting of the Supervisory Board's Audit Committee in the presence of the auditor on 8 December 2015, and subsequently at the plenary Supervisory Board meeting. The Supervisory Board approves the results of the audit. No objections were raised following the Supervisory Board's conclusive review of the audit. The Supervisory Board thus approved the annual financial statements prepared by the Management Board and the consolidated financial statements at its meeting on 8 December 2015. The annual financial statements are thus adopted. After a detailed examination and taking the development of earnings and the financial position into consideration, the Supervisory Board approved the Management Board's proposal on the utilization of profit at its meeting on 8 December 2015.

Dependent company report

Given that Carl Zeiss Meditec AG is a company within Carl Zeiss AG, the Management Board of Carl Zeiss Meditec AG prepared a report, pursuant to Section 312 AktG, on relations with associated companies in fiscal year 2014/15, which states that – under the circumstances known to the Management Board at the time the legal transactions were concluded – Carl Zeiss Meditec AG received an appropriate consideration for each of the transactions listed and that reportable measures were neither implemented nor omitted in the fiscal year. After conducting its audit EY issued the report

with the following audit certificate pertaining to the correctness of the actual disclosures and the appropriateness of the Company's compensation with respect to the legal transactions listed:

"Based on the results of our statutory audit and assessment, we confirm that

1. the actual information in the report is correct,
2. the Company's compensation with respect to the legal transactions listed in the report was not inappropriately high."

At the meeting on 8 December 2015 the auditor reported on the key results of the audit and responded to questions. After conducting its own audit of the dependent company report and inspecting the audit report prepared by the auditor, the Supervisory Board concluded that it agrees with the statements and conclusions in the dependent company report and the audit report. On completion of its own audit the Supervisory Board has no objections to raise against the declaration of the Management Board at the end of the dependent company report.

All documentation pertaining to the financial statements and audit reports were submitted early to the Supervisory Board.

Composition of the Management Board and Supervisory Board

On 19 November 2014 Dr. Carla Kriwet was legally appointed as a member of the Carl Zeiss Meditec AG on proposal of the Management and Supervisory Boards. Dr. Carla Kriwet will thus succeed Dr. Wolfgang Reim, who had been a member of the board since 2007 and who had resigned from his office as a member of the Supervisory Board on 4 March 2014 for personal reasons. At the Annual General Meeting of Carl Zeiss Meditec AG on 18 March 2015, Dr. Carla Kriwet was elected as an ordinary member of the Supervisory Board.

Final remarks

Based on the stable, long-term trends in demographic development, it can be assumed that development of the medical technology market will continue to be favorable in the medium to long term.

The Company is in a very good position, due to its considerable innovative strength, its balanced portfolio, global positioning and its solid starting basis financially, thus the Supervisory Board is very optimistic that Carl Zeiss Meditec Group will continue to develop successfully in the future, too.

On behalf of the entire Supervisory Board, I would like to extend special thanks to the members of the Management Board of Carl Zeiss Meditec AG, as well as all employees, whose dedication has contributed to the success in fiscal year 2014/15.

Jena, 8 December, 2015

On behalf of the Supervisory Board

*Yours sincerely,
Michael Kaschke*

Prof. Dr. Michael Kaschke
(Chairman)

The Carl Zeiss Meditec share

Fiscal year 2014/15

General development of the capital market

The capital markets and global benchmark indices increased overall, compared with the prior year; however, their development was inconsistent in the course of fiscal year 2014/15. Speculations about the turnaround point of interest rates in the USA, a possible cooling of the economy in China, as well as ongoing geopolitical uncertainties led to increased volatility.

During the first half of the fiscal year, developments in the global stock markets were positive and a number of benchmark indices, e.g. the DAX, reached historic highs. From the end of March 2015, the indices fell significantly. The U.S. stock market was more stable overall.

The U.S. benchmark index, S&P 500, fell by 1.3% in this environment, over the twelve-month period to 30 September 2015. The German benchmark index, the DAX, on the other hand, increased slightly, by 3%, while the TecDAX, in which Carl Zeiss Meditec AG is listed, grew significantly, recording an increase of around 40%. The Carl Zeiss Meditec share was 9.1% lower than the benchmark index.

Performance of the Carl Zeiss Meditec share

The Carl Zeiss Meditec share started fiscal year 2014/15 on 1 October at a rate of € 22.92. The share price then trended sideways for the most part during the first quarter, but fell to its lowest price of € 19.88¹ shortly after the publication for the whole year on 15 December 2015. The share price recovered again in the subsequent second and third quarters and continued on this positive trend, which the high for the year of € 26.21¹ being reached on 3 August 2015.

The Carl Zeiss Meditec share ended the fiscal year on 30 September 2015 at a closing rate of € 25.00, which corresponds to a price gain of 9.1%.

¹ Share price based on XETRA closing rates

Fig. 1: Relative performance of the Carl Zeiss Meditec share compared with the DAX, MDAX and TecDAX indices
(period: 1 October 2014 to 30 September 2015)

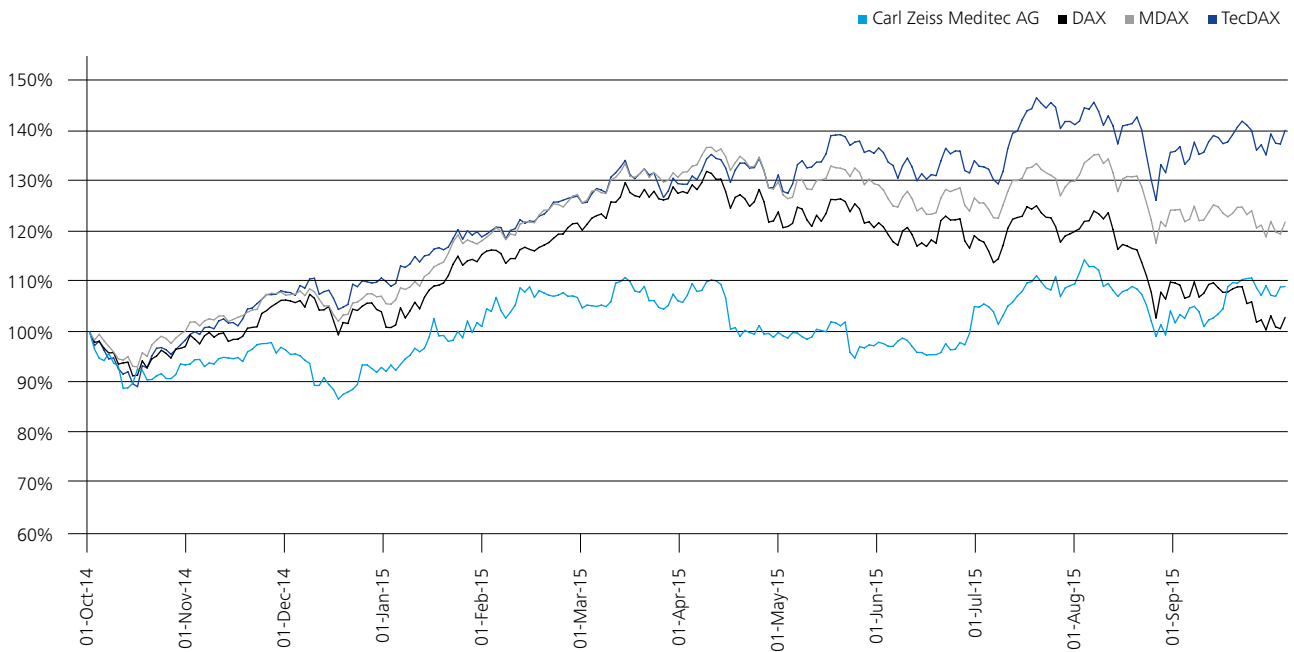
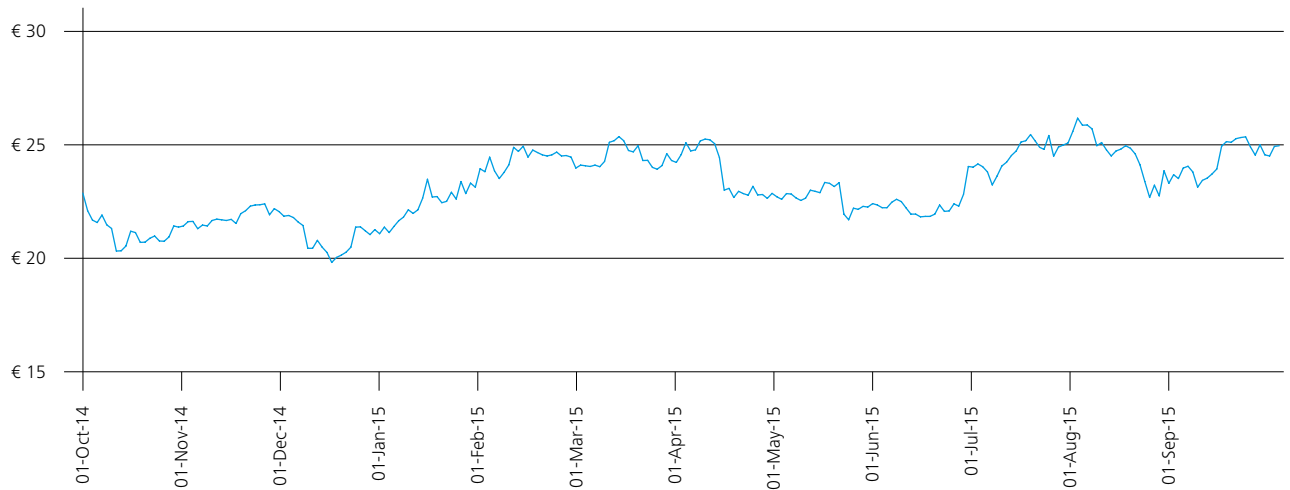


Fig. 2: Development of Carl Zeiss Meditec share (period: 1 October 2014 to 30 September 2015)



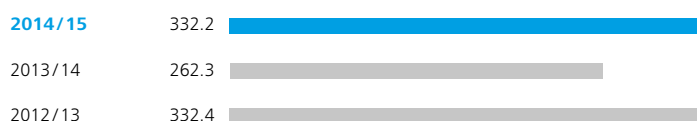
Market capitalization and trading volume

Carl Zeiss Meditec AG's market capitalization (product of shares issued and share price at the end of the reporting period) increased year-on-year from € 1.87 billion to € 2.03 billion as of 30 September 2015. The trading volume (number of shares traded on the Frankfurt Stock Exchange multiplied by the respective share price at which they were traded) in fiscal year 2014/15 was € 332.21 million (previous year: € 262.31 million).

Fig. 3: Market capitalization of Carl Zeiss Meditec AG (as of 30 September) (in € million)



Fig. 4: Trading volume of the Carl Zeiss Meditec share on the Frankfurt Stock Exchange
in fiscal year 2014/15 (in € million)



During the reporting period, an average of 57,496 shares (previous year: 46,527) of Carl Zeiss Meditec AG were traded each trading day.

The German TecDAX share index brings together the 30 of the 35 largest technology stocks in terms of market capitalization and trading volume on the Frankfurt Stock Exchange. All technology stocks are listed on a quarterly basis. Carl Zeiss Meditec AG remained in 15th place in the ranking for market capitalization as of 30 September 2015 (prior year: 15th place). In terms of stock market turnover or trading volume, the Carl Zeiss Meditec share fell from 25th place in the previous year to 29th place.

The Carl Zeiss Meditec share as seen by the capital market

A large number of German and international financial analysts monitor the movements of the Carl Zeiss Meditec share. At present, we are in contact with 13 analyst firms. The analysts covering our share see the current price target at an average of € 24.36 (as of 30 September 2015).

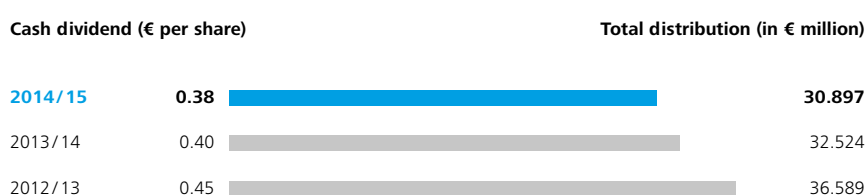
A continuously updated overview of the individual analysts' recommendations can be found on our website at www.zeiss.com/meditec-ag/research-coverage.

Dividend continuity

We shall continue to pursue a continuous, profit-driven dividend policy. We aim to adhere to this strategy in future and to continue to allow shareholders to participate to an appropriate extent in the Company's success.

Our reference for the regular dividend is a dividend ratio that generally equates to around one third of consolidated net income after non-controlling interests for the fiscal year just ended. On 6 April 2016, therefore, the Management Board and the Supervisory Board of Carl Zeiss Meditec AG shall propose to the Annual General Meeting the distribution to shareholders of a regular dividend of € 0.38 per share for fiscal year 2014/15 (prior year: € 0.40). This would equate to a total distribution of € 30.9 million (prior year: € 32.5 million) and a dividend ratio of 7.4% (prior year: 43.4%). The dividend return (ratio of dividend per share to opening price for the respective fiscal year) would be 1.64% (previous year: 1.82%).

Fig. 5: Development of the dividend for the Carl Zeiss Meditec share



Shareholder structure

Carl Zeiss Meditec AG's subscribed capital is composed of 81,309,610 ordinary shares, each with a theoretical par value of € 1 per share. The ZEISS AG holds around 65% of the shares. According to our knowledge, the remaining 35% are in free float.

Investor relations

Providing our investors with comprehensive, transparent and up-to-the-minute information was once again the focus of our investor relations work in fiscal year 2014/15, with the aim of boosting confidence in our sustainable corporate governance. This includes the publication of Carl Zeiss Meditec AG's strategy, its operative business development, as well as the Company's prospects vis-à-vis existing and potential investors and other market players, such as analysts and journalists.

We regularly inform our shareholders about strategic and business development within the Group in quarterly, six-monthly and annual reports, as well as ad hoc disclosures and press releases. Both the Management Board and the members of the Investor Relations team also endeavor in many different ways to meet the high demand for information from all interest groups. Roadshows and conferences were held during the past year in London, Paris, New York, Boston, Frankfurt and Munich, among other places. We also held regular telephone conferences on the interim financial statements, as well as numerous one-to-one and group meetings with institutional and private investors.

Furthermore, our Annual General Meeting gives shareholders the opportunity to directly influence and directly quiz Carl Zeiss Meditec AG's Management Board. The Annual General Meeting in the last financial year was held on 18 March, 2015 in Weimar. Around 85.2% of the voting share capital was represented at this General Meeting.

Listing and stock market trading

Carl Zeiss Meditec AG share	
Index	TecDAX
Segment	Prime Standard
ISIN	DE 0005313704
Trading volume	Avg. 57,496 shares/trading day
Total of shares placed	81,309,610 shares
Price performance	
Share price at beginning of fiscal year 2014/15	€ 22.92
Share price at end of fiscal year 2014/15 (30 Sept)	€ 25.00
Share price on 20 November 2015	€ 26.75
Highest price in fiscal year 2014/15	€ 26.21
Lowest price in fiscal year 2014/15	€ 19.88
Shareholder structure	
Free float	35%
Carl Zeiss AG	65%
Evaluation	
Market capitalization of share capital as of 20 November 2015	€ 2.18 billion
Market capitalization of free float as of 20 November 2015	€ 761.26 million
Designated sponsor	HSBC Trinkaus & Burkhardt AG

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Group management report

for fiscal year 2014/15

THE CARL ZEISS MEDITEC GROUP

Business

A distinction is made within the Carl Zeiss Meditec Group ("Carl Zeiss Meditec", the "Group", the "Company") essentially between two main areas in which the Company operates: Ophthalmology and Microsurgery.

Ophthalmology

In ophthalmology, the Company offers mainly products and solutions for the diagnosis and treatment of eye diseases, as well as systems and consumables for cataract, retinal and refractive surgery. A distinction is made in ophthalmology between conditions such as vision defects (refraction), cataracts, glaucoma and other retinal disorders, the incidence of which particularly increases with age and can become chronic in many cases.

The aim of the Carl Zeiss Meditec Group is to enable an efficient diagnosis and treatment through integrated products and systems that are geared to the procedures of the attending physician. Customers here are both practicing ophthalmologists and physicians and surgeons in hospitals and outpatient surgery centers.

Ophthalmology within the Carl Zeiss Meditec Group comprises the two strategic business units (SBUs)

Ophthalmic Systems and **Surgical Ophthalmology**.

In its strategic business unit **Ophthalmic Systems** the Company supplies a comprehensive range of laser and diagnostic systems. The product portfolio in the area of refractive surgery primarily includes systems and consumables for minimally invasive refractive surgery. For many clients, optical coherence tomography (OCT) devices, perimetry devices and tonometers for intraocular pressure measurement are indispensable tools in the diagnosis and treatment of retinal diseases such as glaucoma. An important focus is the networking of systems and the integrated management of data, to make workflows in hospitals and medical practices efficient. For this purpose FORUM®, a scalable and flexible data management system, offers a comprehensive, cross-location solution for the evaluation of clinically relevant data from various diagnostic devices and direct access to the full examination history of the patient.

The SBU **Surgical Ophthalmology** offers end-to-end solutions for the surgical treatment of eye diseases in the area of cataract and retinal surgery, including a comprehensive selection of intraocular lenses and consumables. The offering in the preoperative area for cataract treatment includes optical biometers. In the operating room, Surgical Ophthalmology supports cataract surgery with ophthalmic surgical microscopes, an OR-assistance system and phacoemulsification/vitrectomy devices. The broadly diversified portfolio of microincision-capable intraocular lenses extends from the standard (monofocal lenses) to the premium segment (e.g. toric multifocal lenses) and is supplemented by ophthalmic viscoelastics. The OR workstation is further completed by software-based assistance systems such as CALLISTO eye® to assist with the implantation of toric intraocular lenses. The Company aims to deliver value-added to the customer by providing interconnected systems that are precisely tailored to the surgeon's workflow. One example of this is the ZEISS Cataract Suite markerless, with which the Company offers the surgeon a complete, one-stop range of devices for cataract surgery.

Microsurgery

In the **Microsurgery** strategic business unit the Carl Zeiss Meditec Group provides visualization solutions for minimally invasive surgical treatments. The state-of-the-art surgical microscopes for neurosurgery, ear, nose and throat (ENT), plastic and reconstructive (P & R) surgery, as well as dental surgery and spinal surgery, are essential tools, for example in the surgical treatment of tumors or vascular diseases, such as aneurysms. Innovative add-on functions, such as cutting-edge video technology, three-dimensional imaging or intra-operative fluorescence options, offer the surgeon assistance in complex treatments, by delivering diagnostic data and information during the procedure in the eyepiece or on screens. In surgical oncology, the innovative, intraoperative radiation device INTRABEAM® enables the Company to offer patients a gentle, intraoperative treatment option for certain types of tumor.

Change in the organizational structure

The organizational structure within the Carl Zeiss Meditec Group was modified at the beginning of fiscal year 2014/15. The previous organizational structure mainly combined company sites to form strategic business units. 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 fiscal 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 assigned to the Surgical Ophthalmology SBU since the beginning of fiscal 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 fiscal year, and thus the prior year's figures have been adjusted accordingly.

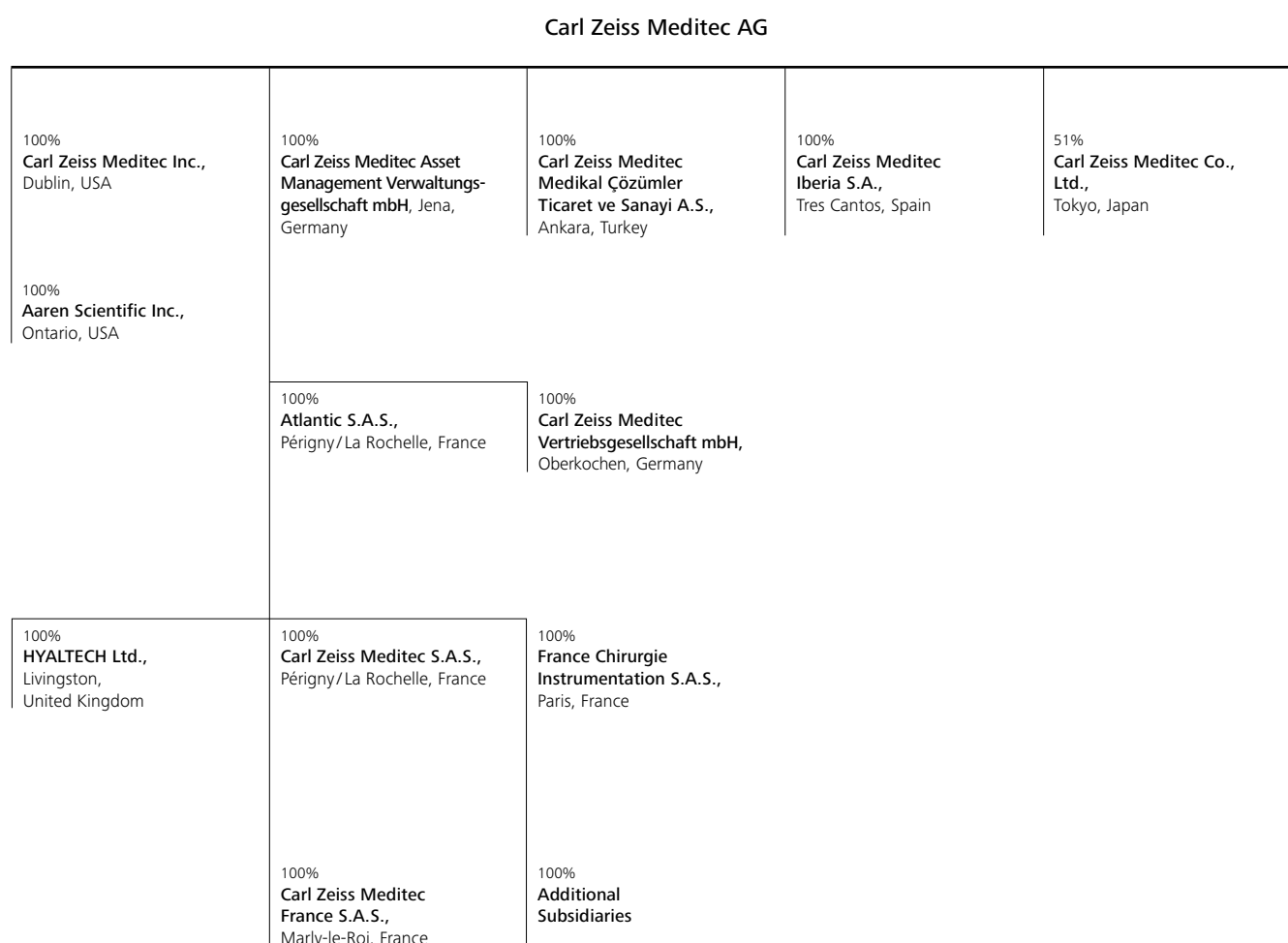
Markets

The Carl Zeiss Meditec Group has operations all over the world. With its headquarters in Jena (Germany) and additional plants and subsidiaries in Germany, France, Spain, the USA and Japan, the Company has a direct presence in the world's most important medical technology markets. In addition, the Carl Zeiss Meditec Group utilizes the strong global sales network of the ZEISS Group, with more than 50 sales companies, thus ensuring itself customer proximity and a crucial advantage over international rivals. Aside from its own research and development locations, the Carl Zeiss Meditec Group also has access to the expertise of the ZEISS Group. Of the around 25 research and development locations of the ZEISS Group worldwide, in particular China and India are important research centers for the Carl Zeiss Meditec Group. They offer the possibility of working with the customers on site, in order to gain a comprehensive understanding of the market and to develop specific products that are tailored to market requirements.

Group structure

Carl Zeiss Meditec AG, Jena, Germany, is the parent company of the Carl Zeiss Meditec Group, which comprises additional subsidiaries. These are presented in the chart below, which shows the main investments of the Carl Zeiss Meditec Group as of 30 September 2015.

Fig. 1: Investment structure of the Carl Zeiss Meditec Group as of 30 September 2015



The following changes were made to the Group's reporting entity and the structure of its consolidated financial statements in fiscal year 2014/15.

On 22 December 2014, Carl Zeiss Meditec Inc., Dublin, USA, a wholly owned subsidiary of Carl Zeiss Meditec AG, Jena, Germany, 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 until a majority holding is reached in Oraya Therapeutics Inc. after two years. Since December 2014 until the end of fiscal year 2014/15 such rights to assume shares in the company have been acquired by way of payment of € 9.4 million.

Although progress was achieved in the commercialization of the therapy during the course of the fiscal year 2014/15, there were significant deviations from the original business plan, thus indicating the need for a correction of the carrying amount.

Group strategy

It is the strategy of the Carl Zeiss Meditec Group to achieve sustainable, profitable growth as market and technology leader in the field of ophthalmology and microsurgery. The product range is aimed at improving the treatment result and reducing treatment costs through efficient and effective approaches. The success factors are: Innovation, integrated solutions for diagnosis and treatment, and customer focus. Innovation, in particular, plays a key role.

Innovation

One of the goals is to make cutting-edge technology in medical application accessible for customers. The Group is therefore striving to establish its products as new gold standards in medical diagnostics and therapy. The Group ensures technology leadership by cooperating closely with its customers and by continuing to invest heavily in research and development.

Integrated solutions

Due to the breadth of the product range, the Company offers its customers the opportunity to make their workflows more efficient, and to achieve better clinical outcomes, by logically networking devices and systems. Comprehensive system integration, including IT-assisted analysis functions, is a key prerequisite for this.

Customer focus

The customers of the Carl Zeiss Meditec Group are facing major challenges in managing rising case numbers, limited public funding and more demanding expectations of patients with respect to the treatment outcome. Integrated products and solutions can help customers to increase workflow efficiency and reduce costs, e.g. by providing clinical decision aids for the physician and options for easy outsourcing of routine tasks to medical auxiliary staff. Digitization offers us massive opportunities in this respect, e.g. in the field of data management solutions. A key prerequisite for the long-term success of the Carl Zeiss Meditec Group is having a deep understanding of the customers' problems and a service offering that is tailored to solving these problems.

Corporate management

The aim of corporate management is to achieve a long-term increase in value by consistently implementing the strategy. The tools for the financial management of the Carl Zeiss Meditec Group comprise a comprehensive system of key performance indicators. The greatest importance is attached to Economic Value Added® (EVA®)¹, free cash flow², the EBIT margin and revenue growth. These control ratios define the balance between growth, profitability and financial power, upon which sustainable growth of the Company is built.

These are supplemented by strategic measures and projects in the areas of customer excellence, people/performance culture and operational excellence.

¹ Calculation: EVA® = operating result after taxes minus capital costs

² Calculation Free Cash Flow (FCF): FCF = EBIT +/- changes in trade receivables +/- changes in inventories, including advance payments +/- changes in provisions (excluding provisions for pensions and tax provisions) +/- changes in current accrued liabilities +/- changes in trade payables + advance payments received - increase in investments in property, plant and equipment and intangible assets + write down of investments in property, plant and equipment and intangible assets

BUSINESS REPORT

Underlying conditions for business development

Macroeconomic environment³

During the reporting period, the global economy grew at a significantly slower rate than forecast. The rapidly developing economies in Asia, such as India and China, continued to grow at above-average rates, although growth in China declined. The markets of Latin America recorded a slowdown in growth, Brazil went into recession. Market growth in the industrialized countries was moderate in fiscal year 2014/15; the upturn in the USA and the eurozone was somewhat slower than expected, and significantly slower in Japan.

Development in the growth markets – particularly in China and Brazil –, the euro crisis, and the situation in the Middle East were major political and economic issues that impacted the investing activity of industry and the public sector.

Future situation in the medical technology industry

Medical technology is one of the fast-growing sectors in the medium to long term. This is due, firstly, to the ever-growing global population and, secondly, to the increasing proportion of older people in the overall population. This means that the total number of patients suffering from age-related diseases will inevitably rise. At the same time, there is a growing need for comprehensive and high-quality health care.

In the traditional selling markets of the western industrialized nations it is assumed that the demand for higher-quality medical technology innovations shall continue to rise, as a result of more demanding consumer and patient requirements due to a rising income level and a growing tendency to pursue health care services as a result. At the same time, the higher cost pressure in the main industrialized countries means there is increasing demand for the development of effective devices and efficient treatments.

The demand for health care goods and services in the RDEs (rapidly developing economies) also creates significant future growth potential for the medical technology sector, as a result of the rising per capita income and growing prosperity in these countries. Growth in the volumes of conventional medical technology and medical health care products, in particular, shall play an increasingly more important role here, due to improvements in the standard of living.

It can therefore be assumed that the demand for diagnostic and therapeutic devices and systems will continue to grow in the long term, both in microsurgery and in ophthalmology, as well as implants and consumables.

a) Market for ophthalmic products

The market for ophthalmic products in the broader sense includes devices and systems for the diagnosis, treatment and post-treatment of eye diseases, implants for ophthalmic surgery and ophthalmic pharmaceuticals, contact lenses, contact lens care products, consumables – with the exception of glasses and glasses frames. According to the Company's estimates, the market had a global volume of around US\$ 38.1 billion (about € 34.0 billion) in 2014⁴. The Group's product range includes devices and systems, implants, consumables and instruments for ophthalmology and ophthalmic surgery. According to the Group's estimates, these sub-markets had a volume of around US\$ 10.2 billion, or around € 9.1 billion, in 2014⁴.

³ International Monetary Fund, "World Economic Outlook (WEO)", 9 July 2015, Washington D.C.

⁴ based on exchange rates on 30 September 2015

The Company estimates its share of the "devices and systems for ophthalmology" market segment, traditionally served by the Company, at about 20% in 2014. In the market segment "implants, consumables and instruments for ophthalmic surgery", the Carl Zeiss Meditec Group estimates its global market share in 2014 at about 4%. However, our regional market shares in the countries the Company is currently focusing on range between 5% and 20%.

Based on the information at hand, the Group estimates that it slightly increased its market share overall in the market segments it addresses, in comparison with the prior year.

b) Market for microsurgery products

Besides ophthalmology, the Company also operates in the market for microsurgery, particularly in the field of neuro/ENT surgery. The overall neuro/ENT surgery market is divided into three market segments: "Implants", "Surgical instruments" and "Visualization". In the "Visualization" market segment served by the Company a distinction can be made between the sub-segments "Surgical Microscopes" and "Other Visualization". According to the Group's estimates, this market segment had a total volume of around US\$ 1.5 billion, or around € 1.3 billion, in 2014⁵. With a market share that it estimates to be around 20%, the Carl Zeiss Meditec Group is therefore one of the largest providers in this segment. According to own estimates, the Carl Zeiss Meditec Group continues to be the global market leader in the sub-segment "Surgical microscopes", with a market share of more than 50%.

Overall assertion on the financial position of the Group at the end of the fiscal year

With revenue of € 1,040.1 million, the Carl Zeiss Meditec Group exceeded the forecast range of € 960 million to € 1,000 million for fiscal year 2014/15. Boosted by positive currency effects, all three strategic business units and regions contributed to varying degrees to the development of business.

Once again, the Group significantly increased revenue in its strategic business unit **Surgical Ophthalmology**, which grew by 22.5% (adjusted for currency effects: + 19.0%), and further improved its competitive position. The competitive situation in the field of diagnostic devices and systems within the strategic business unit **Ophthalmic Systems** remained strained during the fiscal year. Certain product categories of this SBU were therefore faced with declining market shares. On the one hand, product innovations, sales measures and cost-cutting were the focus during the year, which showed their first effects. On the other hand, laser systems for refractive surgery made a positive contribution to the development of the SBU's business. The environment surrounding the strategic business unit **Microsurgery** remained challenging during the past fiscal year, which was characterized by a slowdown in growth. Revenue growth in the Japanese market, in particular, was slower compared with the high figure for the prior year. The business unit nevertheless maintained its leading market position, as expected, and achieved slight growth, after adjustment for currency effects.

The EBIT margin of the Carl Zeiss Meditec Group amounted to 12.6%, slightly below the prior year's level (prior year: 13.3%). The decline in the EBIT margin compared with the prior year is partly attributable to additional strategic investments in research and development. Adjusted for these effects, the EBIT margin was 13.8% (prior year: 13.7%), and therefore on a par with the prior year.

⁵ based on exchange rates on 30 September 2015

At € 56.7 million in fiscal year 2014/15, the Group's cash flow from operations is 10.0% lower than in the prior year (prior year: € 63.1 million).

At € 91.1 million, free cash flow was almost on the prior year's level (prior year: € 93.6 million).

At € 42.0 million, EVA was also almost on the prior year's level.

In order to maintain its innovative strength and ensure future growth, the Company has up to now invested around 10% to 11% of its revenue each year in research and development (R&D), as budgeted. In the past fiscal year R&D spending amounted to 10.8% of revenue.

The Carl Zeiss Meditec Group's financial position remained stable. This is also contributing towards the achievement of the Company's objectives, which are geared to sustainable growth, and gives the Group additional stability.

Table 1: Comparison of actual business development with forecast development in fiscal year 2014/15

	Results 2014/15	Forecast 2014/15
Revenue	€ 1.04 billion	€ 960 - 1,000 million
EBIT margin	12.6%	13% - 15%
Cash flow from operating activities	€ 56.7 million	High double-digit millions
Research and development expenses/revenue	10.8%	10% - 11%
Free cash flow	€ 91.1 million	–
Economic Value Added® (EVA®)	€ 42.0 million	–

Results of operations

Presentation of results of operations

Table 2: Summary of key ratios in the consolidated income statement (in € '000)

	2014/15	2013/14	Change
	'000 €	'000 €	'000 €
Revenue	1,040,061	909,255	+14.4%
Gross margin	51.9%	53.7%	-1.8% pts
EBITDA	149,753	138,658	8.0%
EBITDA margin	14.4%	15.2%	-0.8% pts
EBIT	130,591	120,705	8.2%
EBIT margin	12.6%	13.3%	-0.7% pts
EBIT (adjusted) ⁶	143,983	124,391	15.7%
EBIT margin (adjusted) ⁶	13.8%	13.7%	+0.1% pts
Earnings before tax	101,720	114,537	-11.2%
Tax rate	35.5%	30.9%	+4.6% pts
Consolidated net income after non-controlling interests	62,297	74,954	-16.9%
Earnings per share after non-controlling interests	€ 0.77	€ 0.92	-16.9%

⁶ adjusted for additional strategic investments in research and development.

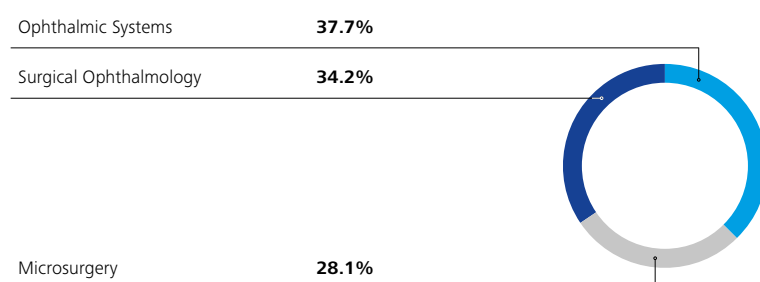
Revenue

The Carl Zeiss Meditec Group increased its revenue in fiscal year 2014/15 by 14.4% to € 1,040.1 million (prior year: € 909,3 million) and thus exceeded the forecast range announced at mid-year of € 960 million – € 1,000 million. The Group benefited from positive currency effects. After adjustment for currency effects, growth amounted to 8.2%. All three strategic business units, to varying degrees, and all regions contributed to this growth.

a) Consolidated revenue by strategic business unit

In the reporting year almost 72% of total revenue was attributable to the two largest strategic business units, Ophthalmic Systems and Surgical Ophthalmology. The **Ophthalmic Systems** SBU accounted for 37.7% of this revenue (prior year: 38.4%). The share of revenue generated by the **Surgical Ophthalmology** SBU increased further, from 31.9% in the same period of the prior year, to 34.2%. The **Microsurgery** SBU contributed 28.1% (prior year: 29.7%) of total revenue.

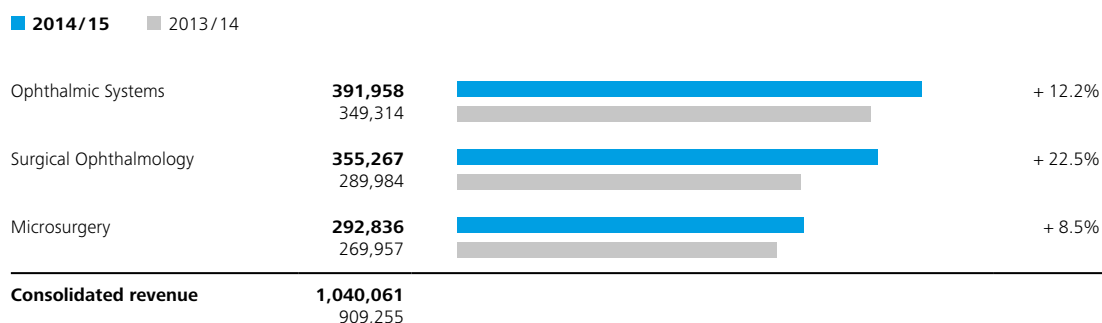
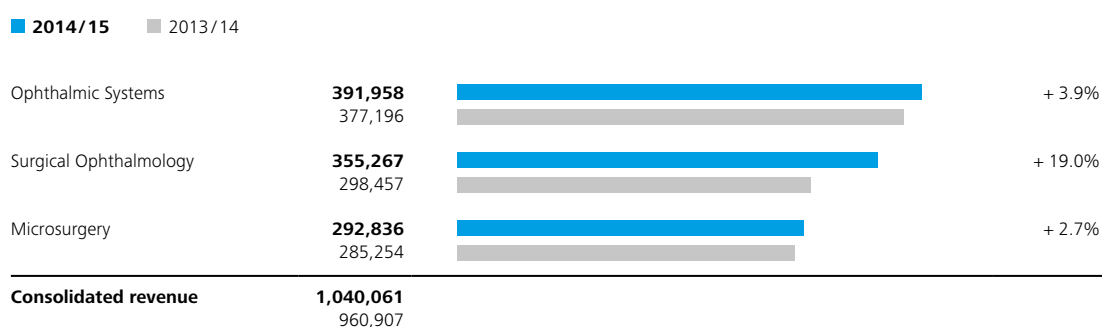
Fig. 2: Share of strategic business units in consolidated revenue in fiscal year 2014/15



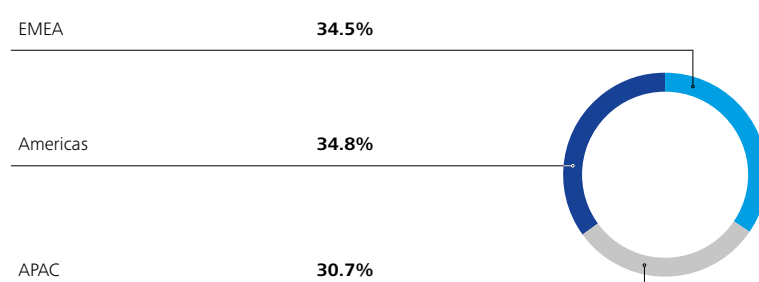
Revenue in the strategic business unit **Ophthalmic Systems** increased by 12.2%, from € 349.3 million to € 392.0 million. The strategic business unit also benefited from exchange rate fluctuations. Even after adjustment for currency effects, revenue grew by 3.9%. Laser systems for refractive surgery benefited from high procedure-dependent revenue and contributed significantly to the growth of the Ophthalmic Systems SBU. Diagnostic devices and systems remained in a challenging competitive environment, but managed to benefit from product innovations, sales measures and further cost reductions.

Once again, the highest contribution to growth came from the **Surgical Ophthalmology** SBU, which grew by 22.5% (adjusted for currency effects: 19.0%), from € 290.0 million to € 355.3 million in the past fiscal year. This strategic 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. Surgical microscopes for ophthalmic surgery also developed positively.

Revenue in the strategic business unit **Microsurgery** was also significantly boosted by positive currency effects. In the past fiscal year this SBU achieved revenue growth of 8.5% (adjusted for currency effects: 2.7%), to € 292.8 million (prior year: € 270.0 million). The strongest revenue drivers were visualization solutions for neurosurgery, whose contribution to growth was smaller compared with a strong year-ago figure, due, among other things, to a revenue downturn in Japan.

Fig. 3: Consolidated revenue by strategic business unit (figures in '000)**Fig. 4: 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 business regions generating around one third of its total revenue. In the past fiscal year, the region **Europe, Middle East and Africa (EMEA)** accounted for 34.5% of consolidated revenue. The **Americas** and **Asia/Pacific (APAC)** regions accounted for 34.8% and 30.7%, respectively, of the Group's total revenue. All business regions contributed almost equally to the Group's growth. Due to the appreciation of the U.S. dollar against the euro, currency effects had a positive influence on growth, especially in the Americas region.

Fig. 5: Share of regions in sales in fiscal year 2014/15

Revenue in the **EMEA** region increased by 9.4% (adjusted for currency effects: 8.9%), to € 358.8 million (prior year: € 328.1 million). Whereas the development of the individual markets was very heterogeneous, the strongest contributions to growth came from the core markets of Germany and the United Kingdom.

The **Americas** regions benefited from the strength of the U.S. dollar against the euro, and increased its revenue by 21.9% to € 361.9 million (prior year: € 296.8 million). Adjusted for currency effects, this growth amounted to 6.0%.

The **APAC** region generated revenue of € 319.4 million, which was up by 12.3% compared with the prior year's figure of € 284.4 million. Adjusted for currency effects, growth was on a similar level, at 10.1%. Whereas revenue in Japan declined compared with an exceptionally strong year-ago period, China and India achieved high growth rates.

Fig. 6: Consolidated revenue by region (figures in '000)

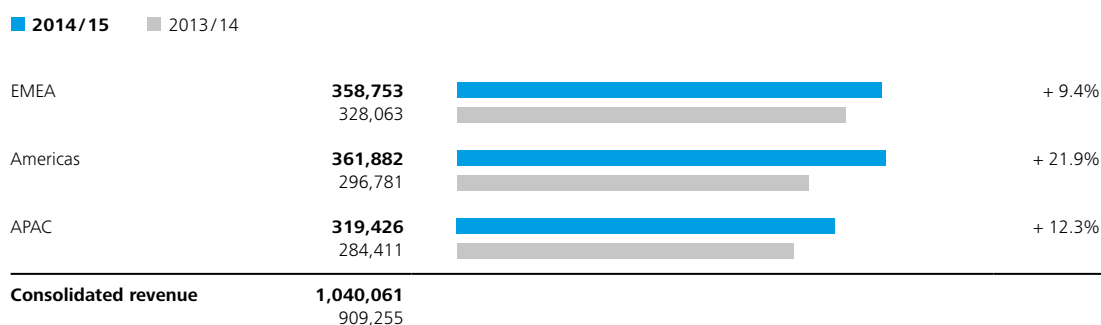
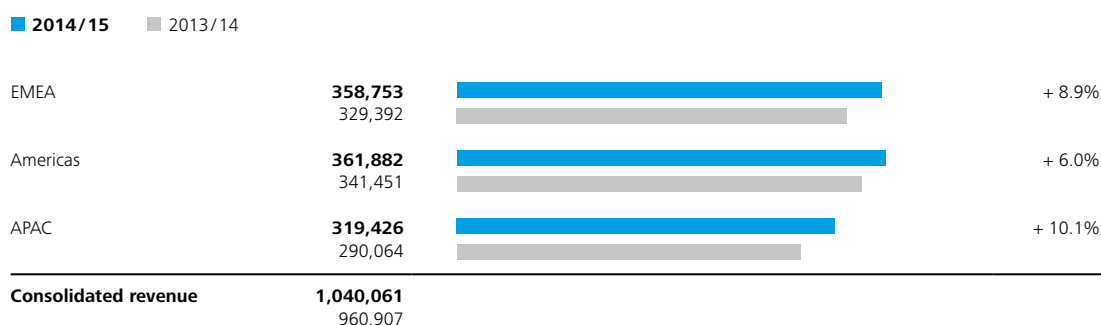


Fig. 7: Consolidated revenue by region based on constant exchange rates (figures in '000)



Gross profit

In fiscal year 2014/15, gross profit increased from € 488.4 million to € 539.7 million. The corresponding margin for the period under review is 51.9% (prior year: 53.7%). Margins were decreased by a less favorable regional distribution of revenue, as well as changes in the product mix, particularly in Surgical Ophthalmology and Microsurgery.

Functional costs

Functional costs for the reporting year amounted to € 409.1 million (prior year: € 367.7 million), thus increasing at a slightly lower rate than revenue, of 11.3%. The proportion of revenue decreased slightly, from 40.4% in the prior year to 39.3%. The increase in costs here is largely due to currency effects.

- » **Selling and marketing expenses:** Selling and marketing expenses increased disproportionately to revenue in the fiscal year under review, at the lower rate of 9.7%, from € 226.1 to € 247.9 million. Relative to revenue, selling and marketing expenses were lower than the prior year's level, at 23.8% (prior year: 24.9%).
- » **General and administrative expenses:** Expenses in this area increased by 17.7%, to € 49.2 million (prior year: € 41.8 million). Some of these expenses include consulting and restructuring costs in connection with the integration of Aaren Scientific, Inc., the investment in Oraya Therapeutics, Inc., as well as the planning and implementation of cost measures in the Ophthalmic Systems SBU. The share of general and administrative expenses in consolidated revenue was 4.7% which is on a par with the prior year (prior year: 4.6%).
- » **Research and development costs:** The Carl Zeiss Meditec Group continuously invests in R&D, in order to further develop its product portfolio and ensure further growth. R&D expenses increased by 12.2% in the reporting period, to € 112.0 million (prior year: € 99.8 million). The R&D ratio remained almost the same as in the prior year, at 10.8% (prior year: 11.0%).

Development of earnings

The Carl Zeiss Meditec Group uses earnings before interest and taxes (EBIT = operating result) as a key performance indicator. EBIT for the reporting period amounted to € 130.6 million (prior year: € 120.7 million). This corresponds to an EBIT margin of 12.6% (prior year: 13.3%). The slight decline in the EBIT margin compared with the prior year is partly attributable to additional strategic investments in research and development. Adjusted for these effects, the EBIT margin was 13.8% (prior year: 13.7%), and therefore on a par with the prior year.

Fig. 8: EBIT and EBIT margin over a three-year period (figures in '000)

2014/15	130,591		12.6%
2013/14	120,705		13.3%
2012/13	132,610		14.6%

Within the strategic business unit **Ophthalmic Systems** the business with laser systems for refractive surgery made a substantial contribution to earnings, particularly due to a high number of procedure-dependent sales. Accordingly, the EBIT margin increased compared with the low year-ago basis. As anticipated, the EBIT margin in the strategic business unit **Surgical Ophthalmology** declined, due mainly to higher research and development expenses. Adjusted for the higher proportion of research and development expenses, the EBIT margin moved within approximately the same range as the prior year. The EBIT margin in the **Microsurgery** SBU was also lower compared with the prior year. Aside from a less favorable regional distribution of business, this was also attributable to the product mix with a somewhat smaller share of revenue in neurosurgery.

Earnings before interest, taxes, depreciation and amortization (**EBITDA**) amounted to € 149.8 million for the past fiscal year (prior year: € 138.7 million). The **EBITDA margin** thus amounted to 14.4% (prior year: 15.2%).

Fig. 9: EBITDA and EBITDA margin over a three-year period (figures in '000)

2014/15	149,753		14.4%
2013/14	138,658		15.2%
2012/13	151,329		16.7%

Interest income/expenses (net) amounted to € -0.2 million in the reporting period (prior year: € -0.06 million).

In the financial result, currency effects arose in the form of foreign currency losses in the amount of € 8.9 million (prior year: € 5.7 million), due to the recognition of currency hedges as of 30 September 2015, which were, however, offset by positive amounts in the operating result. In addition, charges totaling € 18.9 million arose in connection with the impairment testing of the investments in the company Oraya Therapeutics Inc.

The **tax rate** for the reporting period was 35.5% (prior year: 30.9%). As a general rule, an average annual tax rate of between 31% and 33% is assumed.

Consolidated profit attributable to stockholders of the parent company for fiscal year 2014/15 amounted to € 62.3 million, thus decreasing by 16.9% (prior year: € 75.0 million), mainly as a result of the charges under the financial result. **Non-controlling interests** accounted for € 3.3 million (prior year: € 4.2 million). In fiscal year 2014/15, basic **earnings per share of the parent company** amount to € 0.77 (prior year: € 0.92).

Financial position

Objectives and principles of financial management

A primary objective of financial management at the Carl Zeiss Meditec Group is to ensure the solvency of the Company and to manage this efficiently throughout the Group. The Group's main source of liquidity comes from the business operations of the individual business units, upon which the financial activities and the strategic orientation of the Group are also based. The Company therefore operates a global financial management system that encompasses all of its subsidiaries and is centrally organized at Group level. The Company also strives to continuously improve its financial power and reduce financial risks by keeping a constant check on the solvency of its debtors, which also involves the use of financial instruments.

The Company deposits any liquidity it does not require at normal market conditions with the Group treasury of Carl Zeiss AG. When investing surplus liquidity, short-term availability generally comes before the goal of maximizing earnings, so that funds can be accessed quickly if, for example, acquisition opportunities arise. The Group has production plants in the USA and Europe. This minimizes the effect of currency fluctuation. The remaining currency risk is hedged by simple futures trading. Details on these can be found in the notes to the consolidated financial statements under "(2) (i) Financial instruments", "(27) Additional disclosures on financial instruments", "(36) Financial risk management, (2) (u) and (33) "Related party disclosures".

Financial management

The ratio of borrowed capital to equity increased to 42.9% as of 30 September 2015 (30 September 2014: 37.8%).

The Group's dynamic debt ratio⁷ stands at 2.4 years for fiscal year 2014/15 (prior year: 1.5 years). The Company is thus in a position to settle its net debt within less than 2.4 years using its cash flow from operations.

The interest coverage ratio, i.e., the coverage of interest income by the operating result before depreciation and amortization (EBITDA), amounted to 101.5 (prior year: 137.1).

Cash inflows generated from operating activities provide an important source of financing for the Carl Zeiss Meditec Group. The parent company can also create additional liquidity by issuing new shares on the capital market. Furthermore, the Group has the option to assume loans either from the Group treasury of Carl Zeiss AG or from banks.

For further information on the financial liabilities of the Carl Zeiss Meditec Group please refer to note "(24) Non-current financial liabilities", "(25) Current accrued liabilities" and "(26) Other current non-financial liabilities" in the accompanying notes to the consolidated financial statements.

Since the Group possesses sufficient cash funds to finance its operating and strategic objectives, changes in credit conditions do not currently have any material effect on its financial position.

Separate reporting on financial instruments

The Carl Zeiss Meditec Group is exposed to currency fluctuation risks, due to its international business activities in numerous different currencies. Significant currency risks are hedged against with hedging transactions, based on a rolling business plan.

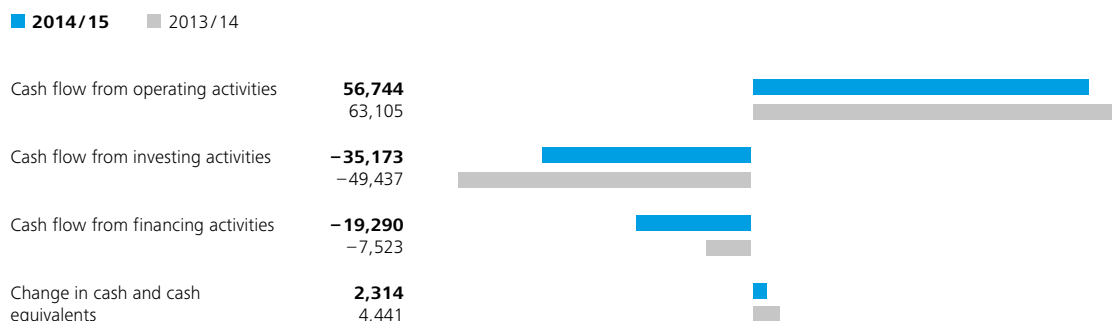
Hedges are mainly transacted centrally by Carl Zeiss Financial Services GmbH. The services provided by Carl Zeiss Financial Services GmbH to Carl Zeiss Meditec AG and its subsidiaries are regulated by corresponding general agreements. The hedges are processed by Carl Zeiss Financial Services GmbH with external business banks. Hedges are processed exclusively by banks with a high credit rating from leading agencies. The business transactions are executed with strict separation of functions between the front office (trade), middle office (financial risk management, controlling) and back office (processing, documentation). Value-at-risk analyses, together with scenario, sensitivity and stress test analyses, are implemented in risk control and monitoring, to quantify the currency risks. Hedging rates are specified for operative control of all relevant currencies. In addition, limits were defined to limit risks relating to contracting parties and transaction types. Derivative financial instruments are not used for speculative purposes.

Statement of cash flows

The Carl Zeiss Meditec Group's statement of cash flows shows the origin and utilization of the cash flows within a fiscal year. 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 30 September 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.

⁷ Calculation: (Borrowed capital excluding non-controlling interests, less cash and less treasury receivables, plus financial investments in the amount of € 110 million for fiscal year 2014/15) / cash flow from operating activities

Fig. 10: Summary of key ratios in the statement of cash flows (figures in '000)

Cash flow from operating activities amounted to € 56.7 million in the reporting period (prior year: € 63.1 million). A curbing effect was had by a build-up of trade receivables at the end of the reporting period, due to a significant increase in sales at the end of the fourth quarter.

Cash flow from investing activities amounted to € -35.2 million in the period under review (prior year: € -49.4 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 prior year is primarily attributable to the acquisition of long-term distribution partner Optronic A.S. in Turkey and the intraocular lens manufacturer Aaren Scientific Inc. in the USA within the prior year.

Cash flow from financing activities in the past fiscal year amounts to € -19.3 million (prior year: € -7.5 million). The difference from the prior year is mainly due to the change in treasury receivables from and payables to the treasury of Carl Zeiss Financial Services GmbH.

Investment and depreciation policy

In order to further consolidate our good market position in the medical technology sector and strengthen our leading market position, we need to make well considered investments. A distinction is made here between two types of investment: capacity expansions and replacement investments. These investments are primarily financed from operative cash flow.

In terms of the production of devices and systems, the Company mainly confines itself to the integration of individual components to create system solutions. For this reason, the ratio of property, plant and equipment to total assets, and investments in such property plant and equipment, are comparatively low. One exception, however, is the production of intraocular lenses, which generally demands higher investments due to a larger vertical range of manufacture.

Nevertheless, the required investment of capital in real assets is relatively limited within the Group, which is evident from the development of the capex ratio – the ratio of total investments in property, plant and equipment (cash) to consolidated revenue⁸. In fiscal year 2014/15, it was 1.0% (prior year: 1.9%).

⁸ In fiscal year 2014/15, investments in property, plant and equipment (cash) totaled € 9.8 million, compared with € 11.1 million the prior year.

At Carl Zeiss Meditec AG and its subsidiaries intangible assets and property, plant and equipment are subject to scheduled, straight-line amortization and depreciation, respectively, over their estimated useful lives. Further details on this can be found in note "(2) (g) Other intangible assets" and "(2) (h) Property, plant and equipment" in the accompanying notes to the consolidated financial statements.

Key ratios relating to financial position

Table 3: Key ratios relating to financial position

Key ratio	Definition	30-Sep-2015	30-Sep-2014	Change
		'000 €	'000 €	
Cash and cash equivalents	Cash-in-hand and bank balances	13,041	10,727	21.6%
Cash and cash equivalents plus treasury receivables from/payables to the Group treasury of Carl Zeiss AG	Cash-in-hand and bank balances + treasury receivables from Group treasury of Carl Zeiss AG ⁹ . treasury payables to Group treasury of Carl Zeiss AG	278,410	293,319	-5.1%
Net working capital	Current assets including financial investments . cash and cash equivalents . treasury receivables from Group treasury of Carl Zeiss AG ¹⁰ . current liabilities excl. treasury payables to Group treasury of Carl Zeiss AG	364,498	312,453	16.7%
Working capital	Current assets . current liabilities	532,908	495,772	7.5%

Table 4: Key ratios relating to financial position

Key ratio	Definition	2014/15	2013/14	Change
Cash flow per share	Cash flow from operating activities Weighted average of shares outstanding	€ 0.70	€ 0.78	-10.1%
Capex ratio	Investment (cash) in property, plant and equipment Consolidated revenue	1.0%	1.9%	-0.9% points

⁹ 30 September 2014 and 30 September 2015, including financial investments of € 110 million.

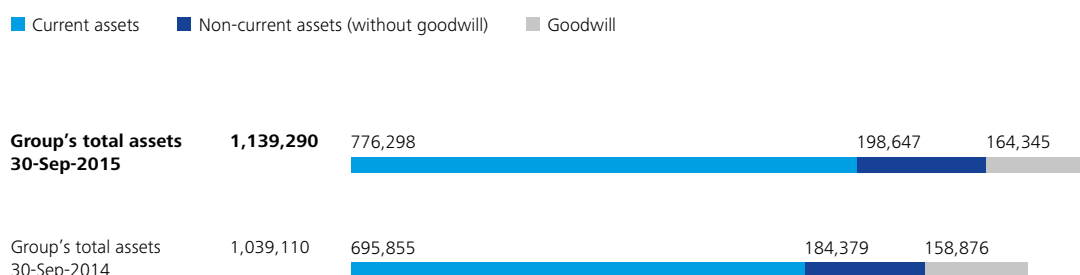
¹⁰ 30 September 2014 and 30 September 2015, excluding financial investments of € 110 million.

Net assets

Presentation of net assets

Total assets increased to € 1,139.3 million as of 30 September 2015 (30 September 2014: € 1,039.1 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.

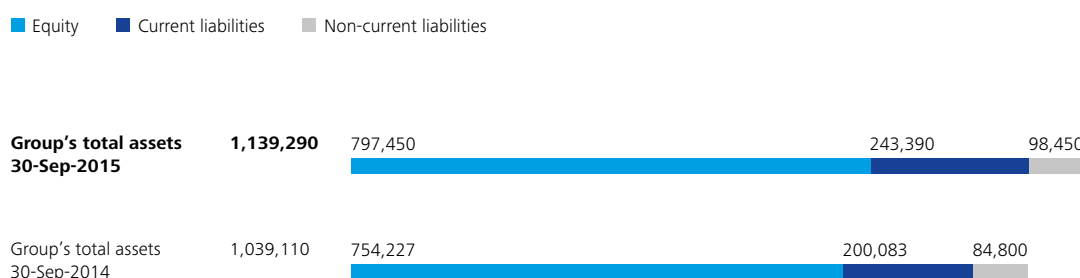
Fig. 11: Structure of the consolidated statement of financial position: Assets (all figures in '000)



Non-current assets increased to € 363.0 million as of 30 September 2015 (30 September 2014: € 343.3 million), due mainly to an increase in deferred taxes as a result of higher provisions for pensions.

There were significant changes in **current assets** as of 30 September, 2015, which amounted to € 776.3 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 third quarter.

Fig. 12: Structure of the consolidated statement of financial position: Liabilities (all figures in '000)



The **equity** recognized in the Carl Zeiss Meditec Group's statement of financial position amounts to € 797.5 million as of 30 September 2015 (30 September 2014: € 754.2 million). The equity ratio is 70.0% (30 September 2014: 72.6%) and thus remains high.

Non-current liabilities amounted to € 98.5 million as of 30 September 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.

Current liabilities increased to € 243.4 million (30 September 2014: € 200.1 million) due, among other things, to the increase in trade payables and liabilities to related parties. Treasury liabilities also increased.

Key ratios relating to net assets

Table 5: Key ratios relating to net assets

Key ratio	Definition	30-Sep-2015	30-Sep-2014	Change
Equity ratio	Equity (incl. non-controlling interests)	70.0%	72.6%	-2.6% points
	Total assets			
Inventories in % of rolling 12-month revenue	Inventories (net)	18.2%	19.0%	-0.8% points
	Rolling revenue of the past twelve months as of the end of the reporting period			
Receivables in % of rolling 12-month revenue	Trade receivables at the end of the reporting period (including noncurrent receivables)	24.3%	23.1%	+1.2% points
	Rolling revenue of the past twelve months as of the end of the reporting period			

Orders on hand

The Carl Zeiss Meditec Group's orders on hand increased. As of 30 September 2015 it amounted to € 159.3 million. This corresponds to an increase of 25.8% year-on-year (30 September 2014: € 126.6 million), which is due, among other things, to the processing of the distributor business of Aaren Scientific Inc. and the increase in per-procedure business models, as well as longer-term purchase agreements.

Events of particular significance

On 8 October 2015, Carl Zeiss Meditec AG announced that it expected a reduction in its financial result in connection with impairment testing of the investments in Oraya Therapeutics Inc. The total reductions actually incurred in the year under review amount to € 18.9 million. Oraya Therapeutics Inc. markets a radiation therapy for wet, age-related macular degeneration (wet AMD) in the United Kingdom, Germany and Switzerland. Under the terms of a participation agreement concluded in December 2014, the Carl Zeiss Meditec Group provided funding for the further expansion of the business of Oraya Therapeutics Inc. Although progress was achieved in the commercialization of the therapy during the course of the year, there were significant deviations from the original business plan, thus indicating the need for a correction of the carrying amount.

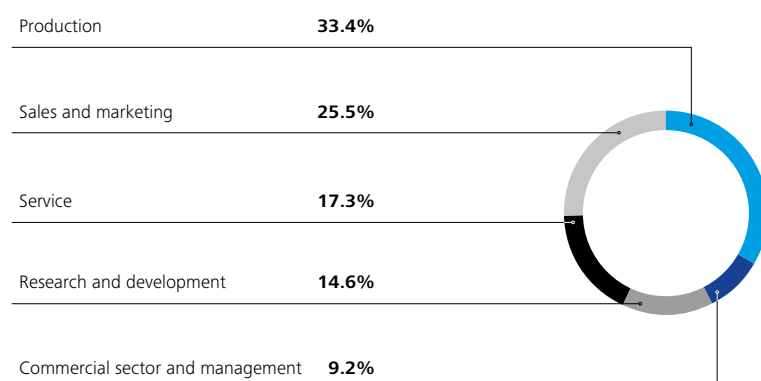
NON-FINANCIAL PERFORMANCE INDICATORS

Employees

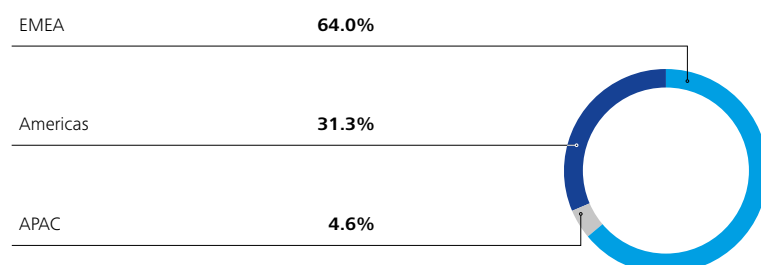
Highly qualified and motivated employees are a necessity for ensuring the long-term success of a company. Responsible human resources development and continuous improvement play a crucial role in this. As of 30 September 2015 the Carl Zeiss Meditec Group had 2,888 employees worldwide (prior year: 2,972).

Fig. 13: Workforce of the Carl Zeiss Meditec Group at the end of the financial year (30 September)

At 33.4% (prior year: 34.6%) or 25.5% (prior year: 24.5%), respectively, the majority of employees were working in Production or Sales and Marketing as of 30 September 2015. A total of 17.3% (prior year: 16.3%) were working in Service. The percentage of employees working in Research and Development was 14.6% at the end of the reporting period (prior year: 14.7%). The percentage of employees working in the commercial area as of 30 September 2015 was 9.2% (prior year: 9.8%).

Fig. 14: Distribution of employees by function (30 September)

At 64.0% (prior year: 60.7%), the majority of the Carl Zeiss Meditec Group's employees work in **EMEA**. A total of 31.3% of all employees within the Group work in the **Americas** region (prior year: 34.8%), while 4.6% work in the **APAC** region (prior year: 4.5%).

Fig. 15: Distribution of employees by region (30 September)

It is the Company's employees, with their expertise and achievements, who lay the foundations for the Carl Zeiss Meditec Group's global success. That is why the sustainable development and targeted support of the potential of all employees is the primary task of human resources management at the Company. The focus of this is on employee training and management development. Employees can choose from a wide range of courses offered in the internal ZEISS qualification program. In addition, ZEISS supports measures

for vocational training and qualification opportunities outside working hours. The Company considers this a sound basis for ensuring long-term economic success. The Company aims to increase its attractiveness as an employer through strategic employee development.

Production

Production plants

The Carl Zeiss Meditec Group manufactures its products in Jena, Oberkochen and Berlin in Germany, Dublin and Ontario in the USA and in La Rochelle in France. The Group also has a number of smaller sites belonging to subsidiaries of Carl Zeiss Meditec S.A.S. in Besançon (France), Livingston (Scotland) and Mauritius. Systems and devices for ophthalmology are manufactured by the Company in Dublin and in Jena. The Group manufactures surgical microscopes and microsurgical visualization solutions in Oberkochen; intraocular lenses are mainly manufactured in La Rochelle and Berlin, and Ontario. The broad product portfolio is rounded off by viscoelastics, which are produced at the facility in Livingston and are mainly used for treating cataracts. The two remaining production facilities of Carl Zeiss Meditec S.A.S. manufacture instruments and consumables for the treatment of ophthalmic diseases.

Production concept

When manufacturing its devices and systems, the Carl Zeiss Meditec Group focuses on the assembly of system components, most of which it purchases from external suppliers. The vertical range of manufacture for intraocular lenses (IOLs) is higher, however. Production of these largely takes place in-house at the Company. Only a number of specific steps in the production process are outsourced to external companies. When selecting suppliers, the Carl Zeiss Meditec Group continuously strives to qualify additional suppliers for key components and vendor parts, as appropriate, in order to reduce its dependence on individual suppliers.

The main focus concerning production processes is to be able to respond quickly to customer enquiries and requirements, to implement short chains of command and to be able to quickly and efficiently carry innovations over into production. Shorter throughput times play a major role in this, as well as reducing inventories, while simultaneously optimizing production costs, and improving product quality.

Production planning

Production planning in Jena, Oberkochen and Dublin is based on the rolling forecast method, mostly on a monthly or quarterly basis. The sales forecast is then translated into a demand forecast for production units, taking inventory changes into account. In order to keep stocks to a minimum, products are usually assembled to customer order (series production of individual items). In the area of laser systems for refractive surgery, inventories are kept for consumables for the planned sales volume for three months, in order to ensure uninterrupted supplies for customers who cannot use their equipment without such consumables. The customers are served from the safety stock according to the first-in-first-out principle. The rolling forecast method described above is also applied for the manufacture of intraocular lenses. Limited quantities of the finished products are stockpiled, however, since customers expect very short delivery times for implants. To this end replenishment orders are forwarded by the customers to a central warehouse; these, in turn, trigger a new order thus ensuring customers are served as quickly as possible. The Carl Zeiss Meditec Group also operates consignment warehouses in clinics and hospitals, which – depending on consumption – are continuously restocked.

Research and development

Objectives and focus of 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 ensure 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 fiscal year 2014/15 research and development expenses increased by 12.2% to € 112.0 million (prior year: € 99.8 million). At the same time the R&D ratio remained almost the same as the prior year, at 10.8% (prior year: 11.0%). The R&D ratio is therefore still within the target range – which is also the target range for the future – of 10% to 11%.

Fig. 16: R&D expenses (in € million) and R&D ratio to revenue (in %)

2014/15	112.0		10.8%
2013/14	99.8		11.0%
2012/13	97.6		10.8%

In the reporting period 14.6% (prior year: 14.7%) of the Carl Zeiss Meditec Group's entire workforce were working in Research and Development. To a certain extent in research and development, services are procured from Carl Zeiss AG, Oberkochen, and its subsidiaries. In fiscal year 2014/15 the expenses incurred for this amounted to around 16% of the overall research and development expenses of € 112.0 million.

Focus of research and development activities in the reporting period

Research and development at the Company mainly focuses on:

- » 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.

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

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.

PRIMUS 200

Optical coherence tomography systems, such as the PRIMUS 200, are now a gold standard in retinal and glaucoma diagnostics. The device's compact design and short learning curve also make it very easy to integrate into smaller eye care practices. The PRIMUS 200 is mainly used for diagnosis in the anterior and posterior segment of the eye. The system also has a new, intuitive design. Advantages of the new spectral domain OCT system include the availability of excellent image quality, the application of proven algorithms, and an integrated pathology library. All three features help the eye care specialist to make confident and informed clinical decisions.

AngioPlex™ OCT Angiography

The AngioPlex™ OCT Angiography technology helps doctors to display retinal blood vessels without the need for the injection of fluorescent liquids into the patient's eye. Vascular changes in the retina and choroid can now be examined non-invasively and accurately in three dimensions using optical coherence tomography. The OCT technology enables physicians to make better clinical decisions and eliminate risks associated with fluorescent dyes.

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.

SL 220 Slit Lamp

The SL 220 is the first slit lamp available in basic diagnostics that combines LED illumination with the optical and mechanical qualities of a slit lamp. The new addition to the Essential Line range offers improved data management and therefore helps ophthalmologists to diagnose eye diseases.

Retina Workplace

The ophthalmology software designed to improve workflow efficiency assists specialist medical practices with the management of macular diseases, by providing easy access to important clinical data. This software compiles data from various devices to assist physicians with their decision making. The data are taken from the Eye Care Data Management System FORUM® and can combine information from the CIRRUS™ HD-OCT, CIRRUS™ photo, and vendor-neutral fundus imaging devices. In addition to giving a clear overview, up to three data sets can be viewed at the same time, and it is possible to directly compare several stages of therapy. This means that diseases of the retina can be monitored more efficiently, which is beneficial when monitoring the progression of age-related macular degeneration (AMD), for example.

VISUCONNECT® 500

The VISUCONNECT® 500 software will make data management in basic diagnostics more convenient in future. Patient data recorded using the preliminary examination devices for objective refraction and intraocular pressure can now be automatically transferred to the electronic patient file or the practice data management system, such as FORUM®. VISUCONNECT® 500 represents a further step forward in increasing efficiency in ophthalmology, and thus assists physicians with their everyday work in the practice.

OPMI LUMERA® 300

In the routine segment, the OPMI LUMERA® 300 is one of the surgical microscopes. It differs from its predecessor by having a lower light intensity, but continues to offer the same good optical characteristics and illumination. This has the advantage that the treatment is perceived by patients as being less stressful. This device expands in particular the basic care offering, especially for customers in the rapidly growing markets of Asia.

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.

Brands and patents

The Company invests in innovations and solutions and ensures that these have an innovative edge with patents. The Carl Zeiss Meditec Group currently owns more than 800 patent families worldwide. The Carl Zeiss Meditec Group is granted an average of one patent a week. Although the protection for a patent varies from country to country, the Company still strives to protect products in the various markets as comprehensively as possible with patents. Since a number of products have already been on the market for some time, patent protection does not extend to the basic functionality of these products, but, rather, to individual features and enhancements that protect beneficial solutions. As a result, the Group is able to successfully and permanently maintain its position in the market.

In addition, the Company has more than 660 registered brands and brand registrations (as of 30 September 2015). These include, among others, product names, slogans, images, logos and other specific characteristics of the Company.

REMUNERATION REPORT

Remuneration of the Management Board

The members of the Management Board are remunerated based on Section 87 German Stock Corporation Act (Aktiengesetz). According to this, the Supervisory Board determines the remuneration, which comprises fixed and variable components, and payments in kind. The Supervisory Board's General Committee proposes the amount and structure of the remuneration to be paid to the Management Board, and these are then approved by the Supervisory Board as a whole. The appropriateness of the Management Board remuneration is based on the duties and the personal contribution of the individual members of the Management Board, as well as the Company's overall financial position and market environment.

At its meeting on 26 September 2014 the Supervisory Board addressed the Management Board objectives for fiscal year 2014/15. The Supervisory Board also redefined the amount and structure of the remuneration and other conditions of employment for Dr. Monz as President and CEO of Carl Zeiss Meditec AG, further to his appointment as a member of the Executive Board of Carl Zeiss AG, with effect from 1 January 2014. Furthermore, the salaries of Management Board members Dr. Christian Müller and Thomas Simmerer were also reviewed during this meeting – based on the salary situation compared with the market, general price and salary trends, and the achievements demonstrated and achievements anticipated in future – and adjusted with effect from 1 October 2014.

At its meeting on 5 December 2014, the Supervisory Board addressed the achievement of objectives by the Management Board members for fiscal year 2013/14, and stipulated the relevant variable remunerations.

The objectives for the Management Board for fiscal year 2015/16 were stipulated by the Supervisory Board at its meeting on 17 September 2015.

Structure and amount of remuneration paid to the Management Board

The remuneration paid to the Management Board of Carl Zeiss Meditec AG consists of a fixed and a variable portion. The variable portion is split into two components: the first component is contingent upon the achievement of certain targets for the respective current fiscal year and the second bears a long-term incentive effect.

The **fixed portion** of the remuneration paid to the Management Board is not contingent upon the achievement of certain targets. It is paid monthly.

The **variable portion of the remuneration**, which relates to targets set for the respective fiscal year, is contingent upon the achievement of certain quantitative and qualitative targets. The quantitative objectives mainly relate to Economic Value Added® (EVA®) and free cash flow. Certain strategic targets agreed individually with the members of the Management Board are also taken into consideration. This portion of the remuneration is paid after the end of the respective fiscal year. The amount is contingent upon the degree of target fulfillment.

In addition to the two components of Management Board remuneration described above, there is also a so-called Long Term Incentive Program (LTI), which was redesigned and published in fiscal year 2011.

This program offers a remuneration component with a long-term incentive, which allows the members of the Management Board to achieve an additional annual income after a three-year period. This amounts to 50% of the individual short-term variable remuneration for the fiscal year that precedes the beginning of the term of an LTI tranche, plus interest. This is based on the ZEISS Group's profit-participation certificate model. A precondition for payment of this remuneration is that the members of the Management Board have not handed in their notice at the end of the applicable three-year period per tranche, and the equity ratio of the ZEISS Group is higher than 20% at this point. The first payment was made in December 2014. The next payment is expected upon fulfillment of the payment requirements for December 2015.

As part of the redefinition of remuneration for Dr. Monz on 1 January 2014, a slightly different regulation shall apply to Dr. Monz from this date, for the long-term variable component of his remuneration. Pursuant to this regulation, it shall be possible, after a three-year period, for Dr. Monz to attain an additional annual income amounting to no more than a basic salary, depending on the achievement of certain financial and personal objectives at the end of this three-year period.

Table 6: Itemized breakdown of the remuneration paid to the members of the Management Board of Carl Zeiss Meditec AG
(figures in '000)

	Management Board remuneration						
	Fiscal year	Fixed remuneration	Remuneration in kind ¹¹	Variable remuneration ¹²	Total remuneration paid directly	LTIP	Total remuneration pursuant to Section 314 (1) No. 6a) HGB
Dr. Ludwin Monz	2014/15	300.0	9.8	252.0	561.8	131.9	693.7
	2013/14	300.0	15.4	283.5	598.9	–	598.9
Dr. Christian Müller	2014/15	240.0	18.4	128.3	386.7	93.5	480.2
	2013/14	222.5	17.1	171.3	410.9	–	410.9
Thomas Simmerer	2014/15	246.0	17.1	131.3	494.4	96.9	491.3
	2013/14	231.1	17.2	185.4	433.7	–	433.7

Directors & Officers (D&O) liability insurance has been taken out for the members of the Management Board of Carl Zeiss Meditec AG, which provides for an excess that is also specified in the Management Board contracts. This complies with the excess that has been prescribed by the German Stock Corporation Act (AktG) since 5 August 2009 of at least 10% of the damages up to at least one-and-a-half times the fixed annual remuneration.

¹¹ Payments in kind include other benefits such as non-cash benefits like the provision of a company car and the reimbursement of employer contributions to the statutory pension and unemployment insurance schemes, as well as contributions to group accident insurance.

¹² Variable remunerations include both the formation of a provision for the bonus for the current fiscal year and payments for the bonus for the prior year, insofar as this differs from the prior year's figure.

Pension scheme for members of the Management Board

The appropriation to the pension provisions or pension funds should be stated annually with respect to the retirement benefit commitments for the members of the Management Board. The expenses relating to pension commitments attributable to the individual members of the Management Board – or, in the case of Dr. Monz, the proportionate oncharged service cost – are presented in the following overview.

Table 7: Itemized breakdown of the pension commitments to the members of the Management Board of Carl Zeiss Meditec AG (figures in € '000)

	Fiscal year	Appropriation to pension provision for retirement benefit commitments	Present value of pension commitment, total
Dr. Ludwin Monz	2014/15	145.9 ¹³	–
	2013/14	127.5 ¹³	–
Dr. Christian Müller	2014/15	87.9	493.3
	2013/14	127.2	405.4
Thomas Simmerer	2014/15	53.5	257.4
	2013/14	69.4	203.9

In connection with the additional appointment of Dr. Monz as a member of the Group Management Board of Carl Zeiss AG, effective 1 January 2014, Carl Zeiss AG became responsible for the pension commitment to Dr. Monz, both for the past and for the future. The pension provision set up to date at Carl Zeiss Meditec AG has accordingly been transferred to Carl Zeiss AG. The proportionate service cost arising from the annual appropriation to the pension provision for Dr. Monz's function as President and CEO of Carl Zeiss Meditec AG shall be passed on to Carl Zeiss Meditec AG, effective from 1 January 2014.

Projected unit credits for pensions for other former members of the Management Board of Carl Zeiss Meditec AG amounted to € 765.4 thousand (prior year: € 691.3 thousand).

¹³ Proportionate oncharged service cost from the pension commitment to Dr. Monz (adjustment on 1 January 2014)

Value of benefits granted for fiscal year 2014/15 and allocation amount

The value of the benefits granted for the fiscal year under review, including single-year and multi-year variable components of remuneration, shall continue to be presented and compared with the actual allocation amount. The minimum compensation for the reporting year, as well as the maximum attainable remuneration shall also be stated.

Table 8: Value of benefits granted for the fiscal year – Dr. Ludwin Monz

Dr. Ludwin Monz President and CEO Member of the Management Board since 8-Oct-2007			Minimum achievable value	Maximum achievable value
	2014/15	2013/14	2014/15	2014/15
Value of benefits granted	'000 €	'000 €	'000 €	'000 €
1. Fixed remuneration	300.0	300.0	300.0	300.0
2. Fringe benefits	9.8	15.4	9.8	9.8
3. Total	309.8	315.4	309.8	309.8
4. Single-year variable compensation (VCS)	270.0	265.6	0.0	486.0
5. Multi-year variable compensation (LTI)	368.3	379.4	0.0	609.7
LTI tranche 1 - 10/2011 - 09/2014		132.0		
LTI tranche 2 - 10/2012 - 09/2015	144.2	129.3	0.0	167.1
LTI tranche 3 - 10/2013 - 09/2016	133.5	118.1	0.0	180.7
LTI tranche 4 - 10/2014 - 09/2017	90.6		0.0	261.9
6. Total	948.1	960.4	309.8	1,405.6
7. Pension cost	145.9	127.5	145.9	145.9
8. Total remuneration	1,087.9	1,094.0	455.7	1,551.5

Table 9: Allocation amount in/for the fiscal year – Dr. Ludwin Monz

Dr. Ludwin Monz President and CEO Member of the Management Board since 8 October 2007	2014/15	2013/14
	'000 €	'000 €
Allocation amount for the fiscal year		
1. Fixed remuneration	300.0	300.0
2. Fringe benefits	9.8	15.4
3. Total	309.8	315.4
4. Single-year variable compensation (VCS)	236.2	236.3
5. Multi-year variable compensation (LTI)	132.0	0.0
LTI tranche 1 - 10/2011 - 09/2014	132.0	0.0
6. Other	0.0	0.0
7. Total	678.0	551.7
8. Pension cost	145.9	127.5
9. Total remuneration	823.9	679.1

Table 10: Value of benefits granted for the fiscal year – Dr. Christian Müller

Dr. Christian Müller Chief financial officer Member of the Management Board since 15-Dec-2009			Minimum	Maximum
			achievable value	achievable value
	2014/15	2013/14	2014/15	2014/15
Value of benefits granted	'000 €	'000 €	'000 €	'000 €
1. Fixed remuneration	240.0	222.5	240.0	240.0
2. Fringe benefits	18.4	17.1	18.4	18.4
3. Total	258.4	239.6	258.4	258.4
Single-year variable compensation (VCS)	160.0	144.0	0.0	224.0
Multi-year variable compensation (LTI)	278.4	289.2	0.0	368.7
LTI tranche 1 - 10/2011 - 09/2014		93.5		
LTI tranche 2 - 10/2012 - 09/2015	116.8	104.8	0.0	135.4
LTI tranche 3 - 10/2013 - 09/2016	102.7	90.9	0.0	139.1
LTI tranche 4 - 10/2014 - 09/2017	58.9		0.0	94.2
6. Total	696.8	672.8	258.4	851.1
7. Pension cost	28.9	21.9	28.9	28.9
8. Total remuneration	725.8	694.7	287.3	880.0

Table 11: Allocation amount in/for the fiscal year – Dr. Christian Müller

Dr. Christian Müller Chief financial officer Member of the Management Board since 15-Dec-2009	2014/15	2013/14
	'000 €	'000 €
Allocation amount for the fiscal year		
1. Fixed remuneration	240.0	222.5
2. Fringe benefits	18.4	17.1
3. Total	258.4	239.6
4. Single-year variable compensation (VCS)	117.8	181.8
5. Multi-year variable compensation (LTI)	93.5	0.0
LTI tranche 1 - 10/2011 - 09/2014	93.5	0.0
6. Other	0.0	0.0
7. Total	469.7	421.4
8. Pension cost	28.9	21.9
9. Total remuneration	498.7	443.3

Table 12: Value of benefits granted for the fiscal year – Thomas Simmerer

Thomas Simmerer

Chief sales officer

Member of the Management Board since 1-Apr-2011

			Minimum achievable value	Maximum achievable value
	2014/15	2013/14	2014/15	2014/15
Value of benefits granted	'000 €	'000 €	'000 €	'000 €
1. Fixed remuneration	246.0	231.1	246.0	246.0
2. Fringe benefits	17.1	17.2	17.1	17.1
3. Total	263.1	248.3	263.1	263.1
4. Single-year variable compensation (VCS)	164.0	149.6	0.0	229.6
5. Multi-year variable compensation (LTI)	286.8	297.9	0.0	381.0
LTI tranche 1 - 10/2011 - 09/2014		96.9		
LTI tranche 2 - 10/2012 - 09/2015	114.7	102.8	0.0	132.9
LTI tranche 3 - 10/2013 - 09/2016	110.9	98.2	0.0	150.2
LTI tranche 4 - 10/2014 - 09/2017	61.2		0.0	97.9
6. Total	714.0	695.9	263.1	873.8
7. Pension cost	26.4	21.0	26.4	26.4
8. Total remuneration	740.3	716.9	289.5	900.1

Table 13: Allocation amount in/for the fiscal year – Thomas Simmerer

Thomas Simmerer

Chief sales officer

Member of the Management Board since 1-Apr-2011

	2014/15	2013/14
Allocation amount for the fiscal year	'000 €	'000 €
1. Fixed remuneration	246.0	231.1
2. Fringe benefits	7.1	17.2
3. Total	263.1	248.3
4. Single-year variable compensation (VCS)	122.4	196.4
5. Multi-year variable compensation (LTI)	96.9	0.0
LTI tranche 1 - 10/2011 - 09/2014	96.9	0.0
6. Other	0.0	0.0
7. Total	482.5	444.7
8. Pension cost	26.4	21.0
9. Total remuneration	508.9	465.7

Departure of members of the Management Board

In the event of premature termination of the employment relationship, the contracts for members of the Management Board do not contain any explicit promise of a severance payment. A severance payment may, however, ensue from a severance agreement concluded on an individual basis.

Remuneration of the Supervisory Board

The Annual General Meeting on 4 March 2014 resolved an amendment to Art. 19 of Carl Zeiss Meditec AG's Articles of Association that affects the remuneration of the members of the Supervisory Board. The revised version of the Articles of Association remedies a previous deviation from Section 5.4.6 of the German Corporate Governance Code, providing for a restriction of the remuneration of the Supervisory Board to a fixed amount, and became effective with entry in the commercial register on 20 May 2014. Therefore, in financial year 2013/14 the previous regulation was applied up until 20 May 2014, followed by the new regulation from that point.

The previous regulation provided that the remuneration of the Supervisory Board would include, in addition to a basic remuneration and remuneration for work on the committees, a variable component that takes appropriate account of the Company's earnings per share. The basic remuneration for each member of the Supervisory Board was € 20,000. The Chairman of the Supervisory Board received double this amount and the Deputy Chairman received one-and-a-half times this amount. With the exception of members of the Nominating Committee and the Chairman and Deputy Chairman of the General Committee, members of committees received an additional, fixed remuneration of € 5,000; the Chairman of the Audit Committee received double this amount.

The variable component was structured such that if consolidated earnings per share amounted to at least € 0.20, a total amount of € 1,000.00 shall be calculated for each full € 0.02 consolidated earnings per share above € 0.20 consolidated earnings per no-par value share for the respective fiscal year just ended, multiplied by the number of members of the Supervisory Board. From this total amount, each member was entitled to a portion equivalent to his/her share of the annual remuneration of all members – consisting of basic and committee remuneration. The variable component paid was limited to the annual fixed remuneration (sum of basic and committee remuneration).

The new regulation stipulates that the remuneration of the Supervisory Board shall be composed exclusively of a fixed basic remuneration and remuneration for work on the committees. The basic remuneration for each member of the Supervisory Board amounts to € 30,000. The Chairman of the Supervisory Board shall receive double this amount; the Deputy Chairman and the Chairman of the Audit Committee shall receive one-and-a-half times this amount. With the exception of the members of the Nominating Committee and the Chairman and Deputy Chairman of the General Committee, members of committees receive an additional, fixed remuneration of € 5,000.

The following overview provides an itemized breakdown of the total remuneration paid to each Supervisory Board member:

Table 14: Itemized breakdown of remuneration paid to the Supervisory Board of Carl Zeiss Meditec AG pursuant to Art. 19 of the Articles of Association of Carl Zeiss Meditec AG (figures in '000)

	Fiscal year	Basic remuneration	Committees	Remuneration for earnings per share	Total remuneration
Prof. Dr. Michael Kaschke (Chairman)	2014/15	60.0	5.0	-	65.0
	2013/14	47.3	5.0	28.5	80.8
Dr. Markus Guthoff (Deputy Chairman)	2014/15	60.0	-	-	60.0
	2013/14	35.5	7.6	21.1	64.2
Thomas Spitzenpfel	2014/15	30.0	5.0	-	35.0 ¹⁴
	2013/14	23.7	5.0	15.8	44.5 ¹⁴
Dr. Carla Kriwet (since 19-Nov-2014)	2014/15	26.0	-	-	26.0
	2013/14	-	-	-	-
Cornelia Grandy	2014/15	30.0	-	-	30.0
	2013/14	23.7	-	12.6	36.3
Jörg Heinrich	2014/15	30.0	5.0	-	35.0
	2013/14	23.7	5.0	15.8	44.5
Dr. Wolfgang Reim, Chairman (until 4-Mar-14)	2014/15	-	-	-	-
	2013/14	8.4	4.2	12.7	25.3

The Company did not pay members of the Supervisory Board any additional remunerations or benefits for personally rendered services (in particular consultancy and agency services) in fiscal year 2014/15.

Directors & Officers (D&O) liability insurance has been taken out for the members of the Supervisory Board of Carl Zeiss Meditec AG, which provides for an excess that is also specified in the Company's Articles of Association. This corresponds to at least 10% of the damage up to at least one-and-a-half times the fixed annual remuneration.

OPPORTUNITY AND RISK REPORT

Groups with global operations face a large number of entrepreneurial risks and opportunities that can have a sustained impact on business success. The assessment of opportunities and risks and conscientious handling of entrepreneurial uncertainty are an important part of corporate governance at Carl Zeiss Meditec AG.

In order to increase clarity and transparency, the risk and opportunity report has been formulated in a more compact way compared with the prior year. The order of presentation of significant risks has also been reorganized.

Risk management

The central risk management system at Carl Zeiss Meditec stipulates uniform rules and processes to detect, assess and manage risks at an early stage. In the subsidiaries and on Group level, risk management coordinators are responsible for applying the policies and procedures. The management of the subsidiaries detects and manages operating and strategic risks. Overall responsibility lies with the Executive Board, which regularly assesses risks and their management at Group level together with the Group Risk Manager. While the

¹⁴ Mr. Thomas Spitzenpfel waived his entitlement to remuneration by a notice of waivers for fiscal year 2014/15 as in the prior year.

Executive Board examines the appropriateness of the risk management system, the Supervisory Board's Audit Committee monitors the effectiveness of the risk management system.

Risk management is an integral part of corporate management at the Carl Zeiss Meditec Group and is based on the following two major components: **risk reporting system** and **internal control system**.

Risk reporting system

This is a clearly structured, traceable feedback loop which encompasses all of the Company's activities, is integrated in its organizational structure and its control and reporting processes, and comprises a systematic and ongoing process for the identification, assessment, management/control, as well as the documentation and communication of any risks. This enables any relevant information to be immediately passed on to the responsible decision-makers. The main features of this system are as follows:

- » The risk management system exclusively records risks. It integrates all fully consolidated subsidiaries.
- » The business risks are assessed and categorized according to their potential implications over the period of their existence, and according to their probability of occurrence and damage potential. The period of assessment is a maximum of five years.
- » Regular risk reports are provided to the Management Board, the management of the subsidiaries and other decision-makers within the Company on the basis of specified thresholds. Significant risks arising at very short notice are reported to this responsible group immediately.
- » On this basis, appropriate steps are taken and evaluated to avoid identified risks or reduce the probability of their occurrence, and to minimize the potential financial losses. The measures to reduce risks, the early warning indicators and the residual risks derived from these are regularly updated and documented.

Internal control system

The internal control system of the Carl Zeiss Meditec Group is based on the COSO Enterprise Risk Management Model (COSO ERM model). The Group's integrated enterprise risk management system covers strategic and operational risks, i.e., it does not merely monitor financial risks. For central processes, there are key risks and defined control mechanisms, which are regularly evaluated with regard to their effectiveness. The Group's Executive Board ensures that an adequate and effective internal control system is in place and that it is continuously enhanced. The Supervisory Board's Audit Committee monitors the effectiveness of the internal audit function, risk management and the financial reporting process.

The **accounting-related part** of the internal control system is a system structured within the sphere of responsibility of and under the supervision of the CFO, which ensures that the consolidated annual financial statements are prepared in compliance with the International Financial Reporting Standards (IFRSs), and that external financial reporting is reliable.

Significant risks

The Carl Zeiss Meditec Group analyzes and assesses risks systematically. Special emphasis is placed on potential economic effects and on probability of occurrence. In this way, the risks are quantified and classified. Due to the broad portfolio and the Group's global presence, the strategic and operational risks are spread broadly.

Quantitative data is based on a net perspective after application of measures, and relates to the risk assessment period.

Innovation risks

The business success and reputation of the Group are heavily dependent on the rapid development of innovative products and solutions. New trends and current findings from science and research can give rise to technology shifts, new customer requirements, and also make new business models necessary. Should the Group lose touch with technological developments on the market, react too late to trends or technological advancements, this could weaken its competitive position. There is also a risk of the Group's products being completely superseded by alternative technologies, procedures or treatment methods, thus reducing demand for certain products, which could result in losses in sales and earnings. The potential impact on earnings of these risks equates to an amount in the mid-single-digit to the low double-digit million euro range.

In order to exploit opportunities in this area early and keep the probability of occurrence and the economic impact of this risk low in all segments, the Group invests heavily in research and development and upstream areas of products with a technological edge and unique selling points.

Personnel risks

Demographic change and the shortage of skilled staff for technical jobs as well as the differing training and qualifications standards around the globe are creating new challenges when it comes to filling job vacancies. Unfilled positions could limit the technological advancement and sale of the products and services it offers in all segments. The Group is countering this with a global recruiting strategy and active employee development and successor planning, thus keeping the probability of occurrence low. In order to retain employees in the long term, the Group offers various employee benefits depending on the location – these include, for example, offers for health promotion or child care. The management does not expect this to have any material effects on the Group's net assets, financial position or results of operations.

Risks in procurement and production

ZEISS ensures conformity with national and international standards, guidelines and statutory provisions by means of an integrated management system that addresses the issues of quality, the environment, and occupational health and safety.

To a very large extent the Carl Zeiss Meditec Group uses components from external suppliers to manufacture its products in all business segments. The increase in the prices of commodities, energy and materials, the growing complexity of purchased parts and the limited number of suppliers (single source) for some technologies could have negative implications for the production, sales and the quality of the Company's products. The Group continues to work on stabilizing supply chains and reducing the dependence on individual suppliers in order, among other things, to keep the associated economic impact low. The Company systematically leverages opportunities that arise from bundling procurement activities. Furthermore, the Carl Zeiss Meditec Group selects its suppliers carefully. By implementing consistent supply chain measures, such as qualifying its suppliers, identifying secondary suppliers and preparing a strategic inventory plan, the Carl Zeiss Meditec Group protects itself as best it can against supplier dependencies and changes on the commodities market.

The Carl Zeiss Meditec Group and the Carl Zeiss Group have close contractual relationships in some areas. This relates in particular to the procurement of IT services, the licensed use of the ZEISS brand and agreements with distribution companies of the ZEISS Group. This distribution network provides major opportunities, which are rooted particularly in the close-meshed coverage worldwide, a high level of professional distribution expertise, and a more efficient market development approach.

The potential effect of supplier risks on earnings is in the mid-single-digit to low double-digit million euro range.

Risks of information technology

The Carl Zeiss Meditec Group constantly examines and utilizes the opportunities of digitization. This gives rise to many new options for providing customers with additional services. At the same time, the Group constantly updates its existing information technology (IT) systems, and its IT protection and security systems. Functioning and adequately documented IT systems are also a prerequisite for obtaining product approvals in certain countries. Risks that, in the event of damage, could result in an interruption of business processes due to IT system failures or the loss or falsification of data, are therefore identified and evaluated across the entire life cycle of the applications and IT systems. Some IT systems of the Group are operated by external partners. For these service providers, the Group has defined high standards regarding the hardware and software deployed as well as data security. The Group continuously monitors the implementation of and compliance with these standards. The management does not expect this to have any material effects on the Group's net assets, financial position or results of operations.

Risks from acquisitions

Acquisitions or investments offer the Carl Zeiss Meditec Group the opportunity to enlarge its competencies and technology portfolio or to increase its access to regional markets. Acquisitions bear the additional entrepreneurial risk of the acquired company not performing as well economically as expected in the market, or of the sales and earnings targets being pursued with its acquisition not being reached, or of intended synergy effects with the Carl Zeiss Meditec Group not being achievable. The Group systematically checks the associated risks and opportunities. Due diligence reviews aimed at assessing the business development that can be expected are a key element prior to closing transactions. The economic impact and probability of occurrence are therefore low.

Goodwill totaling € 164.3 million from acquisitions is shown in the consolidated statement of financial position. This goodwill is tested annually for impairment in accordance with IAS 36. A total of € 130.3 million of this goodwill is attributable to the Surgical Ophthalmology business segment; € 32.0 million is attributable to Ophthalmic Systems, and € 2.0 million to Microsurgery. The impairment tests carried out in the current fiscal year did not give any indication of impairment of the goodwill-bearing cash-generating unit (CGU). Based on the development of business, the Group also anticipates positive results from subsequent tests. It cannot be ruled out that impairment losses on goodwill may need to be recognized for some or all entities acquired in the past on account of possible future changes in the economic conditions or changes in business models.

In fiscal year 2014/15, the Group signed a cooperation agreement with Oraya Therapeutics Inc. including certain financial obligations. Although some progress was made in the course of the year in commercializing Oraya's therapy, there were significant deviations from the original business plan, indicating the need for a correction of the carrying amount (for more details on this please refer to (13) in the accompanying notes to the consolidated financial statements). Should there be any further delay in the market cultivation and market penetration of Oraya's product, the possibility of further adverse effects on earnings cannot be ruled out.

Legal risks, patents and intellectual property

The competitiveness of the Company depends on the protection of its technological innovations against exploitation of these innovations by third parties. Violations of intellectual property and patent protection may compromise the Company's technological lead and thus its competitive advantage in all business segments. The expiry of property rights, particularly patents, as well as the geographical limitation of property rights could result in new or existing competitors exploiting the inventions of the Carl Zeiss Meditec Group to enter the market or strengthen their market position. Furthermore, in spite of the measures taken, third parties may still attempt to copy or partly copy products of the Group, since the unauthorized use of intellectual property is generally difficult to monitor and copyright laws only provide for limited protection.

The Group safeguards its technologies and products through a comprehensive industrial property rights strategy. If ZEISS patent and brand rights are infringed by third parties, the Group takes legal steps in order to counter the associated high economic risk. This being said, the probability of such cases occurring is low. When developing new products and technologies, the Group systematically checks whether the rights of a third party could be affected, develops non-protected solutions, if necessary, and acquires the requisite licenses and rights, or seeks other solutions by legal contract. Overall, management in the area of patents and intellectual property does not expect such risks to have any material effects on the Group's net assets, financial position or results of operations.

Legal risks may arise due, among other things, to changes in general legal conditions in the relevant markets and to legal disputes with competitors, business associates or customers.

There is no pending litigation that poses any risk to the continued existence of the Group at present. Should it be necessary, adequate provisions will be set up as a precaution. Further details on litigation and arbitration proceedings involving the Carl Zeiss Meditec Group can be found in note "(28) Contingent liabilities and other financial commitments" in the accompanying notes to the consolidated financial statements.

As a listed medical technology company, the Carl Zeiss Meditec Group is subject, in the countries in which the Group operates, to a large number of laws, regulations and guidelines. In order to ensure compliance with these regulations, these are regularly analyzed for any changes and internal processes and guidelines are adjusted, if necessary. The Group has set out the basic principles of correct conduct in business activities in a Code of Conduct, which applies to all employees. In order to avoid breaches of compliance and minimize risks to the Group's reputation, the Group has established a corporate-wide compliance organization. Regular training measures are also in place to familiarize the employees with internal guidelines and make them aware of the negative effects breaches could have. The management does not expect this to have any material effects on the Group's net assets, financial position or results of operations.

Financial risks

As a result of the European debt crisis there is a latent credit quality risk concerning business banks at which the Carl Zeiss Meditec Group holds deposits. Nevertheless, the Group has taken various measures to mitigate risks. For example, a monitoring procedure has been introduced to monitor the current situation in the capital markets.

The Company has categorized its financial risks as low. The basis for this categorization is the sound financing structure with an equity ratio of 70.0%, the large reserve of cash and cash equivalents, and a strong cash flow from operating activities. Cash and cash equivalents are kept in reserve at the Carl Zeiss Meditec Group based on a rolling monthly cash forecast within a fixed planning period, and are managed as part of a Group-wide ZEISS cash pool.

The financial risks also include liquidity risks, price fluctuation risks for financial instruments and risks associated with fluctuations in cash flows. These risks and their management are adequately described in note "(35) Financial risk management" in the accompanying notes to the consolidated financial statements.

Economic environment

As a company with global operations, the Carl Zeiss Meditec Group is particularly exposed to developments that pose a risk for the global economy. Therefore, the general global political situation, major natural disasters, macroeconomic development and market trends in individual regions of the world may have diverse effects on the Carl Zeiss Meditec Group's chances of success in all business segments.

In particular the underlying conditions in the global economy have become more volatile over the past few years, which has heightened economic risks overall. Economic growth may be curbed significantly by the euro crisis, the debt situation in the USA and a slowdown in growth in China. Such a trend in the overall economic situation may have an adverse effect on the economic situation of our customers and their demand for Carl Zeiss Meditec Group's products, which could have an adverse effect on sales and earnings. Thanks to the early-warning system established within the Carl Zeiss Meditec Group, these risks are recognized in good time and can be countered accordingly. In addition, the Group's international presence means it is less affected by regional crises, and the highly differentiated product and customer structure of the Company limits its sales risks. According to current assessments, the Company is not exposed to any significant risks.

Market and competition

The Carl Zeiss Meditec Group is exposed to intense competitive pressure in all three segments. Beside the market entry of new competitors, there is also a risk, in the event of significant exchange rate fluctuations, that competitors from the beneficiary countries may be able to offer their products considerably lower prices in the market, and could therefore improve their competitive position. Some competitors are larger than the Company in terms of their total revenue, and they have greater financial resources at their disposal to deal with competitive pressure. In addition, existing competitors may be bought up by large, financially powerful companies, or may form alliances with each other, which could lead to even greater competitive pressure, lower selling prices, pressure on margins and/or the loss of market shares. The Company prepares itself for such risks by continuously observing and analyzing the market, in order to be able to react with the necessary foresight.

The costs of certain medical treatments carried out using products of the Carl Zeiss Meditec Group are reimbursed by health insurance funds, insurance companies or government health schemes. Changes in the health care and reimbursement policies in Germany or abroad may lead to the denial or reduction of reimbursements, which could decrease the demand for Carl Zeiss Meditec Group's products. In the case of new products, for which reimbursement cannot yet be predicted with certainty, demand may be significantly curbed by the economic situation of consumers.

In addition, on the customer side, and particularly in the private healthcare sector, there is a noticeable increase in the formation of regional and national purchasing alliances, as well as clinic chains. Such a trend may lead to falling selling prices in this customer segment.

Collectively, the above issues may impact the Group's earnings by an amount in the low double-digit million euro range. On the other hand, the demographic trend in industrialized countries and economic development in the RDEs, as well as the increasing requirements placed on medical devices for diagnosing and treating age-related eye diseases, present growth opportunities for the Company.

Product approval and political environment

As the Group aims to sell its products worldwide, such regulations have to be taken into consideration when manufacturing and launching products in the market, especially where explicit regulatory approvals and certifications are required. Although the relevant legal requirements are incorporated into all stages of development, production and distribution, there is no guarantee that products requiring approval will be granted regulatory approval at all or in time for their planned launch in the market, or that the Group's numerous registrations will still exist or be renewed in the future. This may lead to sales losses and, in the case of delayed product launches, to competitive disadvantages. Furthermore, registration requirements could become more stringent.

In order to be able to identify such developments in good time and react appropriately, the Group keeps a very close eye on developments in this area and monitors approval procedures extremely closely as part of its quality management system. Any residual risks that remain move within the single-digit million euro range.

Certified quality management:

A vital part of early risk detection is the Group's certified quality management system. Clearly structured and documented quality management processes ensure not only transparency, but are now a prerequisite in most markets for obtaining regulatory approval for medical devices. The quality assurance system employed by the Carl Zeiss Meditec Group was certified by DQS GmbH Deutsche Gesellschaft zur Zertifizierung von Managementsystemen and complies with the U.S. standard for "Good Manufacturing Practice" (GMP), 21 C.F.R. part 820, Quality System Regulation.

Product liability risk

Some of the medical devices and system solutions and implants manufactured by the Company hold the fundamental, inherent risk that, in spite of all reasonable measures being taken by the certified quality management system, and compliance with all legal requirements, malfunctions may result in injury to or adverse effects for the patient. This may be due, among other things, to components and raw materials purchased from external suppliers not meeting the specified quality requirements. Although no significant product liability claims have been made against the Company to date, no assurance can be given that Carl Zeiss Meditec will not be faced with such claims in the future. This may also lead to considerable legal costs, irrespective of whether a claim for damages ultimately materializes. Risk liability claims can be particularly high, especially in the USA, not to mention the costly recall campaigns that may be required.

The Company covers itself against potential product liability claims by taking out product liability insurance. It cannot be completely excluded that the Carl Zeiss Meditec Group's existing insurance cover may not be sufficient for potential claims. The potential impact these risks could have on earnings equates to an amount in the low single-digit million euro range.

Infrastructure risks

Uncontrollable environmental influences, such as natural disasters or terrorist attacks, may result in the loss of employees or equipment or an interruption to business operations at the affected locations, and may prevent the Company from providing regular production, distribution and other services in these regions and generating the expected earnings. All business segments could be affected by this. In addition, it could have material adverse effects on the Company's customers domiciled in the affected region and on their willingness to invest, as well as the local suppliers there and their willingness to supply.

The Group's headquarters, with major research and development departments and other key Group functions, are located in Germany, a region with a low risk of natural disasters. A second major production site is located in the Greater San Francisco area in the USA. In order to minimize potential damage and enable a concerted, effective reaction by corporate management, the Carl Zeiss Meditec Group has set up a crisis management system, and has also developed local and central plans for maintaining the functionality of critical business processes (business continuity plans). For this reason the Company does not expect any material adverse effects on its net assets, financial position or results of operations.

Risks relating to the Group accounting process

The main risks in the accounting process are that the financial statements may not provide a true and fair view of the net assets, financial position and results of operations as a result of unintentional errors or willful actions, or that there is a delay in publishing these. The accounting would not present a true and fair view of the Company in this case. Deviations are classified as significant if they could individually or collectively influence the economic decisions taken by the recipients of the financial statements based on the financial statements.

In the area of accounting and Group accounting, processes ensure the completeness and accuracy of the financial statements, by way of regularly reviewed, integrated, preventive and detective controls. All of the Group's internal accounting and valuation guidelines are collated in an accounting manual, which is available via the Group's intranet to all of the relevant organizational units and all of the Company's employees, along with the Group-wide financial reporting calendar. In addition, supplementary instructions for methods, standardized reporting formats, IT systems and IT-supported reporting and consolidation processes support the process for uniform and proper consolidated accounting.

The operative, timely implementation of the systemic requirements is effected by the affected areas of Carl Zeiss Meditec AG and its subsidiaries. These are supported and monitored by Carl Zeiss Meditec's Finance Group department. The Finance Group department is responsible for consolidated reporting, including Group-wide financial and management information, forecasts, budgets and risk reporting. Acts of law, accounting standards and other pronouncements are continuously analyzed with regard to their relevance for and impact on the consolidated and annual financial statements.

Other disclosures in accordance with Section 289 (2) No. 2 HGB, Section 315 (2) No. 2 HGB

Price fluctuation risks can essentially not be ruled out. However, the Carl Zeiss Meditec Group counters these risks by focusing on product innovations and optimizing its production costs through cost-cutting and efficiency-enhancing measures.

Potential risks of default on trade receivables – particularly given the euro and debt crisis and the generally greater risk of bad debt losses that comes with it – are minimized by means of an active credit control system. The Group also regularly sets up adequate provisions to cover such risks. On the whole, however, we consider this to be a limited risk. The ratio of value adjustments of trade receivables to consolidated revenue was 0.5% in the year under review (prior year: 0.6%).

The Carl Zeiss Meditec Group's financial situation can be considered stable. Cash and cash equivalents amounted to € 13.0 million as of the balance sheet date 30 September 2015. The Group also had a credit balance of € 301.4 million, expressed as accounts receivable from the Group treasury of Carl Zeiss AG. Furthermore, the Group generated cash flow from operating activities of € 56.7 million in the period under review. At the present time, therefore, there are no liquidity risks.

All cash and cash equivalents, including the balances at the Group treasury of Carl Zeiss AG, are deposited at banks. Should it come to a loss of individual banks – due in particular to the euro and debt crisis – the balances existing there may be endangered. The Carl Zeiss Meditec Group counters this risk by continuously monitoring the solvency of the banks with which it has a business relationship, and by spreading its assets among several banks via the Group treasury of Carl Zeiss AG.

As a company with global operations, the Carl Zeiss Meditec Group is exposed to the effects of exchange rate fluctuations. In order to hedge against this currency risk, the Carl Zeiss Meditec Group concludes currency forward contracts based on planned transactions in foreign currency. These contracts generally span a period

of up to one year. Based on current exchange rate fluctuations, currency effects may continue to curtail the financial result in the single-digit million range.

Overall assessment of the Company's risk situation

At the time of preparation of this report, there were no discernible risks that could jeopardize the continued existence of the Carl Zeiss Meditec Group. There are no significant differences in the overall assessment compared with the prior year. The Management Board sees a solid foundation for further development of the Group and employs a systematic strategy and planning process to provide the necessary resources to exploit any opportunities.

Disclosures pursuant to Section 289 (4) and Section 315 (4) HGB

Carl Zeiss Meditec AG's subscribed capital amounts to € 81,309,610 and is composed of 81,309,610 no-par value ordinary bearer shares (no-par value shares), each with a theoretical interest in the share capital of € 1.00 per no-par value share. Each share entitles the bearer to one voting right and an equal share in Company profits.

Other shares or shares with special rights that grant supervisory powers do not exist. Nor are there restrictions on behalf of Carl Zeiss Meditec AG concerning the voting rights or transfer of shares. Furthermore, the Management Board is not aware of any other agreements concluded, for example, between individual shareholders.

Carl Zeiss Meditec AG is aware of the following direct and indirect holdings in the capital of Carl Zeiss Meditec AG that exceed ten percent of the voting rights. Carl Zeiss AG, Oberkochen, Germany, holds, both directly and indirectly, a total of 65.05% of the voting rights in Carl Zeiss Meditec AG. This corresponds to 52,893,270 no-par value shares. These include 7.47% of the voting rights or 6,074,256 no-par value shares in Carl Zeiss Meditec AG, which Carl Zeiss AG holds indirectly via its wholly owned subsidiary Carl Zeiss Inc., Thornwood, USA.

Employees of Carl Zeiss Meditec AG or its affiliated companies pursuant to Section 15 et seqq. AktG, who participated in the Company via employee share plans concerning the share capital of Carl Zeiss Meditec AG in prior years, exercise their control rights directly like all other shareholders of the Company.

Pursuant to Section 179 and Section 133 AktG, an amendment to the Articles of Association requires a resolution by the General Meeting which, in turn, requires a simple majority of the votes cast and a majority comprising at least three quarters of the share capital represented at the time the resolution is passed. The Articles of Association may specify a different capital majority; in the case of an amendment to the purpose of the Company, however, only a larger capital majority may be specified. Art. 25 of Carl Zeiss Meditec AG's Articles of Association states that in cases for which the law requires a majority of the share capital represented at the time of resolution, a simple majority of the share capital represented is sufficient, provided that a greater majority is not mandatory by law. In accordance with Art. 28 of the Articles of Association of Carl Zeiss Meditec AG, the Supervisory Board is authorized to resolve amendments to the Articles of Association that only affect the version. This complies with Section 179 (1) Sentence 2 AktG.

The legal provisions concerning the appointment and dismissal of members of the Management Board are set forth in Section 84 and Section 85 AktG. In compliance with this, Art. 6 (2) of the Articles of Association of Carl Zeiss Meditec AG stipulates that the Supervisory Board shall be responsible for appointing and dismissing the members of the Management Board. Pursuant to statutory provisions, a member of the Management Board may only be dismissed for compelling reasons.

Pursuant to Art. 4 (5) of the Articles of Association of Carl Zeiss Meditec AG, the Company has an Authorized Capital. Accordingly, the Management Board is authorized, subject to the approval of the Supervisory Board, to increase the share capital, on one or several occasions in the period until 11 April 2016, by up to € 39,654,800.00. New no-par value bearer shares may be issued against cash and/or contributions in kind for this. The Management Board is authorized, subject to the approval of the Supervisory Board, to exclude the statutory subscription right of shareholders in the following cases:

- » to balance out fractional amounts.
- » if the capital increase is effected against cash contributions and the new shares, for which the subscription rights are excluded, are equivalent to no more than 10% of the share capital, neither on the date the increase becomes effective, nor on the date this authorisation is exercised, and the issuing price of the new shares is not significantly lower than the market price of shares of the same type and structure already publicly quoted. Sales of own shares on the basis of other authorizations pursuant to Section 186 (3) sentence 4 AktG must be taken into account in the restriction to 10% of the share capital.
- » for capital increases against contribution in kind to grant of shares for the purpose of acquiring companies, parts of companies or equity interests in a company.

The Management Board is authorized, subject to the approval of the Supervisory Board, to specify the details of capital increases from Authorized Capital.

Based on the resolution of the General Meeting of Carl Zeiss Meditec AG on 18 March 2015, the Management Board is authorized to purchase treasury shares. This authorization is valid until 17 March 2020. The shares may be purchased, with the consent of the Supervisory Board:

- » to offer them for purchase to employees of the Company and the companies affiliated with the Company within the meaning of Section 15 et seqq. German Stock Corporation Act (AktG) – noting that the right of shareholders to subscribe to treasury shares is excluded – or
- » to use them within the scope of mergers with companies or to purchase companies, parts of companies or shares in companies – noting that the right of shareholders to subscribe to treasury shares is also excluded in this case – or
- » to recall them.

This authorization is limited to the acquisition of shares equivalent to share capital of € 8,130,000.00 or less than 10% of the total existing share capital. The shares shall be purchased at the stock exchange. The consideration paid by the Company per share (excluding incidental purchase costs) may not be more than 10% above or below the closing rate of the shares in Xetra trading (or an equivalent successor system to the Xetra trading system) at the Frankfurt Stock Exchange on the previous day of trading. At no time may the purchased shares, together with other own shares held by the Company and ascribable to it pursuant to Section 71a et seqq. AktG, exceed 10% of the share capital.

The Company has not entered into any significant agreements contingent upon a change of control following a takeover bid.

Nor has the Company concluded any compensation agreements with the members of the Management Board or employees for the event of a takeover offer.

SUPPLEMENTARY REPORT

On 8 October 2015, Carl Zeiss Meditec AG announced that it expected a reduction in its financial result due to impairment testing of the investments in Oraya Therapeutics Inc. The total reductions actually incurred in the year under review amount to € 18.9 million. Oraya Therapeutics Inc. markets a radiation therapy for wet, age-related macular degeneration (wet AMD) in the United Kingdom, Germany and Switzerland. Although progress was achieved in the commercialization of the therapy during the course of the year, there were significant deviations from the original business plan, thus indicating the need for a correction of the carrying amount.

The development of business at the beginning of fiscal year 2015/16 validates the statements made in the following "Outlook".

OUTLOOK

Corporate strategy

As market and technology leader in the field of ophthalmology and microsurgery, our aim is to achieve sustainable, profitable growth, by improving the diagnosis and treatment of diseases with our products and solutions. Our success factors are: Innovation, integrated solutions for diagnosis and treatment, and customer focus. Innovation, in particular, plays a key role.

Innovation

Our goal is to make cutting-edge technology in medical application accessible for our customers. We are therefore striving to establish our products as the new gold standards in medical diagnostics and therapy. We ensure our technology leadership by continuing to invest heavily in research and development.

Integrated solutions

Due to the breadth of our product range, we offer our customers the opportunity to make their workflows more efficient, and to achieve better clinical outcomes, by logically networking devices and systems. A comprehensive system integration including IT-assisted analysis functions is essential for this.

Customer focus

Our customers are facing major challenges in managing rising case numbers, limited public funding and more demanding expectations of patients with respect to the treatment outcome. With our integrated products and solutions we can help to increase the efficiency of workflows and reduce costs, e.g. by providing clinical decision aids for the physician and options for easy outsourcing of routine tasks to medical auxiliary staff. Digitization offers us massive opportunities in this respect, e.g. in the field of data management solutions. For us, a key prerequisite for our long-term success is having a deep understanding of our customers' problems and a service offering that is tailored to solving these problems. We expect the share of consolidated revenue generated by our Service business to increase further in fiscal year 2015/16.

Future conditions for business development

Macroeconomic environment¹⁵

At the current time fiscal year 2015/16 is still expected to bring moderate economic growth. However, the growth indicators for the global economy show clear signs of a future downturn of the markets, and risks are increasing.

Market growth of the industrialized countries shall be moderate, according to forecasts; in the United States, good labor market data are contributing to consumer demand and growth.

The high growth rates of the past shall not be repeated in China: a "new normality", with moderate growth rates and a transformation process in industry, is anticipated in the world's second-largest economy. The effects of this on national and global economic growth cannot yet be accurately predicted. According to the forecast, the Indian economy shall experience above-average growth; Brazil is pulling out of its recession, with marginal growth

Ongoing political uncertainties in the eurozone, in Russia and the Ukraine, and the Middle East, may have an adverse effect on growth.

Future situation in the medical technology industry

The Company's management 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 remain unchanged.

Furthermore, the greater requirements being placed on the innovations in the medical technology sector play an important role from an efficiency and cost perspective. Consequently, the products and procedures of medical technology manufacturers shall no longer be measured based only on their effectiveness and safety, but also on their cost-efficiency. Integrated system solutions for simplified workflows at the customer are an important distinguishing feature in our opinion.

Last but not least, the development of the global economy influences the growth of the medical technology industry inasmuch as private customers or public budgets postpone their investment decisions until the future, or make them early.

At the present time the medical technology industry is expected to grow in the coming years in the low to mid-single-digit percentage range.

Future development in the strategic business units of the Carl Zeiss Meditec Group

Due to the persistent, long-term growth trends in our markets – such as the growing global population, the rising proportion of elderly people and improved access to medical care – the Carl Zeiss Meditec Group is generally anticipating further market growth. From a current perspective, and excluding currency effects, this corresponds to growth in the low to mid-single-digit percentage range. The Carl Zeiss Meditec Group expects revenue growth that is at least on a par with market growth.

Strategic business unit Ophthalmic Systems

During the past fiscal year, the revenue trend in the **Ophthalmic Systems** SBU was positive, although a majority of the revenue increase was due to positive currency effects. We anticipate further growth in 2015/16. Both the products already established on the market for diagnosing and treating ophthalmic diseases,

¹⁵ International Monetary Fund, "World Economic Outlook (WEO)", 9 July 2015, Washington D.C.

as well as other innovations launched in the course of the past fiscal year shall contribute to this growth. When designing efficient solutions for our customers, system networking and integrated data management play a key role, e.g. our data management system, FORUM®. Another example is in the area of refractive lasers, where 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, 300,000 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. A number of sales and cost-cutting measures were introduced in this area during the course of fiscal year 2015/16. Due to continuing product innovations, a positive performance of the products we launched in the past fiscal year and the encouraging development of our refractive laser business, we are nevertheless looking forward to the new fiscal year with cautious optimism, and are confident that we shall grow at least to the same extent as the underlying market. From a current perspective, and excluding currency effects, this corresponds to growth in the low to mid-single-digit percentage range. We expect further improvement in our EBIT margin. However, it is still anticipated that this will be below the Group average.

Strategic business unit Surgical Ophthalmology

The **Surgical Ophthalmology** SBU continued to grow significantly in the past fiscal year. We expect this growth to continue in fiscal year 2015/16. 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. With the AT LISA® tri and AT LISA® tri toric, the Company offers the leading 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. We are aiming to attract new customer groups and increase our revenue from existing customers through the expansion of our range of monofocal intraocular lenses.

Excluding currency effects, we are confident that we will once again grow faster than the underlying market in 2015/16, which is currently expected to grow in the mid-single-digit percentage range. The EBIT margin is expected to remain around the average for the Group.

Strategic business unit Microsurgery

In the past fiscal year, the **Microsurgery** SBU achieved slight revenue growth. Adjusted for currency effects, the prior year's level was more or less maintained. We therefore successfully defended our already exceptionally strong market position. 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. We are confident that we shall grow at least to the same extent as the underlying market in the coming fiscal year. From a current perspective, and excluding currency effects, this corresponds to growth in the low-single-digit percentage range. The EBIT margin is also expected to remain above the Group average.

Future selling markets

As a global Group, our aim in the years ahead shall be to maintain as balanced a distribution of revenue as possible across our individual markets. The Carl Zeiss Meditec Group currently generates around one third of its revenue in all three of its strategically important business regions: **EMEA**, the **Americas** and **APAC**. We see particularly promising business prospects for the long term in APAC, due to the rapid economic growth there.

Carl Zeiss AG's research centers in India and China, which the Carl Zeiss Meditec Group uses for product development, shall help to expand and secure this growth. We aim to leverage the potential in these countries to an even greater extent in future and generate further revenue growth.

Future research and development activities

The Carl Zeiss Meditec Group invests considerable funds in research and development projects, with efficient and targeted development processes playing a key role. Upstream from this is the search for new technologies and market trends, in order to subsequently become established on the market with new solutions. The important thing is to consider the regional market conditions and the needs of our customers in the development process from the outset. We aim to invest around 10% to 11% of revenue in research and development in fiscal year 2015/16, which is about the same as in prior years.

Future investments

Investments are a basic requirement to be able to maintain our technology leadership in future. The investment ratio at the Carl Zeiss Meditec Group has been largely constant in the past few years. The investments required to realize growth targets shall not lead to a material change in the current investment ratio in the coming fiscal year. We aim to invest around 1% to 2% of revenue in property, plant and equipment in fiscal year 2015/16, which is about the same as in prior years.

Future dividend policy

Carl Zeiss Meditec AG pursues a long-term and earnings-oriented dividend policy. The Company's management plans to propose to the Annual General Meeting the distribution of a dividend of € 0.38 per share for the past fiscal year. The dividend ratio would therefore be 49.6%, which is higher than the prior-year ratio (prior year: 43.4%). The management also intends to allow shareholders to continue to participate fairly in the Company's success in future. The special dividend, an instrument that has been used several times in the past, may also be used again.

Future employee development

Our employees are indispensable for the Company's success: we need them to be able to continue to work innovatively and profitably in future. It is equally important to us to keep investing in the further development of our existing employees in future, as well as to recruit well qualified specialists and managers for the Company. We therefore expect our workforce to grow in the coming periods in line with the growth of the Company's business.

Future financial position

Interest income and expenses depend on changes in interest rates on the financial markets. At present, the Company does not expect any marked improvements in investment conditions in the next two years. Interest income and interest expenses are thus expected to remain around the prior year's level. As of 30 September 2015 current cash and cash equivalents of around € 278.4 million were available for financing. In view of this, as well as the ongoing expectation of positive business development and a positive cash flow from operating activities as a result, and the possibility to use other financial instruments and sources of financing, if required, we consider the Carl Zeiss Meditec Group's financing capacity to be adequate. In 2015/16 we aim to achieve operative cash flow in the high double-digit millions, based on active working capital management.

Future opportunities

The global medical technology market is characterized by fundamentally sustainable growth. This applies to both ophthalmology and microsurgery and assures us of good selling conditions for the Company.

We continue to see strong opportunities for growth, particularly in the rapidly developing economies (RDEs) of Asia. We plan to further strengthen our market presence and exploit the existing potential there, in order to further consolidate our position in these markets. Additional opportunities are provided by our innovative and broad product range, which we shall continue to expand in the coming fiscal year. Our strong financial profile, which safeguards the Company's development against external influences, should also have a positive effect. The Company is in a position to protect itself against direct risks in the short term, without losing sight of its long-term objectives. Due to our ZEISS brand, our customers perceive us as a reliable and trustworthy partner, and we look back on a long, successful collaboration. We can therefore build upon an extremely positive brand image.

Our development in future shall also include external growth opportunities in some areas. Using a systematic process, we shall look for strategically useful expansion opportunities, which we shall evaluate and follow up, where appropriate. It is not possible at this point to gauge how feasible such opportunities might be.

Overall assertion on future development

At the time of publication of this Annual Report the management of the Carl Zeiss Meditec Group considers the outlook for the coming fiscal year to be positive. This assumption is based on the persistent long-term trends: An ever-growing global population and the constantly growing number of older people associated with an increasing life expectancy. This is particularly significant for ophthalmology, since the incidence of diseases in this field is strongly related to the advanced age of the patients. Better and better access to medical care in the emerging economies also offers long-term potential for growth for medical technology products. Accordingly, the Company's management assumes that the demand for products and solutions of the Company will continue to increase in the next fiscal year.

General economic conditions and economic development are crucial to making a forecast about the future development of business. The Company's management shall carefully monitor the general development of business, in order to respond in good time to changes in general conditions. The investment behavior of our customers depends heavily on economic development. An economic downturn may result in investments being postponed and the loss of procedure-dependent revenue. Cutbacks in public budgets may also impact demand.

Given the favorable conditions for market development in the medium and long term, and the Carl Zeiss Meditec Group's good strategic position, the Company's management currently assumes that revenue will continue to grow in the coming 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. From a current perspective, and excluding currency effects, this corresponds to growth in the low to mid-single-digit percentage range.

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. In fiscal year 2014/15 we achieved a share of 29.7%. From a current perspective, we expect a further increase in fiscal year 2015/16. In the medium term we are aiming to increase this percentage of revenue to around 30% of consolidated revenue.

In fiscal year 2014/15 the EBIT margin decreased slightly, from 13.3% in the prior year, to 12.6%. This decline is partly attributable to strategic investments in research and development. In fiscal year 2015/16 we expect the EBIT margin to return to the target corridor also forecast for the medium term, of 13.0% to 15.0%.

In terms of free cash flow for fiscal year 2015/16, we anticipate a figure that is still well into the double-digit millions. We are aiming for a slight improvement in Economic Value Added (EVA) in the coming fiscal year.

Should there be any significant changes in the economic environment currently forecast over the course of the fiscal 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.

FINAL DECLARATION OF THE MANAGEMENT BOARD ON THE DEPENDENT COMPANY REPORT PURSUANT TO SECTION 312 (3) AKTG

As a group company within Carl Zeiss AG, Carl Zeiss Meditec AG has prepared a dependent company report pursuant to Section 312 German Stock Corporation Act (AktG). In light of the circumstances known to the Management Board at the time the legal transactions were concluded, the companies of Carl Zeiss Meditec AG received an appropriate consideration for each of the transactions listed in this report concerning relations with affiliated companies. No other reportable transactions pursuant to Section 312 (1) Sentence 2 AktG were entered into by the Company.

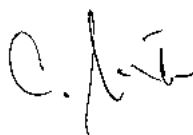
DECLARATION ON CORPORATE GOVERNANCE (PURSUANT TO SECTION 289A HGB) AND CORPORATE GOVERNANCE REPORT

The declaration on corporate governance (pursuant to Section 289a HGB) includes the declaration of conformity pursuant to Section 161 AktG, relevant information on corporate governance practices applied which go beyond the statutory requirements, in addition to information of where these are publicly accessible and a description of how the Management and Supervisory Boards work, as well as the composition and mode of working of their committees. You can find this information on our website at www.zeiss.com/meditec-ag/declaration_on_corporate_management.

Jena, 20 November 2015



Dr. Ludwin Monz
President and CEO



Dr. Christian Müller
Member of the
Management Board



Thomas Simmerer
Member of the
Management Board

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Consolidated income statement (IFRS)

from 1 October 2014 to 30 September 2015

	Note	2014/15	2013/14
		'000 €	'000 €
Revenue	(2q) (4)	1,040,061	909,255
Cost of sales		(500,378)	(420,882)
Gross profit		539,683	488,373
Selling and marketing expenses		(247,949)	(226,126)
General administrative expenses		(49,186)	(41,791)
Research and development expenses	(33)	(111,957)	(99,751)
Other expenses		–	–
Earnings before interest, taxes, depreciation and amortization	149,753	138,658	
Depreciation and amortization	19,162	17,953	
Earnings before interest and taxes		130,591	120,705
Result from investments accounted for using the equity method	(6)	(11,493)	–
Interest income	(6)	1,302	1,934
Interest expenses	(6)	(1,509)	(1,992)
Net interest from defined benefit pension plans	(6)	(1,269)	(953)
Foreign currency gains / (losses), net	(2d) (2w) (6)	(8,922)	(5,686)
Other financial result	(6)	(6,980)	529
Earnings before taxes		101,720	114,537
Income tax expense	(7)	(36,159)	(35,380)
Consolidated profit		65,561	79,157
Thereof attributable to:			
Shareholders of the parent company		62,297	74,954
Non-controlling interests		3,264	4,203
Earnings / (loss) per share attributable to the shareholders of the parent company in the fiscal year (in €):			
- basic/diluted	(2s) (8)	0.77	0.92

The following notes are part of the audited consolidated financial statements.

Consolidated statement of comprehensive income (IFRS)

from 1 October 2014 to 30 September 2015

	Note	2014/15	2013/14
		'000 €	'000 €
Consolidated profit		65,561	79,157
Other result:			
Items which subsequently may be reclassified to net income/loss:			
Gains / (losses) on foreign currency translation	(2n) (21)	19,621	8,117
Total gains / (losses) which subsequently may be reclassified to net income/loss		19,621	8,117
Items which subsequently will not be reclassified to net income/loss:			
Actuarial gains / (losses) from defined benefit pension plans	(2n) (22)	(9,435)	(11,772)
Total gains / (losses) which subsequently will not be reclassified to net income/loss		(9,435)	(11,772)
Other result		10,186	(3,655)
Comprehensive income		75,747	75,502
Thereof attributable to:			
Shareholders of the parent company		71,110	72,981
Non-controlling interests		4,637	2,521

The following notes are part of the audited financial statements.

Consolidated statement of financial position (IFRS)

as of 30 September 2015

	Note	30-Sep-2015	30-Sep-2014
		'000 €	'000 €
ASSETS			
Goodwill	(2f) (10)	164,345	158,876
Other intangible assets	(2g) (11)	45,365	41,633
Property, plant and equipment	(2h) (12)	67,381	65,049
At-Equity investments	(13)	0	0
Loans to investments accounted for using the equity method	(13)	0	0
Other loans	(27)	1,349	0
Investments		124	124
Deferred income tax	(2j) (14)	72,985	65,941
Non-current trade receivables	(17)	8,919	10,161
Other non-current assets	(2i) (15)	2,524	1,471
Non-current assets		362,992	343,255
Inventories	(2k) (16)	189,411	172,402
Trade receivables	(17)	184,817	142,607
Receivables from related parties	(2u) (33)	58,900	57,103
Treasury receivables	(2u) (33)	301,412	290,614
Tax refund claims		2,224	3,670
Other current financial assets	(2i) (18)	7,336	3,141
Other current non-financial assets	(19)	19,157	15,591
Cash and cash equivalents	(2m) (20)	13,041	10,727
Current assets		776,298	695,855
Total assets		1,139,290	1,039,110

	Note	30-Sep-2015	30-Sep-2014
		'000 €	'000 €
EQUITY AND LIABILITIES			
Share capital	(21)	81,310	81,310
Capital reserves	(21)	313,863	313,863
Retained earnings	(21)	390,903	361,130
Other components of equity	(2n) (21)	(32,218)	(41,031)
Equity before non-controlling interests		753,858	715,272
Non-controlling interests	(21)	43,592	38,955
Total equity		797,450	754,227
Provisions for pensions and similar obligations	(2o) (22)	64,865	48,888
Other non-current provisions	(2p) (23)	4,467	3,911
Non-current financial liabilities	(24)	916	1,588
Non-current leasing liabilities	(2l) (28)	8,929	10,415
Other non-current non-financial liabilities		7,490	7,596
Deferred income tax	(2j) (14)	11,783	12,402
Non-current liabilities		98,450	84,800
Current provisions	(2p) (23)	24,360	26,901
Current accrued liabilities	(25)	65,447	60,576
Current financial liabilities	(2i)	3,218	13,435
Current portion of non-current financial liabilities	(24)	489	477
Current portion of non-current leasing liabilities	(2l) (28)	2,806	2,359
Trade payables		42,859	33,421
Current income tax payables		6,214	7,741
Liabilities to related parties	(2u) (33)	23,454	16,527
Treasury payables	(2u) (33)	36,043	8,022
Other current non-financial liabilities	(26)	38,500	30,624
Current liabilities		243,390	200,083
Total assets		1,139,290	1,039,110

The following notes are part of the audited financial statements.

Consolidated statement of cash flows (IFRS)

from 1 October 2014 to 30 September 2015

	Note	2014/15	2013/14
		'000 €	'000 €
Cash flows from operating activities:			
Net income		65,561	79,157
Adjustments to reconcile net income to net cash provided by operating activities			
Income tax expense	(7)	36,159	35,380
Income from carve-out of microscopy business of Optronik A. S.	(3)	–	(146)
Interest income / expenses	(6)	1,476	1,011
Results from investments accounted for using the equity method	(6)	11,493	–
Share of profit/loss from other investments	(6)	(26)	(18)
Depreciation and amortization	(11) (12)	19,162	17,953
Appreciation and write-ups	(11)	–	(272)
Gains / losses on disposal of fixed assets		(84)	1,550
Dividends received		26	18
Interest received		1,493	1,679
Interest paid		(1,433)	(1,327)
Income tax reimbursement		3,476	3,369
Income taxes paid		(40,133)	(52,125)
Other material non-cash income and expense	(6)	7,401	(1,327)
Changes in working capital:			
Trade receivables	(17)	(36,255)	15,981
Inventories	(16)	(9,890)	(22,086)
Other assets	(15) (18) (19)	(7,973)	(2,716)
Trade payables		13,795	(7,497)
Provisions and financial liabilities	(22) (23) (25)	(11,979)	(2,002)
Other liabilities	(26)	4,475	(3,477)
Total adjustments		(8,817)	(16,052)
Net cash provided by operating activities		56,744	63,105
Cash flow from investing activities:			
Investment in property, plant and equipment	(12)	(9,772)	(11,141)
Investments in other intangible assets	(11)	(7,001)	(6,980)
Proceeds from fixed assets		742	398
Purchase of investments accounted for using the equity method	(13)	(9,240)	–
Payments for loans to investments accounted for using the equity method	(13)	(7,479)	–
Payments for other loans	(27)	(1,356)	–
Proceeds from fixed-term deposits	(33)	110,000	140,000
Investments in fixed-term deposits	(33)	(110,000)	(110,000)
Acquisition of IOL / OVD business IMEX Clinic S.L., Spain		–	(1,939)
Acquisition of consolidated companies / business operations, net of cash acquired (Optronik A.S., Turkey; Aaren Scientific Inc., USA)	(3)	(1,067) –	(10,800) (51,183)
Proceeds from carve-out of microscopy business of Optronik A. S.		–	2,208
Net cash used in investing activities		(35,173)	(49,437)
Cash flow from financing activities:			
Proceeds from / (repayment of) short-term debt		(929)	(505)
Proceeds from / (repayment of) non-current financial liabilities	(24)	(480)	(262)
(Increase) / decrease in treasury receivables	(2u) (33)	(10,209)	30,484
Increase / (decrease) in treasury payables	(2u) (33)	27,378	1,163
Change of leasing liabilities	(28)	(2,526)	(1,814)
Dividend payment to shareholders of Carl Zeiss Meditec AG	(9)	(32,524)	(36,589)
Net cash used in financing activities		(19,290)	(7,523)
Effect of exchange rate fluctuations on cash and cash equivalents		33	(1,704)
Increase / (decrease) in cash and cash equivalents		2,314	4,441
Cash and cash equivalents, beginning of reporting period	(20)	10,727	6,286
Cash and cash equivalents, end of reporting period	(20)	13,041	10,727

The following notes are part of the audited financial statements.

Consolidated statement of changes in equity (IFRS)

	Note	Share capital	Capital reserve	Retained earnings	Other components of equity	Equity before non-controlling interest	Non-controlling interest	Total equity
		'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
As of 01-Oct-13		81,310	313,863	322,765	(39,058)	678,880	36,434	715,314
Foreign currency translation	(2d) (21)	-	-	-	9,682	9,682	(1,565)	8,117
Changes in equity arising from the revaluation of pension obligations	(2o) (22)	-	-	-	(11,655)	(11,655)	(117)	(11,772)
Changes in value recognized directly in equity	(2n) (21)	-	-	-	(1,973)	(1,973)	(1,682)	(3,655)
Net income		-	-	74,954	-	74,954	4,203	79,157
Total comprehensive income for the period	(2n) (21)	-	-	74,954	(1,973)	72,981	2,521	75,502
Dividend payments	(9)	-	-	(36,589)	-	(36,589)	-	(36,589)
As of 30-Sep-14		81,310	313,863	361,130	(41,031)	715,272	38,955	754,227
Foreign currency translation	(2d) (21)	-	-	-	18,586	18,586	1,035	19,621
Changes in equity arising from the revaluation of pension obligations	(2o) (22)	-	-	-	(9,773)	(9,773)	338	(9,435)
Changes in value recognized directly in equity	(2n) (21)	-	-	-	8,813	8,813	1,373	10,186
Net income		-	-	62,297	-	62,297	3,264	65,561
Total comprehensive income for the period	(2n) (21)	-	-	62,297	8,813	71,110	4,637	75,747
Dividend payments	(9)	-	-	(32,524)	-	(32,524)	-	(32,524)
As of 30-Sep-15		81,310	313,863	390,903	(32,218)	753,858	43,592	797,450

The following notes are part of the audited financial statements.

Notes to the consolidated financial statements

for financial year 2014/15 (IFRS)

GENERAL INFORMATION, ACCOUNTING AND VALUATION PRINCIPLES

1 The Company

(a) Description of operations

Carl Zeiss Meditec AG, Jena, Germany, is the parent company of the Carl Zeiss Meditec Group (the "Company", "Carl Zeiss Meditec", the "Group"), which comprises additional subsidiaries. The Group offers end-to-end solutions for the diagnosis and treatment of ophthalmic diseases, including implants and consumables. In microsurgery, the Group provides innovative visualization solutions. The Group's customers are physicians in various fields and hospitals worldwide.

Carl Zeiss Meditec AG's headquarter is located in 07745 Jena, Germany (Göschwitzer Straße 51-52), Germany's traditional center of excellence for optical and optical-related technologies. The Company has major subsidiaries in the USA, France, Japan, Spain, the United Kingdom, Turkey and Germany.

Carl Zeiss Meditec AG is recorded in the commercial register of Jena Local Court under HRB 205623.

The consolidated financial statements will be published on the Internet and in the Federal Gazette (*Bundesanzeiger*).

(b) Basis of presentation

The consolidated financial statements of Carl Zeiss Meditec AG are based on the going concern assumption. They were prepared in accordance with the International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board ("IASB"), London, and take into account all accounting standards and interpretations adopted by 30 September 2015 for which application is mandatory, as they are to be applied in the EU. The present version of the consolidated financial statements complies with the provisions of Section 315a of the German Commercial Code (*Handelsgesetzbuch, HGB*).

The fiscal year of Carl Zeiss Meditec and its subsidiaries ends on 30 September.

2 Accounting policies

(a) Principles of consolidation

The consolidated financial statements comprise the statements of Carl Zeiss Meditec AG and its subsidiaries. Subsidiaries are all companies controlled by Carl Zeiss Meditec AG. A company is controlled if the Group is subject to variable returns from a relationship with a company, or has rights to these returns, and can control the relevant activities that influence these returns. Normally, the possibility of control at subsidiaries is based on an indirect or direct voting majority of Carl Zeiss Meditec AG. A full breakdown of the shareholdings of the Carl Zeiss Meditec Group can be found in note (39) "Other mandatory disclosures pursuant to Section 315a HGB" in these notes to the consolidated financial statements.

All major intragroup transactions, balances and interim results from transactions between Group companies were eliminated within the scope of consolidation. Non-controlling interests in the net assets of consolidated subsidiaries were calculated and shown in the consolidated statement of financial position separate from the equity attributable to stockholders of the parent company.

Carl Zeiss Meditec Co. Ltd., Tokyo, Japan is a major subsidiary with non-controlling interests in the Meditec Group. This non-controlling interest amounts to 49%.

The financial information of major subsidiaries with non-controlling interests, before Group eliminations, is as follows.

Condensed income statement

	2014/15	2013/14
	'000 €	'000 €
Revenue	96,325	101,623
Net income	6,661	8,577
» thereof profit/loss attributable to non-controlling interests	3,264	4,203
Other result (recognized in other comprehensive income)	2,802	(3,432)
Comprehensive income	9,463	5,145
» thereof comprehensive income attributable to non-controlling interests	4,637	2,521

Condensed statement of financial position

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Non-current assets	6,024	6,163
Current assets	104,464	95,365
Non-current liabilities	7,066	7,730
Current liabilities	16,489	16,328
Equity	86,933	77,470
» Thereof equity attributable to non-controlling interests	43,592	38,955

Consolidated statement of cash flows:

	2014/15	2013/14
	'000 €	'000 €
Cash flows from operating activities	(273)	15,428
Cash flows from investing activities	(10)	(138)
Cash flows from financing activities	4,590	(16,184)
Effect of exchange rate fluctuations on cash and cash equivalents	123	(188)
Increase / (decrease) in cash and cash equivalents	4,430	(1,082)

(b) Associated companies

Associated companies are companies over which the Group has a significant influence, but which are not under the control or joint control of the Group in respect of financial and corporate policy. Investments in associates are recognized according to the equity method. More information can be found in note (13) "Investments and loans to investments accounted for using the equity method".

(c) Business combinations

Capital consolidation takes place in accordance with the acquisition method pursuant to IFRS 3 "*Business Combinations*". This means that the identifiable assets and liabilities are measured for the first time at their respective fair values at acquisition date. Non-controlling interests are thus stated as a proportion of the fair values of the assets and liabilities. The acquisition costs of the acquired interests are offset against the Group's share in the subsidiary's equity measured at fair value. Incidental acquisition costs are recorded as an expense as they are incurred. Insofar as an asset-side difference remains after this offsetting, this is reported as goodwill.

The figures for the acquired subsidiaries are incorporated in the consolidated income statement according to their affiliation to the Group, i.e., from their effective date of acquisition (possibility to be controlled).

A subsidiary is deconsolidated as soon as Carl Zeiss Meditec loses its control over the company. Third-party equity interests are recorded in the consolidated financial statements as part of consolidated equity under the item "Non-controlling interests".

Jointly controlled entities within the meaning of IFRS 11 "*Joint Arrangements*" are reported according to the equity method of accounting pursuant to IFRS 11.24. When applying the equity method pursuant to IAS 28 "*Investments in Associates*", equity investments are initially recorded at cost in the statement of financial position and are subsequently adjusted to reflect the Group's share in the equity (net assets, including changes to other result) after acquisition and for losses due to impairment. Insofar as the acquisition of shares results in goodwill, this is included in the investment book value and is not subject to scheduled amortization.

Investments in which the Company holds a share of less than 20% are carried in the accounts as a financial instrument (see 2(i)), if Carl Zeiss Meditec AG is unable to exercise any material or significant influence over the investee enterprise and the investee enterprise is not jointly controlled.

Intragroup business combinations, uniting of interests or similar transactions are regarded – both from the perspective of the superordinate parent company (Carl Zeiss AG) and from the perspective of the participating subsidiary (Carl Zeiss Meditec) – as "transactions under common control" which, pursuant to IFRS 3.2 (c), are not to be classified as company acquisitions. Transactions under common control are treated in Carl Zeiss Meditec AG's statement of financial position according to the principle of "predecessor accounting"*, with the assumption that the consolidated financial statements of the Carl Zeiss Meditec Group are to be regarded merely as an excerpt from the consolidated financial statements of the superordinate parent company, Carl Zeiss AG. The respective assets and liabilities are thus carried at book value.

(d) Foreign currency translation

The consolidated financial statements have been prepared in euros, as the majority of Group's transactions are executed in this currency, and because the euro is the functional currency of Carl Zeiss Meditec AG. Unless otherwise specified, all amounts are stated in thousands of euros (€ '000 or € thousand). Figures are rounded according to proper commercial standards; this may result in slight discrepancies.

The assets and liabilities of those foreign subsidiaries whose functional currency is one other than the euro are translated using the exchange rate at the end of the reporting period. Equity transactions are translated at historic rates of exchange at the date of the transaction. The figures in the income statement are converted at the average exchange rate for the fiscal year. Differences arising from currency translation are carried under "Other components of equity".

* According to IDW RS HFA 2 (41)

Transactions executed in foreign currencies are converted using the effective exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currency, such as cash and cash equivalents, trade receivables or payables, are revalued at the end of each reporting period until settlement. The income or expenses arising from foreign currency translation are carried in the income statement under "Foreign currency gains/(losses), net".

The following table shows the main exchange rates applied in the preparation of the consolidated financial statements:

	Exchange rate at end of reporting period as of 30-Sep-2015	Exchange rate at end of reporting period as of 30-Sep-2014	+/- %	Average exchange rate 2014//15	Average exchange rate 2013/14	+/- %
USD	0.8926	0.7940	12.4	0.8707	0.7368	18.2
JPY	0.0074	0.0072	2.8	0.0073	0.0072	1.4
GBP	1.3541	1.2849	5.4	1.3459	1.2204	10.3
CAD	0.6652	0.7104	-6.4	0.7106	0.6805	4.4
SEK	0.1063	0.1093	-2.7	0.1070	0.1112	-3.8
CHF	0.9162	0.8287	10.6	0.9106	0.8191	11.2
AUD	0.6274	0.6925	-9.4	0.6840	0.6781	0.9
PLN	0.2356	0.2394	-1.6	0.2397	0.2393	0.2
CZK	0.0368	0.0364	1.1	0.0365	0.0366	-0.3
BRL	0.2232	0.3245	-31.2	0.2912	0.3224	-9.7
TRY	0.2950	0.3480	-15.2	0.3410	0.3460	-1.4
CNY	0.1404	0.1293	8.6	0.1400	0.1199	16.8

(e) Use of estimates

The preparation of the consolidated financial statements in accordance with the IFRS requires the use of certain assumptions and estimates that relate to the measurement and recognition of assets and liabilities, income and expenses, and contingent liabilities. The assumptions and estimates are mainly based on the determination of values in use of cash-generating units, particularly for the purposes of the goodwill impairment test (note 2 (f)), the accounting and valuation of provisions (note 23), as well as the realizability of future tax charges and tax relief. Actual values may vary in individual cases from the assumptions and estimates made. Changes are shown at the time the true value became known.

(f) Goodwill and other intangible assets with an indefinite useful life

Goodwill and other intangible assets with an indefinite useful life are not subject to scheduled amortization but are reviewed regularly for impairment (impairment test).

To do this, Carl Zeiss Meditec determines: (i) the cash-generating units, (ii) the respective net assets of the cash-generating units and (iii) the recoverable amounts for the cash-generating units.

The cash-generating units of goodwill correspond to the business segments pursuant to IFRS 8.5, which constitute the lowest level at which goodwill is monitored for internal management purposes.

Insofar as the recoverable amount of the asset – which corresponds to the higher of fair value less costs to sell and the value in use – falls below the carrying amount, an impairment shall be made. If the reason for previous impairment no longer applies, assets, with the exception of goodwill, are written up to a maximum of the amortized cost.

The recoverable amount of the cash-generating units – in the periods presented this was the value in use in each case – is determined on the basis of cash flow forecasts. These forecasts are based on financial forecasts approved by the Company's management and modified to the current state of knowledge in each case. These financial forecasts, or management forecasts, relating to the development of sales, costs and earnings, which are taken as a basis for the impairment test, are, in turn, based on a planning horizon of five years. They are determined based on historical values, detailed budgets for the following year and the future strategic orientation of the business unit or cash-generating unit (medium-term planning). In addition, external information sources, such as market studies and the results of market surveys and publications are used in order to take macroeconomic trends into account to a reasonable extent.

Sales planning takes into account a growth rate that is at least in line with the market growth rate anticipated for the industry, which, from a current perspective and excluding currency effects, corresponds to growth in the low to mid-single-digit percentage range. Growth in the **Surgical Ophthalmology** SBU, in particular, is expected to be faster than the usual market growth for this industry, according to industry surveys (excluding currency effects). From a current perspective, this equates to a growth rate in the mid-single-digit percentage range. The EBIT margin is expected to remain around the average for the Group. Due to a continuing stream of product innovations, a positive development of our new products launched during the past fiscal year and a good performance by refractive lasers, the **Ophthalmic Systems** SBU is expected to grow to at least the same extent as the underlying market. From a current perspective, and excluding currency effects, this corresponds to growth in the low to mid-single-digit percentage range. The EBIT margin is currently expected to improve further. However, it is still anticipated that this will be below the Group average. The **Microsurgery** SBU is expected to continue making significant contributions to earnings in future. The Group is optimistic that it will grow to at least the same extent as the underlying market in the coming fiscal year, which, from a current perspective and without taking currency effects into account, would equate to growth in the low-single-digit percentage range. The EBIT margin is also expected to remain above the Group average. Cost planning also considers strategic aspects as well as price trends in the procurement markets. Overall, in fiscal year 2015/16, the EBIT margin is expected to return to within the target corridor, also forecast for the medium term, of 13% to 15%. The cash flow projections resulting from the management's financial forecasts, to determine the value in use, do not contain any cash flows from future restructuring measures or enhancements or improvements to increase earnings power. In order to determine the future development of working capital, specific ranges are currently applied for each SBU. At the same time, the earnings for the respective plan year are adjusted, for the calculation of free cash flow, for the expected depreciation and amortization, as well as asset additions – insofar as the investments for this had already begun at the time of the impairment test. The value in use of the cash-generating unit is derived from the sum of discounted future cash flows at a standard, risk-adjusted capitalization interest rate.

The capitalization interest rate is calculated from the parameters risk-free base rate, risk premium (market risk premium and beta factor) and borrowed capital spread, and reflects the capital structure customary within the industry of the cash-generating unit under review. For the purposes of the impairment test, a growth rate of 0.75% (prior year: 0.65%) is applied for the cash flows, for the perpetuity period. The pre-tax discount rate applied for cash flow forecasts is 12.5% (prior year: 13.0% and 13.5%). The carrying amount of a cash-generating unit includes all assets that stimulate the flow of cash, i.e., that contribute to the creation of a salable service. This means that all non-operating items and interest-bearing borrowings are excluded from the calculation.

Carl Zeiss Meditec assesses its goodwill for impairment at least once a year or at the onset of major events or changed circumstances which indicate that the fair value of a reporting unit of the Group has fallen below its carrying amount. In addition, capitalized intangible assets with an indefinite useful life and intangible assets not yet available for use are examined at least once a year for impairment.

Carl Zeiss Meditec completed its annual impairment testing of goodwill and capitalized intangible assets with an indefinite useful life, and intangible assets not yet available for use, in the penultimate quarter of fiscal year 2014/15. The results of these tests, based on values in use, did not give any indication of a need for impairment of goodwill or intangible assets not yet available for use.

For details on the change in goodwill in fiscal year 2014/15 and the prior year please refer to note (10).

(g) Other intangible assets

Intangible assets acquired separately are valued at cost less accumulated amortization and impairment.

Research and development expenses are recorded as expenses in the period in which they arise.

A self-constructed intangible asset, which results from development activities (or from the development phase of an internal project), is recorded, if evidence can be provided that the criteria according to IAS 38.57 are fulfilled. These are recognized from the date on which the intangible asset meets the above criteria, in the amount that corresponds to the total expenses incurred. If a self-constructed intangible asset cannot be capitalized, the development costs are recognized in income in the period in which they arise, and are not capitalized retrospectively at a later date.

In subsequent periods, self-constructed intangible assets are valued at cost less accumulated amortization and impairment.

Self-constructed intangible assets are mainly allocated to the category "Development costs" (note 11).

Intangible assets acquired as part of a business combination are recorded separately from goodwill as soon as they conform to the definition of an intangible asset and can be individually identified. The acquisition cost of such intangible assets corresponds to their fair value at the acquisition date. In subsequent periods, intangible assets acquired as part of a business combination are valued in exactly the same way as intangible assets acquired individually – at cost less accumulated amortization and accumulated impairment.

All other intangible assets which are ready for use shall be amortized on a straight-line basis over the following periods, unless an indefinite useful life is assumed (note 11):

» <i>Brand names and trademarks</i>	<i>2 to 15 years</i>
» <i>Software</i>	<i>1 to 7 years</i>
» <i>Licenses</i>	<i>1 to 10 years</i>
» <i>Patents and other industrial property rights</i>	<i>2 to 19 years</i>
» <i>Development costs</i>	<i>3 to 10 years</i>
» <i>Miscellaneous other intangible assets</i>	<i>3 to 10 years</i>

The amortization amounts for other intangible assets may be recognized in the income statement under both cost of goods sold and other operating costs. Assets are each allocated individually with respect to their intended purpose or assignment to certain areas of the company. These assets are also reviewed regularly for impairment (impairment test). The results of this test did not give any indication of a need for impairment of capitalized other intangible assets in the current fiscal year (see note 11). Please refer to (f) above for details on the method applied in the impairment test.

(h) Property, plant and equipment

Property, plant and equipment are valued at cost, net of accumulated depreciation and impairment. In the case of property, plant and equipment acquired within the scope of a business combination, the acquisition costs correspond to the fair values of the assets at their acquisition date. Depreciation is calculated using the straight-line method over the expected useful life of each asset. The following depreciation periods were applied:

» <i>Buildings and leasehold improvements</i>	<i>3 to 40 years</i>
» <i>Plant and machinery</i>	<i>2 to 21 years</i>
» <i>Other office equipment, fixtures and fittings</i>	<i>1 to 23 years</i>

Leasehold improvements are depreciated over their estimated useful life or the term of the rental or lease agreement, if shorter. Estimated useful life is regularly reviewed by the Company's management, taking current technological advancement into account. Maintenance and repairs are expensed as incurred, while renewals and improvements that extend the expected useful life or increase capacity are capitalized if they fulfill the general recognition criteria under IAS 16. Property, plant and equipment are also reviewed for impairment (impairment test), if indicated. Please refer to (f) for details on the general method of calculating the value applied in the impairment test. Upon the sale or retirement of property, plant and equipment, the accounts are relieved of the cost and the related accumulated depreciation and impairments, and any resulting gain or loss is recognized through profit or loss. The scheduled depreciation amounts and any impairment losses and write-ups recorded in the period on property, plant and equipment are recognized in the consolidated income statement according to the function for which the assets are used.

(i) Financial instruments

Financial assets and financial liabilities are taken into account in the consolidated statement of financial position from the date on which the Group becomes a contracting party to the financial instrument. Regular way purchases and sales of financial assets are generally recognized on the settlement date.

Financial assets and liabilities in the sense of IAS 39 are classified either as loans and receivables (LaR), held to maturity (HtM) investments, financial assets available for sale (AfS), financial assets/liabilities at fair value through profit or loss (FVTPL), or as financial liabilities at amortized cost (FLAC). The classification depends on the type and the intended purpose of the financial assets and liabilities and occurs upon addition.

Primary financial instruments

The Company's primary financial instruments mainly consist of cash and cash equivalents, financial assets, treasury receivables and payables (group cash management [treasury] of Carl Zeiss Financial Services GmbH, Oberkochen), trade receivables and payables, current loans, non-current liabilities and other financial assets and liabilities.

Loans and receivables and current and non-current financial liabilities are carried at amortized cost. The amortized cost of a financial asset or financial liability is the term used to describe that amount at which a financial asset or liability was valued when first recorded, less any repayments using the effective interest method and losses for impairment.

The amortized cost of current assets and liabilities is generally equivalent to the nominal or repayment amount.

Trade receivables are disclosed at their nominal value, net of any allowance for accounts presumed to be uncollectible.

The Group calculates valuation allowances on doubtful receivables and loans with discernible collection risks based on regular, systematic reviews and credit control assessments. This control measure takes into account historical bad debt losses, the size and adequacy of securities, as well as other relevant factors. Impairments are carried out based on objective indicators and take account of the default risk. Objective indicators can include, for example, major financial difficulties of the debtor, a breach of contract, such as default on or arrears in interest or redemption payments owed, or the high probability of insolvency proceedings being brought against the debtor. Receivables and loans are written off against these valuation allowances, if they are considered uncollectible. Please refer to note (36) for further information on credit risks.

Primary financial assets which are not classified as either loans or receivables, held to maturity investments, financial assets or liabilities held for trading, or as financial liabilities at amortized cost, shall be allocated to the category financial assets available for sale. Existing financial assets are allocated to this category. Due to the fact that the non-controlling interests are not listed on a stock exchange, meaning that their fair values cannot be reliably determined, these financial assets are carried at cost. There are no plans to dispose of these financial instruments at the present time.

Non-current, non-interest-bearing receivables and loans are discounted based on market conditions; interest is shown as income according to the effective interest method.

Derivative financial instruments and hedging

The Group is a company with global operations, and as such it is subject to the effects of exchange rate fluctuations. In order to hedge against this currency risk, it concludes currency forward contracts based on planned transactions in foreign currency. Hedge accounting within the meaning of IAS 39 is not applied. These contracts generally cover a period of up to 2 years. Derivative financial instruments which have a positive fair value are carried in the statement of financial position, depending on their time to maturity, under the item "Other current financial assets" or "Other non-current assets", and derivative financial instruments with a negative fair value are carried in the statement of financial position, depending on their time to maturity, under the item "Current financial liabilities" or "Non-current financial liabilities". The sole purpose of the derivative financial instruments is currency hedging.

Net income from the financial instruments recognized at fair value through profit and loss would, if relevant, also include income from interest and dividends. Please refer to note (36) for further information on currency risks.

(j) Income taxes

Current taxes are recognized for taxes owed on income at the time the Group companies incur them. Income taxes are calculated in accordance with the Asset and Liability Method pursuant to the provisions of IAS 12 "Income Taxes". All liabilities or claims relating to taxes on income and earnings arising during a fiscal year are reflected in the consolidated financial statements pursuant to the relevant tax laws.

In order to take account of the tax effects of differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases, and of differences arising from consolidation processes, and loss carryforwards, deferred taxes are calculated each year, if these differences are expected to be offset over time. In addition, deferred taxes are set up for retained earnings intended for disbursement. This is based on those tax rates that are expected to apply in the years in which these temporary differences are reversed or settled. The effects of changes in tax rates on deferred tax assets or liabilities are recognized in income in the period in which the change was legally enacted or pronounced.

Deferred tax assets are written down as necessary to reflect the net amount that is likely to be realized. Income tax expense comprises the taxes payable to or refundable by the tax authorities for the reporting period, plus or minus the changes in deferred taxes (to be recognized through profit or loss).

Deferred tax claims for tax losses carried forward are carried at the amount at which the associated tax benefits are expected to be realized as a result of future tax profits.

Deferred tax assets and liabilities are carried net, insofar as a right exists to offset actual income tax receivables and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same tax authorities and are owed to the same Group companies.

(k) Inventories

Inventories are measured at the lower of cost or net realizable value. Costs are determined using the weighted-average cost method. Production costs include materials and labor, as well as direct manufacturing and material overheads, including depreciation. In addition, the costs of company retirement benefits, the Company's social establishments and the Company's voluntary social benefits are also included to the extent

that these can be allocated to the production area. Administrative costs are taken into account to the extent that these are attributable to production. Production costs do not include any borrowing costs. In the case of inventories acquired within the scope of a business combination, the acquisition costs correspond to their fair values at their date of acquisition.

Valuation allowances shall be made on inventories where cost exceeds the expected net realizable values. The net realizable value is the estimated price that could be obtained in the ordinary course of business, less the estimated costs of completion and selling costs.

(l) Leasing

The Group has leased certain assets under long-term contracts. Leases are classed as finance leases if the lessee bears the majority of the risks and opportunities associated with ownership. All properties under arrangements that qualify as finance leases are capitalized from the beginning of the lease as non-current assets pursuant to IAS 17 "*Leases*" at the lower of fair value and the present value of minimum lease payments. The corresponding leasing obligations are carried as current or non-current liabilities according to their time to maturity. The lease payments to be paid are divided into a redemption component and an interest component. The redemption component reduces the liability, while the interest component is carried as an interest expense. The capitalized assets are amortized in conformance with IAS 16. IAS 36 is observed with regard to possible impairment. The leasing obligations are carried at the present value identified at the end of the respective reporting period. Conversely, the Group also acts as lessor for finance leases.

Other leasing transactions are treated as operating leases. The total payments required under operating lease agreements are reported as an expense on a straight-line basis over the term of the lease. Conversely, the Group also acts as lessor for operating leases.

(m) Cash and cash equivalents

Cash on hand and at the bank, as well as all financial investments with an original maturity of up to three months, which are only subject to minor risks of valuation changes, are disclosed as cash and cash equivalents. Because of their short maturity, the carrying amounts of cash and cash equivalents are approximately equal to their fair value.

(n) Other components of equity

The item "Other components of equity" includes the other changes in equity recognized in other comprehensive income that are not associated with transactions with stockholders. For the Group, this currently relates to both currency translation and the actuarial effects of pension commitments and the taxes levied on these (notes 21 and 22).

(o) Pension commitments

The Company pension scheme of the Carl Zeiss Meditec Group comprises various defined contribution and defined benefit obligations arising from current pensions and future pension entitlements, primarily in Germany, the USA and Japan. Provisions for pensions also include liabilities of the US company for post-employment health care benefit obligations.

Defined benefit plans within the Group are financed partly with provisions and partly with funds from external sources.

Pension commitments and related costs are calculated according to the prescribed projected unit credit method pursuant to IAS 19 *"Employee Benefits"*. This takes into account both the known pensions and acquired future pension entitlements, as well as the salary and pension increases expected in the future. The interest rate used to calculate the present value of the commitments is generally determined on the basis of the returns on premium, fixed-rate corporate bonds in the relevant currency zone. In principle, this includes bonds with at least an "AA" rating. The expected return on plan assets and expenses from the interest cost of the commitments are recognized in interest income.

The service cost is classified as an operating expense.

Actuarial gains or losses that may arise from changes in the valuation assumptions or a deviation in actual circumstances from the basis of valuation are recognized in full in other comprehensive income in the period in which they occur.

(p) Provisions

Provisions are formed if the Group has a current (de facto or statutory) commitment as a result of a past event, the outflow of resources with an economic benefit to fulfill the commitment is probable and it is possible to reliably estimate the amount of the commitment. To the extent that the Group expects at least a partial reimbursement for a provision carried as a liability (as is the case, for example, in insurance policies), the reimbursement is only recorded as a separate asset if the reimbursement is as good as secure. The expense for the formation of the provision is disclosed in the consolidated income statement after deduction of the reimbursement.

If the interest impact is material, provisions are discounted using a pre-tax interest rate, which reflects the specific risks for the liability. In the event of discounting, the increase in the provision over time is carried as an interest expense. Provisions are broken down according to their expected maturities; therefore, provisions which are due in less than one year are carried as current provisions and provisions which are due in more than one year are carried as non-current provisions.

Personnel and social commitments

The provisions for personnel and social commitments mostly relate to commitments for partial retirement and anniversary expenses.

The provisions for partial retirement and anniversaries are measured using a projected unit credit method based on actuarial surveys. Actuarial gains and losses are recognized immediately through profit or loss. The measurement parameters correspond to the economic assumptions for financing the pension commitments. Plan assets for partial retirement obligations were set up in the current fiscal year; these were offset at their fair value at the end of the reporting period with the provision for partial retirement.

Commitments from ongoing operations

The Company furnishes the buyer with a warranty for the perfect functioning of sold products for the contractually guaranteed period of up to two years, depending on the product. Provisions are set up for this purpose based on the average values of warranty claims made in the past. These provisions are regularly adjusted to reflect actual experience. The appropriation to these warranty provisions is recorded under cost of goods sold.

Other commitments

The provisions for other commitments relate to recognizable individual risks and uncertain commitments, e.g. litigation risks.

(q) Revenue recognition

The Group generates revenue from selling products on the basis of corresponding contracts. The sale takes place once all the parts of the product have been supplied, the risks have passed, the payment can be reliably determined and there are no major contractual obligations towards the customer and the payment of the receivable is deemed probable. Revenue from services is recorded according to the percentage of completion, if this can be reliably determined.

Maintenance revenue from service contracts is realized on a proportionate basis throughout the contractual period of performance.

Revenue is reflected net of trade discounts, customer bonuses and rebates.

(r) Government grants

Pursuant to IAS 20 *"Accounting for Government Grants and Disclosure of Government Assistance"*, government grants are only recognized if there is adequate assurance that the associated conditions will be fulfilled and the grants will be allocated.

The Group received subsidies from various public bodies within the scope of government economic stimulus programs, for example for the construction of production facilities, research and development activities and advanced training programs.

Investment grants and investment subsidies for which it is sufficiently certain that the associated conditions are being complied with and that they will be awarded, reduce the costs of the relevant assets. Investment subsidies, such as investment grants and tax-free investment allowances, are recognized through profit or loss over the useful life of the subsidized assets (as a reduction in depreciation of the subsidized property, plant and equipment).

Government grants received in fiscal years 2014/15 and 2013/14 are listed in note (32).

(s) Earnings per share

Earnings per share were calculated by dividing the consolidated profit attributable to stockholders of the parent company by the weighted-average number of ordinary shares issued during each individual accounting period. As in the prior year the number of shares in this fiscal year remained unchanged at 81,309,610 thousand. There were no conversion or option rights in circulation. As in the prior fiscal year there were no dilution effects in the year under review.

(t) Borrowing costs

Borrowing costs are recognized as expenses in the period in which they are incurred, since there are not usually any qualified assets pursuant to IAS 23.5.

(u) Related party disclosures

The parent company of Carl Zeiss Meditec AG is Carl Zeiss AG (which is controlled by the Carl Zeiss Foundation (Carl-Zeiss-Stiftung). The Carl-Zeiss-Stiftung (Carl Zeiss Foundation), Heidenheim and Jena, Carl Zeiss AG, Oberkochen, and its subsidiaries, excluding the Carl Zeiss Meditec Group (the "Carl Zeiss Group"), Schott AG, Mainz, including its subsidiaries (the "Schott Group"), as well as the associated and joint venture companies, are regarded as related parties, and business transactions, for example income, expenses, receivables from and liabilities to these companies, are reported separately in note (33).

The Group sells some of its products via the distribution companies of the Carl Zeiss Group. For the purposes of furnishing the Group with short-term funds and investing surplus liquidity, Carl Zeiss Meditec cooperates with the group cash management system of Carl Zeiss Financial Services GmbH, Oberkochen. Loans granted and monies invested within the scope of this business relationship are shown as liabilities to or receivables from treasury, and are usually due or available daily. Pursuant to the cash pooling agreement, the companies of the Carl Zeiss Meditec Group are authorized to utilize liquidity to finance their ongoing business activities, so that, from the Group's perspective, the cash pool transactions have the character of financing, are thus to be classified as financing activities and, in this sense, are carried in the statement of cash flows under cash flows from financing activities. Since the treasury receivables are also cash pool transactions, these are also carried in the statement of cash flows under cash flows from financing activities, thus ensuring the consistency of the accounting.

In addition to financial services the Group procures various services from the Carl Zeiss Group, including Carl Zeiss AG. These include research and development services, HR and administrative services, as well as the licensed use of the ZEISS brand, logistics, distribution and IT services provided on the basis of contractual agreements. In addition, preliminary products are procured from companies of the Carl Zeiss Group and the Schott Group.

The members of the Management Board and Supervisory Board of Carl Zeiss Meditec AG, and their next of kin, are considered to be related parties (management in key positions). Note (39) and the Management Report (Remuneration Report) contain further information on this.

(v) 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 fiscal year:

Date of issue	Standard/Interpretation	Amendment/new standard or interpretation
12 May 2011	IFRS 10 " <i>Consolidated Financial Statements</i> "	Accounting rules governing the preparation and presentation of consolidated financial statements and explanations regarding the control principle
12 May 2011	IFRS 11 " <i>Joint Arrangements</i> "	Addition of rules governing joint arrangements and related accounting issues
12 May 2011	IFRS 12 " <i>Disclosure of Interests in Other Entities</i> "	Enhanced disclosure requirements for subsidiaries, joint ventures and associates, as well as unconsolidated structured entities
12 May 2011	IAS 27 " <i>Separate Financial Statements</i> "	Guidance on the accounting treatment of investments in subsidiaries, associates and joint ventures in separate financial statements
12 May 2011	IAS 28 " <i>Investments in Associates and Joint Ventures</i> "	Guidance on accounting for associates and rules on using the equity method
16 December 2011	Amendment IAS 32 " <i>Financial Instruments: Presentation</i> "	Amendment to provisions for offsetting financial assets and liabilities
31 October 2012	Amendment to IFRS 10, IFRS 12 and IAS 27 " <i>Investment Entities</i> "	Special regulations for financial statements of investment entities
20 May 2013	IFRIC Interpretation 21 " <i>Levies</i> "	Accounting treatment of levies imposed by governments
27 June 2013	Amendment to IAS 39 " <i>Financial instruments: Recognition and Measurement</i> "	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.

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 AG.

The Company did not opt to apply these standards early:

Date of issue	Standard/Interpretation	Amendment/new standard or interpretation	Effective date	Endorsed by the EU
21 November 2013	Amendment IAS 19 <i>"Employee Benefits"</i>	Specification of the accounting treatment of employee contributions or third-party contributions for defined benefit plans	Fiscal years beginning on or after 1 February 2015	Yes
12 December 2013	Improvements to IFRSs (2010 – 2012)	Amendments to IFRS 2, 3, 8, 13, IAS 16, 24 and 38	Fiscal years beginning on or after 1 February 2015	Yes
12 December 2013	Improvements to IFRSs (2011 – 2013)	Amendments to Standards IFRS 1, 3, 13, IAS 40	Fiscal years beginning on or after 1 January 2015	Yes
30 January 2014	IFRS 14 <i>"Regulatory Deferral Accounts"</i>	Interim standard for regulation of regulatory deferral accounts for transition to IFRS accounting	Fiscal years beginning on or after 1 January 2016	No
6 May 2014	Amendment IAS 11 <i>"Joint Arrangements"</i>	Additional guidelines on the accounting presentation of an acquisition of an interest in a joint operation	Fiscal years beginning on or after 1 January 2016	No
12 May 2014	Amendment IAS 16 and IAS 38	Guidelines on which methods can be applied for the depreciation of property, plant and equipment and the amortization of intangible assets	Fiscal years beginning on or after 1 January 2016	No
28 May 2014	IFRS 15 <i>"Revenue from Contracts with Customers"</i>	Amalgamation of existing standards and interpretations on revenue recognition (IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 13)	Fiscal years beginning on or after 1 January 2018	No
24 July 2014	IFRS 9 <i>"Financial Instruments"</i>	Classification and measurement of financial assets	Fiscal years beginning on or after 1 January 2018	No
12 August 2014	Amendment to IAS 27 <i>"Separate Financial Statements"</i>	Approval of the equity method as an accounting option for investments in subsidiaries, joint ventures and associates	Fiscal 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	Fiscal years beginning on or after 1 January 2016	No
25 September 2014	Improvements to IFRSs (2012 – 2014)	Amendments to Standards IFRS 5, IFRS 7, IAS 19 and IAS 34	Fiscal years beginning on or after 1 January 2016	No
18 December 2014	Amendment to IFRS 10, IFRS 12 and IAS 28	Confirmation of the exemption from preparing consolidated financial statements for subsidiaries of an investment entity	Fiscal years beginning on or after 1 January 2016	No
18 December 2014	Amendment to IAS 1 <i>"Presentation of Financial Statements"</i>	Improvement in the reporting with regard to disclosures in the notes	Fiscal 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 and possibly IFRS 15. The specific effects of the first-time application of IFRS 9 and 15 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.

(w) Calculation of fair values

A large number of the consolidated accounting principles and notes to the financial statements require a definition of the fair values of the respective financial and non-financial assets and liabilities involved. The fair values are calculated in accordance with the methods described below. If required, additional information on the assumptions made for the calculation of the fair values is provided in the specific notes on the respective items described in the statement of financial positions and the income statement.

Property, plant and equipment

The fair values of property, plant and equipment acquired within the scope of business combinations are based on market prices. The market price of land and buildings is determined based on the estimated value at which the respective asset could prudently and reasonably be exchanged without coercion between two independent partners based on normal market conditions. The market prices of other items of property, plant and equipment, such as plant and machinery, as well as leasehold improvements and equipment are based on quoted prices on the market for similar goods of the same kind.

Other intangible assets

The fair values of trademark, patent and technology rights or similar, which were acquired within the scope of a business combination, are determined according to the relief from royalty method. In this method an analogy is used, whereby the financial contributions (cash flows) of an intangible asset due to royalties are estimated, which the owner of this asset is then spared from paying, contrary to the alternative of licensing a similar asset with an equivalent use. The method thus calculates the fictitious licensing fees that would be payable if the respective intangible asset were to be owned by a third party.

The fair values of intangible assets consisting of customer relationships acquired within the scope of a business combination are determined according to the multi-period excess earnings method. Customer relationships generally only generate cash flows in conjunction with other tangible or intangible assets. The planning of excess earnings is thus based on a collection of assets. The calculation of the relevant excess earnings received thus regards fictitious payments made for these "supporting" assets as fictitious user fees. It is assumed that the supporting assets are fictitiously rented or leased by a third party to the extent necessary to generate the cash flows.

Inventories

The fair value of inventories acquired within the scope of a business combination is based on the estimated selling price attainable in the normal course of business, less the estimated production and selling costs, as well as an adequate profit margin.

Trade receivables and other receivables

The fair value of trade receivables and other receivables is calculated as the present value of future cash flows, discounted by a standard market interest rate. The fair value of current trade receivables and other receivables basically corresponds to their nominal value, due to their short-term nature.

Investments and securities

The fair value of financial assets, which are measured either at fair value through profit or loss or classified as available for sale, is based, if an active market exists, on listed stock prices. If there is no active market, the fair value is measured using an appropriate valuation method, e.g. based on current market prices of similar financial instruments, or the discounted cash flow method. If it is not possible to reliably determine the fair value, investments and securities are valued at cost.

Derivative financial instruments

The fair value of derivative financial instruments is based on the prevailing market or stock market value. The market value of a financial instrument is estimated as the amount that could be obtained in a business transaction between independent contracting partners under prevailing market conditions. The market values are calculated on the basis of market conditions as of the end of the reporting period – interest rates, foreign exchange rates, commodity prices – and the evaluation methods described below.

If there is no active market, the fair value is determined using recognized valuation methods (present value method or option pricing model). Current market volatilities are used in option pricing models. The interest rates applied across the various maturities and foreign currencies range from -0.9% to +11.7% (prior year: -0.1% to +11.0%).

The Group exclusively holds currency forward contracts as derivative financial instruments. The financial assets and liabilities held for trading (FVTPL) are carried at fair value, although changes in market value are recognized through profit or loss in the income statement. The fair value of forward currency contracts is calculated based on the average spot exchange rate as of the balance sheet date, adjusted for forward premiums and discounts for the respective residual term of the contract, compared to the contracted forward exchange rate.

Financial liabilities

The fair value of financial liabilities is calculated based on the present value of future capital and interest payment flows – discounted by a standard market interest rate – as of the end of the reporting period. The interest rates applied range from 1.2% to 1.4% (prior year: 1.4% to 1.5%).

3 Purchase and sale of business operations**Fiscal 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% 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, in the amount of € 1.1 million, was paid in March 2015. The amount of € 0.1 million in excess of the provision was recognized through profit or loss under Other financial result.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

4 Revenue

Group earnings for fiscal years 2014/15 and 2013/14 mainly consist of sales revenues. The table below shows a breakdown of revenue:

	2014/15	2013/14
	'000 €	'000 €
Income from the sale of merchandise	940,993	823,277
Income from the provision of services (incl. sale of replacement parts)	93,993	81,314
Income from royalties/licenses	5,075	4,664
Total	1,040,061	909,255

5 Personnel expenses

Personnel expenses for fiscal years 2014/15 and 2013/14 were as follows:

	2014/15	2013/14
	'000 €	'000 €
Wages and salaries	210,740	186,503
Social security contributions	39,960	34,969
Pension costs	9,508	7,272
Total	260,208	228,744

The employer's statutory pension contribution is contained in the social security costs. Total expenses from all additional defined contribution plans in the current fiscal year amounted to € 3,195 thousand (prior year: € 2,744 thousand).

The table below shows employee numbers and the personnel structure of the Group:

	30-Sep-2015	30-Sep-2014	Average 2014//15	Average 2013//14
Production	965	1,028	997	1,002
Sales & Marketing	735	733	739	726
Service	501	484	497	490
Research and Development	422	436	429	427
Administration	265	291	277	283
Total	2,888	2,972	2,939	2,928
Trainees	17	18	12	14

6 Financial result

The financial result comprises the following:

	2014/15	2013/14
	'000 €	'000 €
Share of profit / (loss) of financial assets measured at equity	(1,220)	-
Extraordinary write-down of the investment	(7,922)	-
Future losses on the investment	(2,351)	-
Result from investments accounted for using the equity method	(11,493)	-
Interest income	1,302	1,934
Interest expenses	(1,509)	(1,992)
Net interest from defined benefit pension plans	(1,269)	(953)
Net interest income/loss	(1,476)	(1,011)
Currency gains	28,510	15,789
Currency losses	(37,432)	(21,475)
Foreign currency gains / (losses), net	(8,922)	(5,686)
Other financial result	(6,980)	529
Total financial result	(28,871)	(6,168)

The other financial result mainly contains the write-down of a loan to Oraya Therapeutics, Inc., Newark, USA, in the amount of € 7,401 thousand.

7 Income taxes

Income taxes are comprised as follows:

	2014/15	2013/14
	'000 €	'000 €
Current taxes:		
Germany	31,100	32,014
Other countries	6,489	9,808
	37,589	41,822
(thereof prior-period)	(53)	(2,348)
Deferred taxes:		
Germany	3,076	(1,765)
Other countries	(4,506)	(4,677)
	(1,430)	(6,442)
Total	36,159	35,380

In accordance with the tax law applicable in fiscal year 2014/15, the income of Group subsidiaries in Germany is subject to a corporation tax rate of 15% (prior year: 15%). Taking into account the solidarity surcharge and the varying local trade tax multipliers, companies in Germany are subject to a tax rate of between 27.73% and 31.58% (prior year: 27.73% to 30.53%). The nominal tax rates applicable outside Germany in the fiscal year ranged between 20.00% and 37.87% (prior year: 20.00% and 38.25%).

The tax rate applicable for the tax reconciliation account is the nominal tax rate of the parent company, Carl Zeiss Meditec AG, Jena, of 29.36%, which applied in the past fiscal year (prior year: Due to the fact that the city of Jena increased its local trade tax multipliers to 450% from calendar year 2015 (prior year: 420%), the resulting Group tax rate is 29.87% (prior year: 29.36%). Deferred taxes on interim profits are calculated in each case using the current or future tax rate applicable for the receiving Group company. This results in a tax rate ranging from 20.00% to 37.87% (prior year: 20.00% to 38.25%). For the sake of simplicity, other deferred taxes are calculated using the applicable nominal tax rate for the parent company, Carl Zeiss Meditec AG, Jena, of 29.87% (prior year: 29.36%).

The reconciliation of the expected income tax expense in relation to earnings before income taxes to the actual income tax expense is as follows:

	2014/15	2013/14
	'000 €	'000 €
Expected income tax expense	30,384	33,628
Non-deductible expenses	8,217	1,077
Tax-free income	(438)	(1,389)
Effect of changes in tax rates	(128)	(154)
Taxes prior years	53	2,348
Foreign tax rate differential	(1,932)	974
Net retained earnings of subsidiaries intended for disbursement	636	195
Recognition and measurement of deferred tax assets	(677)	(1,008)
Other	44	(291)
Actual income tax expense	36,159	35,380
Effective tax rate	35.5%	30.9%

8 Earnings per share

The following table shows the calculation of earnings per share:

	2014/15	2013/14
Net income attributable to shareholders of the parent company (€'000)	62,297	74,954
Weighted average of issued shares	81,309,610	81,309,610
Earnings per share (in €)	0.77	0.92

9 Dividend

During the period under review, a dividend of 40 cents per share (prior year: 45 cents per share) was paid to the shareholders of Carl Zeiss Meditec AG for fiscal year 2013/14.

	2014/15		2013/14	
	€ cent per share	'000 € Total	€ cent per share	'000 € Total
Dividend paid	40	32,524	45	36,589

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

10 Goodwill

The table below shows the development of the Group's recognized goodwill and its allocation to the respective strategic business units (SBUs) for fiscal years 2014/15 and 2013/14:

	Surgical Ophthalmology SBU	Ophthalmic Systems SBU	Microsurgery SBU	Total
	'000 €	'000 €	'000 €	'000 €
As of 01-Oct-14	125,500	30,941	2,435	158,876
Allocation based on change in organizational structure	889	(593)	(296)	-
Currency effects	3,938	1,644	(113)	5,469
As of 30-Sep-15	130,327	31,992	2,026	164,345
As of 01-Oct-13	92,626	28,420	-	121,046
Additions	30,404	1,669	2,543	34,616
Currency effects	2,470	852	(108)	3,214
As of 30-Sep-14	125,500	30,941	2,435	158,876

The recognized book values correspond to the acquisition costs. Accumulated impairment losses of the capitalized goodwill do not exist. The allocation of existing goodwill to cash-generating units conforms to IAS 36.80. Accordingly, the relevant goodwill is allocated within the Group independently of other individual assets and liabilities; rather, it is allocated to the smallest cash-generating unit, which is expected to benefit from the synergy effects of the business combination. The cash-generating unit is determined based on the Group's internal reporting system.

From this fiscal year there is a change in the organizational structure and, therefore, in the internal reporting system. As explained in the management report and note (31) Segment reporting, this alters the composition of the product portfolio of the three strategic business units.

In addition, the figures for all business areas include currency effects.

11 Other intangible assets

Other intangible assets developed as follows in fiscal years 2014/15 and 2013/14:

	Brand names and trade- marks	Software	Licenses, royalties	Patents and other industrial property rights	Development expenses	Miscellaneous other intangible assets	Total
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Acquisition and production costs as of 1-Oct-2014	8,521	13,666	1,811	31,905	33,001	33,419	122,323
Additions	-	2,088	-	90	-	5,949	8,127
Reclassifications	-	243	-	45	-	(288)	-
Disposals	(50)	(279)	(206)	-	-	(18)	(553)
Currency effects	164	1,249	16	434	3,552	1,259	6,674
As of 30-Sep-2015	8,635	16,967	1,621	32,474	36,553	40,321	136,571
Depreciation and amortization as of 1-Oct-2014	8,153	11,433	1,645	27,498	7,600	24,361	80,690
Additions	143	1,605	52	1,225	2,173	2,495	7,693
Reclassifications	92	-	107	(199)	-	-	-
Disposals	(50)	(278)	(206)	-	-	(10)	(544)
Currency effects	140	1,040	17	278	459	1,433	3,367
As of 30-Sep-2015	8,478	13,800	1,615	28,802	10,232	28,279	91,206
Net carrying amount as of 30-Sep-2015	157	3,167	6	3,672	26,321	12,042	45,365

	Brand names and trademarks	Software	Licenses, royalties	Patents and other industrial property rights	Development expenses	Miscellaneous other intangible assets	Total
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Acquisition and production costs as of 1-Oct-2013	8,076	12,096	1,622	29,449	9,057	25,203	85,503
Additions, acquisitions	351	114	1,578	198	22,616	3,558	28,415
Additions	2	817	-	1,993	608	3,727	7,147
Reclassifications	-	85	-	-	-	(85)	-
Disposals	-	(116)	(1,403)	(72)	(1,429)	-	(3,020)
Currency effects	92	670	14	337	2,149	1,016	4,278
As of 30-Sep-2014	8,521	13,666	1,811	31,905	33,001	33,419	122,323
Depreciation and amortization as of 1-Oct-2013	7,637	9,808	1,413	25,607	7,685	20,822	72,972
Additions, acquisitions	90	114	644	-	-	-	848
Additions	371	1,078	339	1,648	1,123	2,648	7,207
Disposals	-	(116)	(492)	-	(1,429)	-	(2,037)
Reversal of an impairment loss	-	-	(272)	-	-	-	(272)
Currency effects	55	549	13	243	221	891	1,972
As of 30-Sep-2014	8,153	11,433	1,645	27,498	7,600	24,361	80,690
Net carrying amount as of 30-Sept-2014	368	2,233	166	4,407	25,401	9,058	41,633

Miscellaneous other intangible assets include assets identified via purchase price allocations (PPA) for customer relationships with a carrying amount of € 2,569 thousand (prior year: € 5,302 thousand). The remaining useful lives of customer relationships range between 1 month and 4 years.

As of 30 September 2015 the Group does not hold any other intangible assets with an indefinite useful life.

12 Property, plant and equipment

Property, plant and equipment developed as follows in fiscal years 2014/15 and 2013/14:

	Land, buildings and leasehold improvements	Technical equipment and machinery	Other equipment, furniture and fixtures	Assets under construction	Total
	'000 €	'000 €	'000 €	'000 €	'000 €
Acquisition and production costs as of 1-Oct-2014	45,131	37,412	65,122	2,374	150,039
Additions	1,536	4,217	15,176	652	21,581
Reclassifications	193	1,423	342	(1,958)	-
Disposals	-	(3,079)	(12,601)	(25)	(15,705)
Currency effects	3,446	1,877	3,341	15	8,679
As of 30-Sep-2015	50,306	41,850	71,380	1,058	164,594
Depreciation and amortization as of 1-Oct-2014	24,424	19,002	41,564	-	84,990
Additions	2,600	4,469	4,400	-	11,469
Disposals	-	(1,364)	(2,995)	-	(4,359)
Currency effects	2,175	963	1,975	-	5,113
As of 30-Sep-2015	29,199	23,070	44,944	-	97,213
Net carrying amount as of 30-Sept-2015	21,107	18,780	26,436	1,058	67,381

	Land, buildings and leasehold improvements	Technical equipment and machinery	Other office equipment, fixtures and fittings	Assets under construction	Total
	'000 €	'000 €	'000 €	'000 €	'000 €
Acquisition and production costs as of 1-Oct-2013	39,509	26,044	59,372	3,585	128,510
Additions, acquisitions	1,985	5,328	281	-	7,594
Additions	1,137	6,711	8,896	1,991	18,735
Reclassifications	1,053	1,582	576	(3,211)	-
Disposals	(571)	(3,565)	(5,728)	-	(9,864)
Currency effects	2,018	1,312	1,725	9	5,064
As of 30-Sep-2014	45,131	37,412	65,122	2,374	150,039
Depreciation and amortization as of 1-Oct-2013	21,117	14,093	38,867	-	74,077
Additions, acquisitions	614	3,190	175	-	3,979
Additions	2,015	3,484	5,247	-	10,746
Disposals	(571)	(2,447)	(3,758)	-	(6,776)
Currency effects	1,249	682	1,033	-	2,964
As of 30-Sep-2014	24,424	19,002	41,564	-	84,990
Net carrying amount as of 30-Sept-2014	20,707	18,410	23,558	2,374	65,049

Property, plant and equipment – mainly land, buildings and leasehold improvements – includes leased property with a net book value of € 5,928 thousand (prior year: € 6,200 thousand).

Property, plant and equipment with a net carrying amount of € 4,335 thousand. (prior year: € 4,562 thousand) serve as collateral for liabilities.

13 At-equity investments and loans to at-equity investments

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 up to two years from conclusion of the contract – acquire rights to purchase shares in Oraya until it has a majority holding. The acquired rights may be converted into shares under normal conditions in January 2017 at the earliest.

Oraya has developed and commercialized a low-energy x-ray radiation therapy to treat wet age-related macular degeneration. For Carl Zeiss Meditec, this investment opens up the possibility to expand its product portfolio in future, and address new market segments.

During the period December 2014 to September 2015, rights to purchase 22.05% of the shares in this company were acquired by way of payments to a value of € 9,373 thousand as of the end of the reporting period. Due to the role played by employees of the Carl Zeiss Meditec Group in Oraya's advisory board, the company shall be classified as an associate pursuant to IAS 28.6/IFRS 10. Up until a controlling influence is achieved, the company shall be accounted for according to the equity method.

By way of agreements dated 22 December 2014 and 2 June 2015, respectively, Carl Zeiss Meditec Inc., Dublin, USA, issued loans to Oraya with a total value of € 7,587 thousand as of the end of the reporting period.

Oraya's fiscal year differs from the fiscal year of the Meditec Group, as it corresponds to the calendar year.

Although progress was achieved in the commercialization of the therapy and product of Oraya during the course of the fiscal year 2014/15, there were significant deviations compared with the original business plan, so the need for a write-down of the carrying amount of € 8,121 thousand was indicated at the end of the reporting period. In addition, a provision for onerous contracts in the amount of 2,410 thousand was set up on 30 September 2015, for the purchase of share rights in the period October to December 2015, as the contract had not been terminated as of the end of the reporting period and there is a specified notice period of 90 days.

The loans issued, including the accrued interest receivables, were also written down, in the amount of € 7,808 thousand,

The table below contains the key financial information for Oraya as of 30 September 2015, or for the period from December to September of the current fiscal year:

Condensed income statement

	2014/15
	'000 €
Revenue	522
Earnings before interest and taxes (from continuing operations)	(6,655)
» Thereof amortization and depreciation	(77)
Interest income	1
Interest expenses	290
Income tax expense	1
Result	(6,945)
Other result (recognized in other comprehensive income)	-
Comprehensive income	(6,945)
Shareholding in %	22.05%
Share of comprehensive income	(1,011)
Depreciation on hidden reserves	(209)
At-equity result	(1,221)

Condensed statement of financial position

	30-Sep-2015
	'000 €
Non-current assets	3,123
Current assets (less cash and cash equivalents)	1,242
Cash and cash equivalents	2,395
Long-term debt	6,013
» Thereof non-current financial liabilities	5,990
Current liabilities	2,737
» Thereof current financial liabilities	1,814
Equity	(1,990)

14 Deferred taxes

Deferred tax assets and liabilities are broken down into the following items in the statement of financial position:

	30-Sep-2015		30-Sep-2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	'000 €	'000 €	'000 €	'000 €
Loss carryforwards	8,378	-	6,523	-
Other intangible assets	4,170	11,137	3,865	11,408
Fixed assets	2,562	2,169	3,319	1,687
Financial assets	304	39	2,614	61
Inventories	18,056	489	16,314	420
Trade receivables	1,159	63	1,319	55
Other assets	324	2,703	225	678
Provisions	32,349	-	25,267	-
Trade payables	-	183	-	-
Other liabilities	11,348	29	9,046	449
Retained earnings	-	636	-	195
Total	78,650	17,448	68,492	14,953
Deferred tax assets (net)	61,202		53,539	

The consolidated statement of financial position contains deferred tax assets, after offsetting pursuant to IAS 12, totaling € 72,985 thousand (prior year: € 65,941 thousand), and deferred tax liabilities of € 11,783 thousand (prior year: € 12,402 thousand).

Deferred tax liabilities are carried in the amount of € 636 thousand for net retained earnings of subsidiaries intended for disbursement in the amount of € 41,815 thousand (prior year: € 195 thousand). Deferred tax liabilities of € 4,825 thousand (prior year: € 8,120 thousand) on retained earnings at subsidiaries in the amount of € 323,064 thousand (prior year: € 302,884 thousand) were not carried as liabilities.

The table below shows the reconciliation of deferred taxes:

	'000 €
Deferred tax assets (net) as of 30-Sep-13	50,413
Effects recognized through profit or loss	6,442
Effects recognized in other comprehensive income	5,077
Change in the reporting entity	(7,363)
Currency effects	(1,030)
Deferred tax assets (net) as of 30-Sep-14	53,539
Effects recognized through profit or loss	1,430
Effects recognized in other comprehensive income	4,383
Currency effects	1,850
Deferred tax assets (net) as of 30-Sep-15	61,202

15 Other non-current assets

Other non-current assets comprise the following:

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Plan assets for accrued flexitime	1,193	1,081
Others	1,331	390
Other non-current assets	2,524	1,471

16 Inventories

Inventories comprise the following:

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Raw materials and supplies	82,844	68,818
Unfinished goods	23,059	24,634
Finished goods	109,785	99,607
Total inventories, gross	215,688	193,059
Valuation allowances	(26,277)	(20,657)
Total inventories, net	189,411	172,402

Inventories were written up/down as follows:

	2014/15	2013/14
	'000 €	'000 €
Beginning of fiscal year	20,657	22,180
Additions, acquisitions	-	756
Additions recognized as expenses	16,440	9,365
Currency effects	737	396
Reversals / utilization	(11,557)	(12,040)
End of fiscal year	26,277	20,657

Write-ups in the amount of € 1,107 thousand (prior year: € 2,553 thousand) were recognized in income. The write-ups are mainly attributable to the adjustment of parameters for depreciation routines to new empirical values. The cost of materials totaled € 365,368 thousand and € 312,785 thousand, respectively, in fiscal years 2014/15 and 2013/14. These expenses are calculated according to the total cost format and include the costs of raw materials and supplies and purchased goods and services, plus any valuation allowances and changes in inventories. No inventories have been pledged as collateral for liabilities.

17 Trade receivables

Trade receivables comprise the following:

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Current trade receivables	190,351	147,604
Non-current trade receivables	8,919	10,171
Trade receivables, gross	199,270	157,775
Valuation allowances	(5,534)	(5,007)
Trade receivables, net	193,736	152,768

18 Other current financial assets

Other current financial assets comprise the following:

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Credit card receivables	2,093	1,082
Derivative financial instruments	4,892	1,869
Loans to employees	224	78
Other receivables	127	112
Other current financial assets	7,336	3,141

19 Other current non-financial assets

Other current non-financial assets comprise the following:

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Prepaid expenses	7,815	7,178
Receivables from the tax office	8,834	6,425
Advance payments	1,043	642
Debit balances of accounts payable	452	441
Other receivables	1,013	905
Other current non-financial assets	19,157	15,591

Receivables from the tax office mainly include receivables from advance sales tax payments.

20 Cash and cash equivalents

Cash and cash equivalents comprise the following:

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Cash	20	27
Bank balances	12,839	10,652
Short-term time deposits	182	48
Cash and cash equivalents	13,041	10,727

21 Equity

Share capital

As in the prior fiscal year 2013/14, the share capital of Carl Zeiss Meditec AG is composed of 81,309,610 no-par value shares bearing equal rights, each with a theoretical value of € 1, and was fully paid in. Ownership of the shares is linked to voting rights at the General Meeting and profit participation rights for resolved disbursements.

Authorized capital

Pursuant to a resolution by the General Meeting in fiscal year 2010/11 and the entry in the commercial register dated 19 May 2011, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company, on one or several occasions until 11 April 2016, by up to a maximum of € 39,655 thousand, by issuing new no-par value bearer shares with a theoretical nominal value of € 1 per share (39,654,800 shares) against cash and/or contributions in kind (Authorized Capital I). The Management Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' statutory subscription rights in certain cases.

Capital reserve

The capital reserve contains the amounts obtained in excess of the theoretical value from the share issue.

Retained earnings

Under the German Stock Corporation Act (Aktiengesetz), the dividend available for distribution to the shareholders is dependent upon equity as reported in the single-entity financial statements of Carl Zeiss Meditec AG in accordance with the German Commercial Code (HGB). Dividends may only be declared and paid from any retained earnings that exist (after transfer to statutory reserves). As of 30 September 2015, the single-entity financial statements of Carl Zeiss Meditec AG showed a net profit of € 103,714 thousand (prior year: € 102,888 thousand).

Non-controlling interests

The item non-controlling interests comprises the holdings of other shareholders in the equity of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan.

Other components of equity

The amounts recorded under "Other components of equity" resulting from foreign currency translation developed as follows:

	'000 €
Currency translation as of 1-Oct-12	(1,747)
Development in fiscal year 2012/13	(17,564)
Effects from the retrospective application of the amendments to IAS 19	207
Currency translation as of 30-Sep-13	(19,104)
Development in fiscal year 2013/14	9,682
Currency translation as of 30-Sep-14	(9,422)
Development in fiscal year 2014/15	18,586
Currency translation as of 30-Sep-15	9,164

For information on the development of pension-related changes in equity see note (22).

22 Pension obligations

The obligations arising from defined benefit plans are mainly attributable to retirement benefit obligations in Germany, the USA and Japan. The features and the risks thus associated with the defined benefit plans vary, depending on the general legal, tax and economic conditions of the respective country.

Defined benefit plans

Germany

The currently applicable benefit regulation for employees in Germany is an employer-funded benefit comprising of retirement, disability and survivor benefits. As a general rule, employees are entitled to these benefits after they have been with the company for at least five years.

The benefit plan is a modular system, in which a pension module is calculated and defined for each fiscal year. The size of the contribution is determined based on the respective employee's income and the success of the company in that fiscal year, with a guaranteed basic contribution. The contribution is converted into a pension module according to age-related factors. The pension modules acquired are aggregated and paid out as a life-long pension.

In order to reduce the risks associated with defined benefit pension plans, in particular longevity, pay increase, and inflation, benefits are funded via external plan assets. Since 2006 the Company has had a Contractual Trust Arrangement (CTA) with the independent trustee Carl Zeiss Pensions-Treuhand e.V. for the pension entitlements of the active employees at that time. Allianz Global Investors Advisory GmbH, whom the trustee commissioned to manage the special fund, invests the special fund in the capital market according to the investment principles prescribed by the trustee.

In addition to the employer-funded benefit, employees in Germany also have the option to participate in the Deferred Compensation plan. This is a defined contribution plan funded by the deferral of a certain amount of salary, for which the Company takes out reinsurance policies.

USA

The benefit entitlement for employees in the USA is regulated through three pension schemes. These are employer-funded benefits which, depending on how they are structured, include retirement and survivor benefits, as well as medical benefits.

The most comprehensive plan at present relates exclusively to retirement benefits and was drawn up on 31 December 2012 for new employees, as well as to serve additional claims. This is a commitment based on the average salary immediately prior to drawing up the plan. The general legal and regulatory terms and conditions of the plan are based on the U.S. Employee Retirement Income Security Act (ERISA). There is a regulatory requirement in this defined benefit plan, to ensure a minimum level of funding in the amount of the administrative costs and other anticipated costs, in order to avoid benefit limitations.

The second major plan regulates medical and survivor benefits. Similar to the plan described above, this plan has also been drawn up already and consists only of benefits to beneficiaries who entered the retirement phase up until 31 October 2006. This plan is not subject to any legal or regulatory minimum funding requirements of any kind.

These defined benefit plans give rise to actuarial risks, including an investment risk, an interest rate risk and a longevity risk.

The plan assets are managed in a trust. As the funding employer, the Group has delegated supervision of the assets to an investment committee. The members of this investment committee have the fiduciary responsibility, pursuant to U.S. law and the trust agreement, to act solely in the interests of the beneficiaries. The committee has defined the principles and objectives of asset management in an investment strategy, including the stipulation to diversify the investment of the trust, in order to adequately mitigate concentration risks. The trustee of the trust, who is responsible for managing the assets within the confines of the law, acts only according to the specifications of the investment committee and has no autonomous decision-making authority over the plan assets.

Japan

The Group provides employees in Japan with an employer-funded benefit plan offering retirement benefits within the scope of a Retirement Allowance Plan. This benefit plan is a modular system, in which a pension module is calculated and defined for each fiscal year. The size of the contribution is determined based on the respective employee's income and the success of the company in that fiscal year. The benefit is paid in the form of a one-time payment upon retirement.

This defined benefit plan gives rise to actuarial risks, such as an interest rate risk and a longevity risk, as well as the risk associated with pay increases.

The amount disclosed in the statement of financial position on the basis of the Company's obligation from defined benefit plans is based on the following:

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Present value of obligations not financed by plan assets	10,417	11,096
Present value of obligations wholly or partly financed by plan assets	134,060	115,807
Total value of defined benefit obligation (DBO)	144,477	126,903
Fair value of plan assets	79,612	78,015
Net obligation / amount recognized	64,865	48,888

The defined benefit obligation is comprised of the following:

	30-Sep-2015			30-Sep-2014		
	Defined benefit obligation (DBO)	Fair value of plan assets	Net obligation	Defined benefit obligation (DBO)	Fair value of plan assets	Net obligation
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Germany	113,557	63,721	49,836	99,073	63,980	35,093
USA	22,658	15,891	6,767	19,103	14,035	5,068
Japan	7,066	-	7,066	7,730	-	7,730
Others	1,196	-	1,196	997	-	997
Net amount recognized	144,477	79,612	64,865	126,903	78,015	48,888

The following amounts are recognized in the income statement for defined benefit plans:

	2014/15	2013/14
	'000 €	'000 €
Current service cost	6,313	4,528
Net interest expense	1,269	953
Net expenditure in the fiscal year recognized in the income statement	7,582	5,481
(Income) / loss from plan assets, excluding amounts already included in interest	3,146	(2,993)
Actuarial (gains) / losses	10,509	19,912
Expenses and income recognized in other comprehensive income	13,655	16,919
Actual (income) / expense on plan assets	868	(4,955)

The current service cost of € 6,313 thousand (prior year: € 4,528 thousand) is included under both cost of goods sold and functional costs, depending on the allocation of personnel costs to the functional areas.

The present value of the defined benefit obligations developed as follows:

	2014/15	2013/14
	'000 €	'000 €
Defined benefit obligation (DBO) at beginning of fiscal year	126,903	101,130
Current service cost	6,313	4,528
Interest expense	3,547	2,914
Benefit payments	(2,422)	(2,110)
Actuarial (gains) / losses based on demographic assumptions	(410)	867
Actuarial (gains) / losses based on financial assumptions	11,579	17,693
Actuarial (gains) / losses based on empirical assumptions	(660)	1,352
Additions / (disposals)	(2,195)	(317)
Currency translation differences from foreign plans	1,822	846
Defined benefit obligation (DBO) at end of fiscal year	144,477	126,903

The changes in the fair value of the plan assets are as follows:

	2014/15	2013/14
	'000 €	'000 €
Fair value of plan assets at beginning of fiscal year	78,015	68,383
Interest income	2,278	1,962
Revaluations (income from plan assets, excluding amounts already included in interest)	(3,146)	2,993
Employer contributions	1,983	5,779
Employee contributions	217	86
Pension payments from plan assets	(1,310)	(2,132)
Currency translation differences from foreign plans	1,575	944
Fair value at end of fiscal year	79,612	78,015

For the coming fiscal year the Group intends to pay a contribution of € 709 thousand (prior year: € 1,069 thousand) into defined benefit plans.

These plan assets are used exclusively to settle the defined benefit obligations. The funding of these benefit obligations serves to cover future cash outflows as required by law in some countries and made on a voluntary basis in others.

The Group's objective is to cover the pension obligations in Germany in full, within a medium-term period, by means of additions to capital and a positive capital market return. To this end, the Group shall make regular annual contributions to the plan assets. Carl Zeiss Meditec controls and monitors the financial risks arising from the outsourcing of pension obligations. Mainly pensions, shares and similar securities are employed, which, due to a broad spread in terms of currency and investment region, should generate an attractive return, as well as an appropriate reduction of risk. The outsourced funds are allocated by asset category based on analyses conducted by the trustee in concert with the Group and the appointed asset management company. In order to review the external funding strategy at regular intervals and make adjustments, an Asset-Liability-Matching (ALM) study is also regularly prepared in collaboration with an external consultant.

The main investment categories of the plan assets were as follows at the end of the reporting period:

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Developed markets	17,241	16,613
Growth markets	5,833	6,136
Equity instruments (shares)	23,074	22,749
Government bonds	11,701	11,378
Corporate bonds	19,287	21,243
Others	5,692	5,717
Debt instruments (bonds and debentures)	36,680	38,338
Real estate	394	733
Alternative investments	5,434	2,452
Cash	7,252	11,025
Others	6,778	2,718
Total plan assets	79,612	78,015

The following average valuation factors were used to calculate benefit obligations:

	Germany		USA		Japan	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
	in %	in %	in %	in %	in %	in %
Discount factor	2.35	2.70	3.93	4.13	0.90	0.60
Long-term salary increase	2.75	2.75	-	-	2.65	2.80
Future pension increase	1.75	1.75	-	-	2.65	2.80
Cost trend medical care	-	-	-	-	-	-

The calculation of pensions is linked to employee turnover. Depending on the respective plan, the pensionable age was set at 62 to 65. As in the previous year, benefit obligations in Germany were calculated based on Prof. Dr. Klaus Heubeck's 2005 G life expectancy tables. Country-specific mortality tables were used in other countries. The calculation of the underlying discount factor also took market changes into account.

Changes in the definitive actuarial assumptions by half a percentage point would have affected the defined benefit pension obligation as of 30 September 2015 as follows:

	Increase	Decrease
	'000 €	'000 €
Discount rate	17,295	(14,647)
Remuneration trend	2,882	(2,433)
Rate of pension progression	4,680	(4,152)

The sensitivity analyses presented take into account ceteris paribus the change of a parameter, while retaining the calculation method. The variation ranges set for the valuation assumptions were selected such that the respective assumption will not move outside the range within one year, with a probability of 60% to 90%.

In order to examine the sensitivity of the DBO to a change in the assumed life expectancy, the projected mortality rates were reduced, within the scope of a comparative calculation, to the extent that the reduction leads to an increase in life expectancy by roughly one year. The DBO as of 30 September 2015 would thus have been € 1,241 thousand higher.

The weighted duration of the pension obligations was 23.2 years as of 30 September 2015 (prior year: 22.8 years).

The following pension payments are projected for the next ten years for the defined benefit plan obligations existing as of the end of the reporting period:

Fiscal year ending 30 September	Expected benefit payments
	in € '000 €
2016	2,504
2017	2,386
2018	3,114
2019	3,407
2020	3,622
2021 - 2025	21,165

23 Provisions

The table below shows the development of current and non-current provisions:

	Personnel and social	Ongoing operations	Others	Total
	'000 €	'000 €	'000 €	'000 €
As of 1-Oct-14	4,725	15,963	10,124	30,812
Additions	834	10,807	8,773	20,414
Interest yield	10	-	15	25
Reclassifications	(1,941)	(35)	1,016	(960)
Reversals	(82)	(1,938)	(19)	(2,039)
Utilization	(1,000)	(11,583)	(7,848)	(20,431)
Currency effects	177	541	288	1,006
As of 30-Sep-15	2,723	13,755	12,349	28,827
Current provisions	250	12,988	11,122	24,360
Non-current provisions	2,473	767	1,227	4,467
Provisions as of 30-Sep-15	2,723	13,755	12,349	28,827
Current provisions	921	15,856	10,124	26,901
Non-current provisions	3,804	107	-	3,911
Provisions as of 30-Sep-14	4,725	15,963	10,124	30,812

Further information can be found in note (2(p)). Non-current provisions for personnel and social commitments include provisions for partial retirement obligations. The fair value of the plan assets was offset against the provision at the end of the reporting period as follows:

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Present value of partial retirement obligations	969	1,406
Fair value of plan assets	760	955
Reported net liability for partial retirement obligations	209	451

24 Non-current financial liabilities

Non-current financial liabilities comprise the following:

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Annuity loans	1,340	1,819
Non-current currency forward contracts	65	215
Other non-current financial liabilities	-	31
Total non-current financial liabilities	1,405	2,065
Less current portion of non-current financial liabilities	489	477
Non-current financial liabilities less current portion	916	1,588

The variable-interest annuity loan of one Group company has a term of 18 years and is redeemed in quarterly installments of € 124 thousand, each including interest. In fiscal year 2014/15 this loan bore an average interest rate of 0.90% p. a..

As of 30 September 2015 the Company's non-current liabilities had the following maturities:

Fiscal year ending 30 September	Liabilities
	'000 €
2016	489
2017	557
2018	359
Thereafter	0
Non-current liabilities, total	1,405

25 Current accrued liabilities

Current accrued liabilities include the following items:

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Outstanding invoices	18,598	17,973
Christmas bonus, special payments, and other personnel-related liabilities	39,483	36,012
Commissions / bonuses	4,118	3,629
Year-end costs	563	455
Consultancy fees	140	234
Insurance	774	629
Other accrued liabilities	1,771	1,644
Current accrued liabilities	65,447	60,576

26 Other current non-financial liabilities

Other current non-financial liabilities comprise the following:

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Deferred income	21,020	19,218
Payments received on account of orders	5,209	2,922
Liabilities from taxes not related to income	5,998	2,551
Liabilities from social security	2,310	2,210
Wage withholding tax	1,725	1,978
Credit balances in accounts receivable	1,565	524
Other liabilities	673	1,221
Other current non-financial liabilities	38,500	30,624

27 Additional disclosures on financial instruments

The following table shows the book values, carrying amounts and fair values by valuation category of the financial instruments as of 30 September 2015 and 30 September 2014.

	Valuation category according to IAS 39	30-Sep-2015 Carrying amount, statement of financial position acc. to IAS 39						Fair value*
		Carrying amount	Amortized cost	Fair value recognized in equity	Fair value through profit and loss	Carrying amount cash reserve	Carrying amount balance sheet IAS 17	
		'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Primary financial instruments								
Assets								
Trade receivables	LaR	193,736	193,736	-	-	-	-	193,736
Receivables from related parties	LaR	58,900	58,900	-	-	-	-	58,900
Treasury receivables	LaR	301,412	301,412	-	-	-	-	301,412
Investments	AfS	124	124	-	-	-	-	124
Loans	LaR	1,349	1,349	-	-	-	-	1,349
Other non-current financial assets	LaR	1,332	1,332	-	-	-	-	1,332
Other current financial assets	LaR	2,444	2,444	-	-	-	-	2,444
Cash	LaR	13,041	-	-	-	13,041	-	13,041
Equity and liabilities								
Trade payables	FLAC	42,859	42,859	-	-	-	-	42,859
Liabilities to related parties	FLAC	23,454	23,454	-	-	-	-	23,454
Treasury payables	FLAC	36,043	36,043	-	-	-	-	36,043
Loans from banks	FLAC	1,556	1,556	-	-	-	-	1,420
Financial liabilities which cannot be allocated to any category within the meaning of IAS 39:								
Leasing liabilities	n.a.	11,735	-	-	-	-	11,735	13,904
Derivative financial instruments								
Assets								
Currency hedging contracts	FVTPL	5,023	-	-	5,023	-	-	5,023
Equity and liabilities								
Currency hedging contracts	FVTPL	3,067	-	-	3,067	-	-	3,067
Thereof aggregated by valuation category pursuant to IAS 39								
Loans and receivables (LaR)		572,214	559,173	-	-	13,041	-	572,214
Available-for-sale financial assets (AfS)		124	124	-	-	-	-	124
Financial assets/liabilities through Profit or Loss (FVTPL)		8,090	-	-	8,090	-	-	8,090
Financial Liabilities Measured at Amortized Cost (FLAC)		103,912	103,912	-	-	-	-	103,776

* Insofar as no fair value can be calculated, carrying amount is stated

Notes receivable/loans relate to loans from Carl Zeiss Meditec Inc., USA, to Insight Photonic Solutions, Inc., USA, which were issued as part of a development collaboration up until the end of 2019.

30-Sep-2014 Carrying amount, statement of financial position acc. to IAS 39								
	Valuation category according to IAS 39	Carrying amount	Amortized cost	Fair value recognized in equity	Fair value through profit and loss	Carrying amount cash reserve	Carrying amount balance sheet IAS 17	Fair value*
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Primary financial instruments								
Assets								
Trade receivables	LaR	152,768	152,768	-	-	-	-	152,768
Receivables from related parties	LaR	57,103	57,103	-	-	-	-	57,103
Treasury receivables	LaR	290,614	290,614	-	-	-	-	290,614
Investments	AfS	124	124	-	-	-	-	124
Non-current loans to employees	LaR	5	5	-	-	-	-	5
Other non-current financial assets	LaR	1,399	1,399	-	-	-	-	1,399
Other current financial assets	LaR	1,272	1,272	-	-	-	-	1,272
Cash	LaR	10,727	-	-	-	10,727	-	10,727
Equity and liabilities								
Trade payables	FLAC	33,421	33,421	-	-	-	-	33,421
Liabilities to related parties	FLAC	16,527	16,527	-	-	-	-	16,527
Treasury payables	FLAC	8,022	8,022	-	-	-	-	8,022
Loans from banks	FLAC	2,861	2,861	-	-	-	-	2,730
Other financial liabilities	FLAC	37	37	-	-	-	-	37
Financial liabilities which cannot be allocated to any category within the meaning of IAS 39:								
Leasing liabilities	N/A	12,774	-	-	-	-	12,774	15,604
Derivative financial instruments								
Assets								
Currency hedging contracts	FVTPL	1,869	-	-	1,869	-	-	1,869
Equity and liabilities								
Currency hedging contracts	FVTPL	12,602	-	-	12,602	-	-	12,602
Thereof aggregated by valuation category pursuant to IAS 39								
Loans and receivables (LaR)		513,888	503,161	-	-	10,727	-	513,888
Available-for-sale financial assets (AfS)		124	124	-	-	-	-	124
Financial assets/liabilities through Profit or Loss (FVTPL)		14,471	-	-	14,471	-	-	14,471
Financial Liabilities Measured at Amortized Cost (FLAC)		60,868	60,868	-	-	-	-	60,737

* Insofar as no fair value can be calculated, carrying amount is stated

The abbreviations of the valuation categories according to IAS 39 are explained in note (2(i)). The following reclassifications should be noted for a comparison of valuation categories with items in the statement of financial position:

Classification acc. to IFRS 7	Category according to IAS 39	Statement of financial position item
» Trade receivables	LaR	» Non-current trade receivables » Trade receivables
» Receivables from related parties	LaR	» Receivables from related parties
» Treasury receivables	LaR	» Treasury receivables
» Investments	AfS	» Investments » At-Equity investments
» Loans	LaR	» Loans to investments accounted for using the equity method » Other loans
» Non-current loans to employees » Other non-current financial assets	LaR LaR	» Other non-current assets
» Other current financial assets » Asset-side currency hedging contracts	LaR FAHfT	» Other current financial assets
» Cash	LaR	» Cash and cash equivalents
» Trade payables	FLAC	» Trade payables
» Liabilities to related parties	FLAC	» Liabilities to related parties
» Treasury payables	FLAC	» Treasury payables
» Other financial liabilities	FLAC FLAC	» Non-current financial liabilities » Current portion of non-current financial liabilities
» Loans from banks	FLAC FLAC FLAC	» Non-current financial liabilities » Current portion of non-current financial liabilities » Current financial liabilities
» Liabilities-side currency hedging contracts	FLHfT	» Current financial liabilities
» Leasing liabilities	n.a.	» Non-current leasing liabilities » Current portion of non-current leasing liabilities

As of 30 September 2015 the Company had currency hedging contracts with a total nominal value of € 372,382 thousand (prior year: € 281,763 thousand). Gains and losses on the valuation of derivative financial instruments not yet due totaling € +2,117 thousand (prior year: € -10,737 thousand) are recorded in the income statement under "Foreign currency gains / (losses), net". As in the prior year the Group does not hold any financial instruments to be allocated to the categories "held-to-maturity" or, based on the respective designation, "assets or liabilities to be measured at fair value through profit or loss".

Net results by valuation category

The following table shows the distribution of income from interest, the subsequent valuation of financial instruments at fair value, and from currency translation among the individual categories of financial instruments in the sense of IAS 39, and how the respective net result is calculated.

		Interest effects	at fair value	From subsequent valuation		Amortiza- tion	Other comprehen- sive income	Net income
		'000 €	'000 €	Currency translation	Valuation allowance	'000 €	'000 €	'000 €
From loans and receivables	30-Sep-2015	1,270	n.a.	1,538	(9,105)	(65)	n.a.	(6,362)
	30-Sep-2014	1,586	n.a.	1,609	(968)	(39)	n.a.	2,188
From available-for-sale financial assets	30-Sep-2015	-	-	-	(11,493)	-	-	(11,493)
	30-Sep-2014	-	-	-	-	-	-	-
From held-for-trading financial assets and liabilities	30-Sep-2015	-	2,117	(11,463)	-	-	-	(9,346)
	30-Sep-2014	-	(10,737)	3,662	-	-	-	(7,075)
From financial liabilities carried at amortized cost	30-Sep-2015	(367)	n.a.	(1,114)	n.a.	n.a.	n.a.	(1,481)
	30-Sep-2014	(261)	n.a.	(220)	n.a.	n.a.	n.a.	(481)
Other	30-Sep-2015	(2,379)	-	-	421	-	-	(1,958)
	30-Sep-2014	(2,336)	-	-	529	-	-	(1,807)
Total	30-Sep-2015	(1,476)	2,117	(11,039)	(20,177)	(65)	-	(30,640)
	30-Sep-2014	(1,011)	(10,737)	5,051	(439)	(39)	-	(7,175)
thereof through profit or loss	30-Sep-2015	(1,476)	2,117	(11,039)	(20,177)	(65)	-	(30,640)
	30-Sep-2014	(1,011)	(10,737)	5,051	(439)	(39)	-	(7,175)
thereof selling and marketing expenses	30-Sep-2015	-	-	-	(1,704)	(65)	-	(1,769)
	30-Sep-2014	-	-	-	(968)	(39)	-	(1,007)

The interest from financial instruments is carried under "Interest income"; dividends are carried under "Other financial result" (note (6)). Carl Zeiss Meditec records the other components of the net result under "Other financial result", excluding the valuation allowances on trade receivables to be allocated to the valuation category loans and receivables, which are recognized under selling costs, as well as the effects of the investment valuation and the provision for onerous contracts of Oraya (note 13), which are included in the gains on financial assets measured at equity. In addition, the income statement also takes into account all factors that cannot be allocated to financial instruments. The Company did not make use of the option under IAS 39.9 (b), to recognize financial assets or liabilities at fair value through profit or loss upon first recognition.

Financial assets carried at fair value by valuation category

The following table shows the financial assets and liabilities carried at fair value by valuation category. 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.

		Category 1	Category 2	Category 3	Total
		'000 €	'000 €	'000 €	'000 €
Financial assets recognized at fair value through profit or loss	30-Sep-2015	-	5,023	-	5,023
	30-Sep-2014	-	1,869	-	1,869
Financial liabilities recognized at fair value through profit or loss	30-Sep-2015	-	(3,067)	-	(3,067)
	30-Sep-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.

OTHER DISCLOSURES

28 Leases

Operating leases and rental agreements – Group as lessee

The Company leases buildings and office equipment under lease and rental agreements which may not be canceled during the basic term. The leases have different conditions and extension and purchase options.

The lease and rental expenses recorded in the income statement for fiscal years 2014/15 and 2013/14 amount to € 14,118 thousand and € 13,578 thousand, respectively.

The future accumulated minimum rental and leasing payments based on binding operating leases amount to the following:

	Lease and rental payments
	'000 €
Up to 1 year	11,071
Between 1 and 5 years	28,729
More than 5 years	13,108
Total minimum lease and rental payments	52,908

The future minimum lease payments for the leasing of buildings include the rental payments for the subsequent binding rental period. Extension options exist for these rental agreements.

Finance leases – Group as lessor

In some cases the Company offers financing models within the scope of selling its products, in the form of lease agreements, which, due to their nature, must be classified as finance leases.

The outstanding obligations from finance leases are as follows:

	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
	Present value of future lease payments		Interest portion of future lease payments		Total future lease payments	
Due within 1 year	1,651	1,857	55	70	1,706	1,927
Due within 1 to 5 years	3,690	2,537	119	258	3,809	2,795
Due after more than 5 years	208	63	-	5	208	68
Total	5,549	4,457	174	333	5,723	4,790

In the fiscal year just ended there was no outstanding financial income, no non-guaranteed residual values accruing to the lessor, no valuation allowances for uncollectible outstanding minimum lease payments, and no material contingent rental payments recognized as income.

Finance leases – Group as lessor

On 28 September 1999 Carl Zeiss Meditec Inc. sold and leased back land, buildings and leasehold improvements in Dublin, USA, for € 34,081 thousand. This sale-and-lease-back arrangement is categorized as a finance lease pursuant to IAS 17, whereby the land, buildings and leasehold improvements continue to be carried and depreciated on the lessee's books, and any profit from the transaction is to be distributed. The leasing agreement has a term of 20 years. After the original term of the lease expires in 2019, the lessee will have two opportunities to extend the lease by five years in each case. The lease also includes a clause to increase the lease installments by 13% every five years.

In addition, the land and buildings of the French subsidiary Carl Zeiss Meditec S.A.S. in Périgny/La Rochelle are financed via a finance lease. This lease agreement comprises three contracts: the basic lease agreement was concluded in 2001 and was extended in 2002 and 2003 by additional agreements. Each of these agreements has a term of 15 years. After the original term expires, the leased assets can be acquired for a price of € 1.00 each. The leases do not include any price adjustment clauses; however, they are subject to variable interest rates.

There are also finance lease agreements pertaining to company vehicles.

The obligations from finance leases are as follows:

	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
	Present value of future lease payments		Interest portion of future lease payments		Total future lease payments	
Due within 1 year	2,806	2,359	850	928	3,656	3,287
Due within 1 to 5 years	8,929	10,415	1,401	2,001	10,330	12,416
Due after more than 5 years	-	-	-	-	-	-
Total	11,735	12,774	2,251	2,929	13,986	15,703

29 Contingent liabilities and other financial commitments

Guarantees

As in the prior year, no guarantees have been assumed on behalf of external third parties.

Purchase commitments

Carl Zeiss Meditec has purchase commitments towards suppliers for property, plant and equipment amounting to € 911 thousand (prior year: € 1,748 thousand) and for intangible fixed assets totaling € 630 thousand (prior year: € 114 thousand).

Litigation and arbitration proceedings

With the exception of the proceedings described below, the Carl Zeiss Meditec Group is not currently involved in any litigation or arbitration proceedings which, in the Company's current estimation, could individually have a material effect on the financial position of Carl Zeiss Meditec AG. Nor are such proceedings pending or to be expected to the Company's knowledge.

Furthermore, a litigation risk arises from the claim of a former sales partner in Egypt for compensation and damages. The Company believes that there is no sufficient basis for this claim and is therefore contesting it.

Another risk arises from a claim asserted by a former distribution partner in Spain, pertaining to price claims against the Company's Spanish subsidiary in connection with the sale of the business connected with the distribution of IOLs/OVDs to the Spanish subsidiary. In the Company's opinion and the opinion of its Spanish subsidiary, these claims are unfounded; the Spanish subsidiary is therefore defending itself against the claim.

Provisions were set up for the expected costs (note (23))

30 Securities

Assets pledged as security

Borrowings in the amount of € 1,340 thousand (prior year: € 1,819 thousand) are secured with land and buildings, plant and machinery. There are no restrictions on rights of disposal.

Assets held as security

The Group does not hold any assets pledged as security.

31 Segment reporting

Pursuant to IFRS 8, the Group publishes its operating segments based on the information that is reported internally to the Management Board, who is also Chief Operating Decision Maker. 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, whereby overlapping technological aspects dominated in particular cases. The organizational structure within the Carl Zeiss Meditec Group was modified at the beginning of fiscal year 2014/15. The previous organizational structure mainly combined locations to form strategic business units. In order to better substantiate our claim to be a solutions provider, the new organizational structure is consistently geared to customer groups. 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. For more information on the business activities of the SBUs please refer to the management report in this Annual Report.

Internal management reports are evaluated regularly by the CEO for each of the strategic business units with regard to making decisions on resource allocation and performance. In addition to publication of the results at segment level, the amortization and depreciation, and the additions to provisions, are also published for each SBU.

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

The investment in Oraya is allocated to the Surgical Ophthalmology segment.

	Ophthalmic Systems		Surgical Ophthalmology		Microsurgery		Total	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
External revenue	391,958	349,314	355,267	289,984	292,836	269,957	1,040,061	909,255
Gross profit	169,895	150,428	197,059	174,065	172,729	163,880	539,683	488,373
Selling and marketing expenses	(90,696)	(85,246)	(83,862)	(75,027)	(73,391)	(65,853)	(247,949)	(226,126)
General administrative expenses	(16,152)	(13,715)	(21,105)	(17,417)	(11,929)	(10,659)	(49,186)	(41,791)
Research and development expenses	(44,846)	(44,907)	(45,274)	(36,837)	(21,837)	(18,007)	(111,957)	(99,751)
Earnings before interest and taxes	18,201	6,560	46,818	44,784	65,572	69,361	130,591	120,705
Depreciation and amortization	5,707	5,981	10,368	9,839	3,087	2,133	19,162	17,953
Appropriation to provisions	10,638	8,564	5,614	3,090	4,162	3,265	20,414	14,919
Reconciliation of segments' comprehensive income to the Group's period-end result.								
Comprehensive income of the segments							130,591	120,705
Consolidated earnings before interest and taxes (EBIT)							130,591	120,705
Financial result							(28,871)	(6,168)
Consolidated earnings before income taxes							101,720	114,537
Income tax expense							(36,159)	(35,380)
Consolidated profit							65,561	79,157
Thereof attributable to:								
Shareholders of the parent company							62,297	74,954
Non-controlling interests							3,264	4,203

As a general rule there were no intersegment sales.

The information on geographic regions is based on the regions of Germany, the USA, Japan, Europe (excluding Germany) and Rest of world according to the registered office of the subsidiary which recognizes the revenues or which holds the non-current assets. Each region essentially offers the same type of products and services.

	2014/15		2013/14	
	Revenue	Non-current assets	Revenue	Non-current assets
	'000 €	'000 €	'000 €	'000 €
Germany	485,793	59,172	425,268	57,932
USA	343,557	116,799	276,208	101,506
Japan	96,186	945	101,588	816
Europe (excluding Germany)	114,525	102,279	106,191	106,346
Other	-	420	-	429
Total	1,040,061	279,615	909,255	267,029

Segment assets comprise the non-current assets of the segment less deferred income taxes of € 72,985 thousand (prior year: € 65,941 thousand), investments of € 124 thousand (prior year: € 124 thousand), other loans of € 1,349 thousand € (prior year: € 0 thousand) and non-current trade receivables of € 8,919 thousand (prior year: € 10,161 thousand).

Major customers

Carl Zeiss AG and its subsidiaries (except the Carl Zeiss Meditec Group) constitute one of Carl Zeiss Meditec's major customers, accounting for more than 10% of total revenue. Revenue is generated with Carl Zeiss AG and its subsidiaries in all segments (note 33).

32 Government grants

Grants allocated for fiscal year 2014/15 and 2013/14 were as follows:

	2014/15	2013/14
	'000 €	'000 €
Research and development subsidies	116	219
Grants for assets	193	335
Wage subsidies	274	244
Total	583	798

Grants received in the amount of € 193 thousand (prior year: € 335 thousand) were deducted from the acquisition costs of the relevant property, plant and equipment. Investment grants and investment subsidies are recognized when there is adequate assurance that the associated terms and conditions will be met and the grants and subsidies will actually be awarded. Specifically, the investment grant is subject to the respective property, plant and equipment remaining in the assisted area for five years. The Group has not identified any risks of repayment for which a provision has not been set up. The subsidies awarded for research and development costs were recognized under "Research and development expenses".

Wage subsidies were recognized in cost of goods sold and functional costs.

33 Related party disclosures

The following transactions and outstanding balances arise from various agreements with related parties:

	Transaction amount			
	2014/15		2013/14	
	Carl Zeiss Group	thereof Carl Zeiss AG	Carl Zeiss Group	thereof Carl Zeiss AG
	'000 €	'000 €	'000 €	'000 €
Sale of merchandise	308,146	7	255,989	30
Purchase of merchandise	52,929	1,182	48,250	1,438
Services rendered	14,794	2,295	13,429	2,182
Purchased services	104,892	51,638	89,407	43,996
including:				
Lease and rental costs	5,264	3,482	5,086	3,329
Research and development expenses	18,520	11,383	11,299	5,930
Licensing costs	9,999	9,259	9,443	8,703

	Outstanding balance			
	30-Sep-2015		30-Sep-2014	
	Carl Zeiss Group	thereof Carl Zeiss AG	Carl Zeiss Group	thereof Carl Zeiss AG
	'000 €	'000 €	'000 €	'000 €
Receivables	360,312	1,672	347,717	1,181
Liabilities	59,497	8,640	24,548	7,070

The amounts presented above include income – mainly financial income – and expenses – mainly financial expenses – totaling € 10,273 thousand (prior year: € 9,248 thousand) and € 21,066 thousand (prior year: € 16,278 thousand), as well as receivables from and liabilities to Carl Zeiss Financial Services GmbH in the amount of € 301,412 thousand (prior year: € 290,614 thousand) and € 36,043 thousand (prior year: € 8,022 thousand).

Receivables from Carl Zeiss Financial Services GmbH in fiscal year 2014/15 include a current fixed-term deposit of € 110,000 thousand (prior year: € 110,000 thousand). Aside from this fixed-term deposit, the loans granted and monies invested by Carl Zeiss Financial Services GmbH are subject to a variable interest rate. All loans granted by the Carl Zeiss Financial Services GmbH and funds invested are subject to normal market conditions.

The remuneration paid to the Group's management in key positions (Management Board and Supervisory Board) is composed of the following:

	2014/15	2013/14
	'000 €	'000 €
Short-term payments due	1,955	1,768
Payments due after termination of employment contract	287	324
Other long-term payments due	251	346
Total remuneration paid to key personalities within the Group	2,493	2,438

There were no transactions with the Carl Zeiss Foundation in the fiscal year just ended; there were no open items at the end of the reporting period.

34 Employee participation programs

The Company did not issue any stock options or free shares in fiscal years 2014/15 and 2013/14.

35 Notifiable transactions in the reporting period

During the past fiscal year no members of the Management Board and Supervisory Board executed any notifiable securities transactions pursuant to Section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG).

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

The details of the above-mentioned securities transactions were published immediately after their disclosure on the Company's website at <http://www.zeiss.com/meditec-ag/ir> – Corporate Governance – Directors' Dealings in accordance with the legal requirements of Section 15b WpHG. The publication documents and the relevant disclosures were forwarded to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin).

36 Financial risk management

The Group operates a global financial risk management system, which comprises all subsidiaries and is organized centrally at Group level. The prime objective of the financial risk management system is to provide the necessary liquidity for the operations of companies within the Group and to limit the financial risks.

Due to its use of a range of financial instruments, the Group is exposed to risks which arise particularly as a result of fluctuation in exchange rates, interest rates and changes in the creditworthiness of the contracting partners involved.

The Group's exposure to each of the risks listed above is described below. The Group's objectives, strategies and procedures for controlling, and methods for measuring the risks are also described. The risk report in the management report also contains information about the risk management system.

Market risk

Interest fluctuation risk

The Group mainly holds interest-bearing financial instruments via its short-term cash and cash equivalent investments, loans and treasury receivables - from the Carl Zeiss group cash management of Carl Zeiss Financial Services GmbH, Oberkochen (see note (2(i))). The Group also holds non-current, interest-bearing financial receivables and liabilities and leasing liabilities.

An interest sensitivity analysis is based on the following assumptions: changes in market interest rates on primary financial instruments with fixed interest rates will only have an effect on income if these are measured at fair value. As a result, all financial instruments carried at amortized cost with fixed interest are not subject to any risks of interest rate changes within the meaning of IFRS 7. In addition, forex derivatives are not

subject to any major risk of interest rate changes and thus do not impact interest rate sensitivities. Variable-interest financial instruments with an original term of less than 91 days are not subjected to an interest sensitivity analysis, since the interest fluctuation risk of these financial instruments can be considered negligible, due to their short maturity.

As in the prior year, the Group did not hold any fixed-interest financial instruments measured at fair value at the end of the reporting period. It is therefore assumed that the Group is only exposed to interest fluctuation risks associated with variable-interest financial instruments with an original term of more than 90 days.

The table below shows the Company's interest-bearing, non-derivative financial instruments with a term of more than 90 days.

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Variable-interest financial assets	-	-
Fixed-interest financial assets	-	-
Total interest-bearing assets	-	-
Variable-interest financial liabilities	1,466	2,030
Fixed-interest financial liabilities	11,599	13,588
Total interest-bearing liabilities	13,065	15,618

A change in the average variable interest rate by 100 base points would have increased (decreased) the result as of the end of the reporting period as follows. This analysis assumes that all other variables remained constant.

		Carrying amount	Effects of interest risks on			
			Result		Equity	
			+ 100 BP	- 100 BP	+ 100 BP	- 100 BP
		'000 €	'000 €	'000 €	'000 €	'000 €
Variable-interest financial instruments	30-Sep-2015	1,466	(73)	73	-	-
	30-Sep-2014	2,030	(47)	47	-	-

The interest fluctuation risk is countered within the scope of the overall financial risk management system, by regularly monitoring key items and their inherent interest fluctuation risks, in order to limit these, if necessary. At the present time, this risk can be considered negligible.

Other price risks

IFRS 7 requires that the presentation of market risks also includes information about the effects hypothetical changes in risk variables could have on the prices of financial instruments. Possible risk variables are in particular stock market prices or indices. As in the prior year, there were no material risks of this kind within the Group as of 30 September 2015.

Currency risk

The currency risk for the Group in the sense of IFRS 7 results from its financial instruments, which arose from its business operations and investing and financing activities. The Group counters a risk that remains after compensation of payments made and received in the same foreign currency mainly by concluding simple currency forward contracts. These transactions mainly relate to the currencies listed in the following table. Carl Zeiss Meditec AG and its subsidiaries are linked to the currency hedging processes of Carl Zeiss AG, Oberkochen via its treasury company, Carl Zeiss Financial Services GmbH. The total foreign currency payments made and received and reported to the treasury by the Group's subsidiaries on a monthly basis are thus hedged against the euro at the specified rate by means of currency forward contracts with a term of max. 2 years.

The carrying amounts of the Group's financial assets and liabilities denominated in foreign currencies reflect the level of risk exposure as of the end of the reporting period. The tables below provide an overview of the Group's foreign currency financial instruments.

The fair values are calculated exclusively using recognized actuarial methods and based on publicly accessible market information.

		Total		Thereof: in the following currencies – translated to € –											
		EUR	EUR	USD	JPY	GBP	CAD	SEK	CNY	AUD	PLN	CHF	CZK	BRL	Other
		'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Assets															
Loans	30-Sep-2015	1,349	-	1,349	-	-	-	-	-	-	-	-	-	-	-
	30-Sep-2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade receivables	30-Sep-2015	193,736	191,788	1,948	-	-	-	-	-	-	-	-	-	-	-
	30-Sep-2014	152,768	151,560	1,206	-	2	-	-	-	-	-	-	-	-	-
Receivables from related parties	30-Sep-2015	58,900	27,895	10,165	-	3,615	1,064	408	461	2,703	2,254	518	513	8,505	799
	30-Sep-2014	57,103	35,479	9,796	-	1,842	1,040	547	-	3,167	781	275	536	3,080	560
Asset-side currency hedging contracts	30-Sep-2015	5,023	-	573	328	656	532	45	53	1,755	53	56	5	-	967
	30-Sep-2014	1,869	-	1,257	25	95	-	65	-	139	7	-	28	197	56
Total assets	30-Sep-2015	259,008	219,683	14,035	328	4,271	1,596	453	514	4,458	2,307	574	518	8,505	1,766
	30-Sep-2014	211,740	187,039	12,259	25	1,939	1,040	612	-	3,306	788	275	564	3,277	616
Liabilities															
Trade payables	30-Sep-2015	42,859	37,053	4,423	1,060	21	-	-	-	-	-	302	-	-	-
	30-Sep-2014	33,421	31,078	1,467	799	12	-	-	-	3	-	59	3	-	-
Liabilities to related parties	30-Sep-2015	23,454	19,658	1,012	-	42	-	-	2,319	3	15	282	-	27	96
	30-Sep-2014	16,527	14,505	1,228	-	26	1	383	-	-	48	-	-	237	99
Liabilities-side currency hedging contracts	30-Sep-2015	3,067	-	2,413	465	65	-	23	57	-	3	8	25	-	8
	30-Sep-2014	12,602	-	8,696	712	881	499	6	-	926	105	12	8	688	69
Total liabilities	30-Sep-2015	69,380	56,711	7,848	1,525	128	-	23	2,376	3	18	592	25	27	104
	30-Sep-2014	62,550	45,583	11,391	1,511	919	500	389	-	929	153	71	11	925	168

In order to better present the currency risks that exist, the effects of hypothetical fluctuations in the relevant currencies on net income for the year and equity are presented below based on a currency sensitivity analysis. If, hypothetically, the euro had been 10% stronger (weaker) as of the end of the reporting period against the main foreign currencies used by the Group – ceteris paribus – earnings before taxes and equity would have been affected as follows:

		Carrying amount	Effects of currency risks on			
			Result		Equity	
			+ 10%	- 10%	+ 10%	- 10%
		'000 €	'000 €	'000 €	'000 €	'000 €
Assets						
Loans	30-Sep-2015	1,349	(135)	135	-	-
	30-Sep-2014	-	-	-	-	-
Trade receivables	30-Sep-2015	193,736	(195)	195	-	-
	30-Sep-2014	152,768	(121)	121	-	-
Receivables from related parties	30-Sep-2015	58,900	(3,179)	3,179	-	-
	30-Sep-2014	57,103	(2,162)	2,162	-	-
Asset-side currency hedging contracts	30-Sep-2015	5,023	10,099	(10,099)	-	-
	30-Sep-2014	1,869	3,833	(3,833)	-	-
Effect of financial instruments before taxes	30-Sep-2015	259,008	6,590	(6,590)	-	-
	30-Sep-2014	211,740	1,550	(1,550)	-	-
Liabilities						
Trade payables	30-Sep-2015	42,859	581	(581)	-	-
	30-Sep-2014	33,421	234	(234)	-	-
Liabilities to related parties	30-Sep-2015	23,454	390	(390)	-	-
	30-Sep-2014	16,527	202	(202)	-	-
Liabilities-side currency hedging contracts	30-Sep-2015	3,067	16,003	(16,003)	-	-
	30-Sep-2014	12,602	21,927	(21,927)	-	-
Effect of financial instruments before taxes	30-Sep-2015	69,380	16,974	(16,974)	-	-
	30-Sep-2014	62,550	22,363	(22,363)	-	-

Credit risk

The Group is exposed to a default risk due to its business operations and financing activities. The following applies to all performance relationships underlying the primary financial instruments: depending on the type and level of the respective service, collateral is required, credit information/references are obtained and historical data from the previous business relationship is used, in particular regarding payment behavior, in order to minimize the default risk. To the extent that default risks can be identified for the individual financial assets, these risks are recognized through impairments. The management is routinely involved in such decisions on risk provisioning. The default risk from the derivative financial instruments used is not believed to be material, due to credit checks, among other things. There is no discernible concentration of default risks from business relationships with individual debtors or groups of debtors. The maximum default risk is reflected by the carrying amounts of the financial assets recognized in the statement of financial position. It is assumed that default rates will not change significantly in the future. With the exception of the loan to Oraya (note (13)), no significant financial assets were individually impaired at the end of the reporting period, nor were the terms and conditions of the financial assets re-negotiated, as they would otherwise have been past due or impaired.

The risks associated with trade receivables are taken into account through the recognition of valuation allowances. Valuation allowances developed as follows:

	Valuation allowance on trade receivables	
	2014/15	2013/14
	'000 €	'000 €
Beginning of fiscal year	5,007	5,480
Change in the reporting entity	-	628
Appropriation	2,766	1,440
Utilization	(1,246)	(2,037)
Reversal	(1,062)	(472)
Exchange rate differences	69	(32)
End of fiscal year	5,534	5,007
Gross carrying amount of impaired trade receivables	47,193	44,351
Net carrying amount of impaired trade receivables	41,659	39,344

The credit risks remaining after the individual valuation allowance for trade receivables are presented using the following age analysis:

		Carrying amount	thereof neither impaired nor past due as of the balance sheet date	thereof not impaired at the end of the reporting period, but past due in the following periods				
		'000 €	'000 €	up to 30 days	from 31 to 90 days	from 91 to 180 days	from 181 to 360 days	more than 360 days
		'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Loans	30-Sep-2015	1,349	1,349	-	-	-	-	-
	30-Sep-2014	-	-	-	-	-	-	-
Trade receivables	30-Sep-2015	193,736	106,378	14,567	13,697	3,831	5,501	8,103
	30-Sep-2014	152,768	78,883	12,253	8,333	2,502	8,389	3,064
Receivables from related parties	30-Sep-2015	58,900	49,011	2,718	2,685	4,143	275	68
	30-Sep-2014	57,103	39,636	2,559	2,199	1,772	8,364	2,573
Treasury receivables	30-Sep-2015	301,412	301,412	-	-	-	-	-
	30-Sep-2014	290,614	290,614	-	-	-	-	-

The majority of the trade receivables result from sales with companies of the Carl Zeiss Group and public authorities. In addition, large orders are subject to an independent credit check. For this reason and from past experience it is assumed that there is no need for impairment for receivables that are not past due.

Liquidity risk

In order to ensure solvency and financial flexibility within the Group, Carl Zeiss Meditec forecasts, within a fixed planning period, the funds it will require using a cash forecast, and holds a corresponding liquidity reserve in the form of cash and unused lines of credit at the treasury of Carl Zeiss AG. Due to the high amount of cash and cash equivalents and treasury receivables within the Group, as well as the Group's sound financing structure, with an equity ratio of 70.0%, the risk of insolvency is currently considered negligible.

As of 30 September 2015 the Group's primary financial liabilities had the following maturities.

	End of reporting period	Carrying amount	Statement of contractually agreed undiscounted cash outflows					
			Total	up to 30 days	from 31 to 90 days	from 91 to 180 days	from 181 to 360 days	more than 360 days
		'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Trade payables	30-Sep-2015	42,859	42,859	33,918	8,457	106	378	-
	30-Sep-2014	33,421	33,421	26,068	7,307	5	41	-
Liabilities to related parties	30-Sep-2015	23,454	23,454	22,288	1,166	-	-	-
	30-Sep-2014	16,527	16,527	15,916	607	4	-	-
Treasury payables	30-Sep-2015	36,043	36,043	36,043	-	-	-	-
	30-Sep-2014	8,022	8,022	8,022	-	-	-	-
Liabilities to banks	30-Sep-2015	1,556	1,569	217	124	124	248	856
	30-Sep-2014	2,861	2,904	1,042	124	124	248	1,366
Leasing liabilities	30-Sep-2015	11,735	13,986	336	603	905	1,812	10,330
	30-Sep-2014	12,774	15,676	272	544	817	1,627	12,416
Other financial liabilities	30-Sep-2015	-	-	-	-	-	-	-
	30-Sep-2014	37	37	6	-	-	-	31
Total	30-Sep-2015	115,647	117,911	92,802	10,350	1,135	2,438	11,186
	30-Sep-2014	73,642	76,587	51,326	8,582	950	1,916	13,813

As of 30 September 2015 the Group's derivative financial liabilities had the following maturities.

	End of reporting period	Undiscounted cash outflows from derivative financial liabilities with settlement on a gross basis					
		Total	up to 30 days	from 31 to 90 days	from 91 to 180 days	from 181 to 360 days	more than 360 days
		'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Cash outflows	30-Sep-2015	191,692	12,827	28,443	38,223	96,430	15,769
	30-Sep-2014	220,523	16,019	37,432	55,743	102,182	9,147
Cash inflows	30-Sep-2015	194,868	12,890	28,646	38,529	98,736	16,067
	30-Sep-2014	234,281	17,200	40,195	60,018	107,340	9,528

37 Additional disclosures on capital management

The Group manages its capital with the aim of minimizing the Group's capital costs and, at the same time, maintaining the balance between cash flow volatility and financial flexibility. In order to achieve this goal, the ratio of equity to borrowed capital, among other things, must be optimized accordingly. Currently the Company is moving within the specified target corridor. The main decisions relating to the financing structure are made by the Management Board. The key ratios equity ratio and net debt are used as a control ratio for the ratio between equity and borrowings. Carl Zeiss Meditec calculates these key ratios regularly and reports them to the Management Board to allow the Management Board to introduce any measures necessary. The key ratio "equity ratio" is defined as the percentage ratio of equity, including non-controlling interests, to total capital. Net debt is calculated from the Group's borrowings less cash and cash equivalents, treasury receivables (Group treasury of Carl Zeiss AG), excluding current financial investments. In the past fiscal year, the equity ratio stood at 70.0% (prior year: 72.6%). Net debt amounted to € 137,387 thousand (prior year: € 93,542 thousand). Since fiscal year 2012/13 the Company has deposited its current financial investment with Carl Zeiss Financial Services GmbH, Oberkochen. In the fiscal year under review, the current financial investment remained unchanged compared with the prior year, to € 110,000 thousand. This investment is carried under "Treasury receivables". The Company is not subject to any external minimum capital requirements. The table below shows the above key ratios in the reporting period:

	30-Sep-2015	30-Sep-2014
	'000 €	'000 €
Equity (incl. non-controlling interests)	797,450	754,227
Borrowed capital	341,840	284,883
Total assets	1,139,290	1,039,110
Cash and cash equivalents	13,041	10,727
Treasury receivables	301,412	290,614
thereof financial investment	110,000	110,000
Treasury receivables (excluding financial investment)	191,412	180,614
Equity ratio in percent	70.0%	72.6%
Net debt	137,387	93,542

The dynamic debt ratio, i.e., the ratio of net debt to operative cash flow, of the Group amounted to 2.4 years in the course of fiscal year 2014/15 (prior year: 1.5 years). The interest coverage ratio, i.e., the coverage of interest income by the operating result before depreciation and amortization (EBITDA), amounted to 101.5 in fiscal year 2014/15 (prior year: 137.1).

The Group's overall strategy with regard to capital management remained the same as the prior year.

38 Subsequent events

Dividend payments

The Management Board and Supervisory Board propose a dividend payment of € 30,898 thousand (0.38 per share). Based on fiscal year 2013/14, a dividend of € 32,524 thousand (€ 0.40 per share) was proposed in the fiscal year under review and distributed to the shareholders.

39 Other mandatory disclosures pursuant to Section 315a HGB

Information on executive bodies of the parent company

Management Board

The following were appointed as members of the Management Board of Carl Zeiss Meditec AG in fiscal year 2014/15 and entered in the commercial register:

Member of Management Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
<p>Dr. Ludwin Monz</p> <p>Chairman of the Management Board of Carl Zeiss Meditec AG</p> <p>Physics graduate, MBA</p> <p>Area of responsibility: SBU "Ophthalmic Systems", strategic business development, Group functions Human Resources, Communications</p> <p>Year of first appointment 2007</p> <p>In addition: Member of the Management Board of Carl Zeiss AG, Oberkochen, Germany</p>	<p>» Chairman of the Board of Directors of Carl Zeiss Meditec Inc., Dublin, USA</p> <p>» Chairman of the Board of Directors of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan</p> <p>» Chairman of the Board of Directors of Carl Zeiss S.A.S., Marly-le-Roi, France</p> <p>» Chairman of the Board of Directors of Carl Zeiss S.p.A., Arese, Italy</p> <p>» Chairman of the Board of Directors of Carl Zeiss Ltd., Cambridge, United Kingdom</p> <p>» Chairman of the Board of Directors of Carl Zeiss Iberia S.A., Tres Cantos, Spain</p> <p>» Chairman of the Supervisory Board of Carl Zeiss Jena GmbH, Jena, Germany (until 30 September 2015)</p>	<p>» Member of the Board of the International Council of Ophthalmology Foundation, San Francisco, USA</p>
<p>Thomas Simmerer</p> <p>Dipl.-Ing.</p> <p>Area of responsibility: "Microsurgery" SBU, Sales, Service, Regulatory Affairs</p> <p>Year of first appointment 2011</p>	<p>» Member of the Board of Directors of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan</p> <p>» Chairman of the Board of Directors of Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain</p> <p>» Member of the Board of Directors of Carl Zeiss Meditec France S.A.S., Marly-le-Roi, France</p> <p>» Member of the Board of Directors of Carl Zeiss S.p.A., Arese, Italy</p> <p>» Member of the Board of Directors of Carl Zeiss GmbH, Vienna, Austria</p> <p>» Member of the Administrative Board of Carl Zeiss AG, Hombrechtikon, Switzerland</p> <p>» Member of the Board of Directors of Carl Zeiss de Mexico S.A. de C.V., Mexico City, Mexico</p>	<p>» Member of the Advisory Board of Ondal Holding GmbH, Hünfeld, Germany (since 1 February 2015)</p>
<p>Dr. Christian Müller</p> <p>Dipl.-Kaufmann (MBA)</p> <p>Area of responsibility: "Surgical Ophthalmology" SBU, Group functions Finance and Controlling, Investor Relations, IT, Legal Affairs, Taxes, Quality</p> <p>Year of first appointment 2009</p>	<p>» Member of the Board of Directors of Carl Zeiss Meditec France S.A.S., Marly-le-Roi, France</p> <p>» Member of the Board of Directors of Carl Zeiss Meditec, Inc., Dublin, USA</p> <p>» Member of the Board of Directors of Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain</p> <p>» Chairman of the Board of Directors of Aaren Scientific Inc., Ontario, USA</p>	<p>» Member of the Board of Directors of Oraya Therapeutics, Inc., Newark, USA (since 22 December 2014)</p>

The total remuneration paid to the active members of the Management Board pursuant to Section 314 (1) No. 6a HGB amounted to € 1,665 thousand in fiscal year 2014/15 (prior year: € 1,444 thousand). Details of this remuneration are contained in the remuneration report in the management report. Projected unit credits for pensions for active members of the Company's Management Board amounted to € 751 thousand (prior year: € 609 thousand). The expense for transfers to provisions for pensions of active Management Board members was € 287* thousand (prior year: € 324 thousand). Furthermore, projected unit credits for pensions for former members of the Management Board of Carl Zeiss Meditec amounted to € 765 thousand (prior year: € 691 thousand).

Supervisory Board

The Supervisory Board of Carl Zeiss Meditec AG had the following members in fiscal year 2014/15:

Member of Supervisory Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
Prof. Dr. Michael Kaschke	» Chairman of the Supervisory Board of Carl Zeiss Microscopy GmbH, Jena, Germany	» Member of the Supervisory Board, Audit Committee, of Henkel AG & Co KGaA, Düsseldorf, Germany
Chairman	» Chairman of the Board of Directors of Carl Zeiss Pte. Ltd., Singapore, Singapore	»
Chairman of the Supervisory Board since 2002	» Chairman of the Board of Directors of Carl Zeiss Pty. Ltd., North Ryde, Australia	» Chairman of the Supervisory Board, Audit Committee, of Deutsche Telekom AG, Bonn, Germany (since 9 April 2015)
Suspended mandate pursuant to Section 105 AktG between 22 July 2008 and 21 July 2009.	» Chairman of the Board of Directors of Carl Zeiss Far East Co., Ltd., Kowloon, Hong Kong, China	
Re-elected Chairman of the Supervisory Board since 2010	» Chairman of the Board of Directors of Carl Zeiss India (Bangalore) Pte. Ltd., Bangalore, India	
	» Chairman of the Supervisory Board of Carl Zeiss SMT GmbH, Oberkochen, Germany	
Chairman of the Executive Management Board of Carl Zeiss AG, Oberkochen, Germany	» Chairman of the Board of Directors of Carl Zeiss (Pty.) Ltd., Randburg, South Africa	
	» Chairman of the Board of Directors of Carl Zeiss de Mexico S.A. de C.V., Mexico City, Mexico	
	» Chairman of the Supervisory Board of Carl Zeiss Industrielle Messtechnik GmbH, Aalen, Germany	
Dr. Markus Guthoff	» none	» none
Deputy Chairman		
Member of the Supervisory Board since 2004		
Member of the Management Board (CFO) of ALBA Group plc & Co. KG, Berlin, Germany		
Thomas Spitzenpfeil	» Chairman of Carl Zeiss Pensions-Treuhand e.V., Oberkochen, Germany	» none
Dipl.-Wirtsch.-Ing.	» Chairman of the Board of Directors of Carl Zeiss B.V., Sliedrecht, Netherlands	
Member of the Supervisory Board since 2011	» Chairman of the Board of Directors of Carl Zeiss N.V.-S.A., Zaventem, Belgium	
	» Chairman of the Administrative Board of Carl Zeiss AG., Feldbach, Switzerland	
Member of the Executive Management Board (CFO) of Carl Zeiss AG, Oberkochen, Germany	» Chairman of the Board of Directors of Carl Zeiss AB, Stockholm, Sweden	
	» Chairman of the internal Advisory Board of Carl Zeiss GmbH, Vienna, Austria	
	» Chairman of the Board of Directors of Carl Zeiss Inc., Thornwood, USA	
	» Chairman of the Board of Directors of Carl Zeiss A/S, Birkerød, Denmark	
	» Chairman of the Board of Directors of Brock & Michelsen Invest A/S, Birkerød, Denmark	
	» Chairman of the Board of Directors of Carl Zeiss Co., Ltd., Tokyo, Japan	

* including oncharged service cost of the pension commitment Dr. Monz

Member of Supervisory Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
Dr. Carla Kriwet	» none	» Member of the Advisory Board of the Hamburgische Investitions- und Förderbank IFB, Hamburg, Germany » Member of the Supervisory Board of Save the Children e.V., Berlin, Germany
Member of the Supervisory Board since 19 November 2014		
Executive Vice President Philips Healthcare, Andover, USA		
Cornelia Grandy*	» none	» none
Member of Supervisory Board since 2011		
Service engineer and deputy chair of the Works Council of Carl Zeiss Meditec AG, Jena, Germany		
Jörg Heinrich*	» none	» none
Member of the Supervisory Board since 2011		
Employee for quality/complaint management and member of the General Works Council of Carl Zeiss Meditec AG, Jena, Germany		
* elected employee representatives		

Committees of the Supervisory Board

	Members
General and Personnel Committee	Prof. Dr. Michael Kaschke, Chairman Dr. Markus Guthoff Thomas Spitzenpfeil
Audit Committee	Dr. Markus Guthoff, Chairman Prof. Dr. Michael Kaschke Jörg Heinrich
Nominating Committee	Thomas Spitzenpfeil, Chairman Dr. Markus Guthoff Dr. Carla Kriwet (since 5 December 2014)

The total remuneration of the active members of the Supervisory Board amounted to € 251 thousand in fiscal year 2014/15 (prior year: € 296 thousand)*. Details of this remuneration are contained in the remuneration report in the management report. The remuneration of Supervisory Board members is governed by Art. 19 of the Articles of Association of Carl Zeiss Meditec AG.

Advances/loans and contingent liabilities in favor of members of executive bodies

No advances or loans were granted to members of the executive bodies. The Company did not enter into any contingent liabilities in favor of members of the Management Board or Supervisory Board.

* Mr. Thomas Spitzenpfeil waived his entitlement to remuneration by notices of waivers for fiscal year 2014/15 as in the prior year.

Auditors' fees

The total fee charged by the Group auditor in Germany is composed as follows:

	2014/15	2013/14
	'000 €	'000 €
Auditing of financial statements	328	289
Other attestation services	54	-
Tax consulting services	-	-

Information on shareholdings (consolidated companies)

Name and registered office of the Company	Currency	Share of voting capital (in %)	Equity 30-Sep-2015 translated at the market rate at the end of the reporting period*	thereof gain / (loss) for financial year 2014/15 translated at average annual rate
Carl Zeiss Meditec Inc., Dublin, USA	'000 USD '000 EUR	100	194,152 173,303	5,569 4,849
Aaren Scientific Inc., Ontario, USA	'000 USD '000 EUR	100	3,467 3,095	-4,337 -3,776
Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany	'000 EUR	100	68,327	130
Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain	'000 EUR	100	5,144	-739
Carl Zeiss Meditec Co. Ltd. Tokyo, Japan	'000 JPY '000 EUR	51	11,665,421 86,609	913,513 6,676
Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi A.S., Ankara, Turkey	'000 TRY '000 EUR	100	22,195 6,547	3,481 1,187
Carl Zeiss Meditec Vertriebsgesellschaft mbH, Oberkochen, Germany	'000 EUR	100	15,182	2,985
Atlantic S.A.S., Périgny/La Rochelle, France	'000 EUR	100	86,443	11,669
HYALTECH Ltd., Livingston, United Kingdom	'000 GBP '000 EUR	100	9,008 12,198	1,422 1,914
France Chirurgie Instrumentation S.A.S., Paris, France	'000 EUR	100	13,555	126
Carl Zeiss Meditec France S.A.S., Marly-le-Roi, France	'000 EUR	100	5,592	1,361
Carl Zeiss Meditec S.A.S., Périgny/La Rochelle, France	'000 EUR	100	14,528	612
France Chirurgie Instrumentation SUD Ltd., Quatre Bornes, Mauritius	'000 EUR	100	2,419	268
France Chirurgie Instrumentation Ophthalmics, Inc., Pembroke, USA	'000 USD '000 EUR	100	4,541 4,053	882 768
Oraya Therapeutics, Inc., Newark, USA**	'000 USD '000 EUR	22.05	-2,229 -1,990	-7,977 -6,945

* The figures show the values recognized under the respective national accounting standards.

** Further information on the investment can be found in note (13).

Information on shareholdings (unconsolidated companies)

Name and registered office of the Company	Share of voting capital (in %)
Aaren Scientific S.L., Barcelona, Spain	100
Hexavision S.A.R.L, Paris, France	100

Aaren Scientific Inc., acquired in fiscal year 2013/14, has smaller distribution companies in Spain and France, which are, however, of secondary importance for the Meditec Group, due to their suspended or very limited operations, and for this reason they are not consolidated.

Disclosures pursuant to Section 160 (1) No. 8 AktG

All voting rights announcements can be inspected on the Company's website at <http://www.meditec.zeiss.com/ir> – Corporate Governance – Vote Rights Disclosures.


German Corporate Governance Code / Declaration according to Section 161 AktG (German Stock Corporation Act)

The declaration mandated under Section 161 German Stock Corporation Act (AktG) was issued by the Management and Supervisory Boards and made available to the shareholders on the Company's website at: http://www.zeiss.com/meditec-ag/declaration_on_corporate_management.

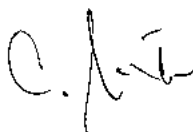
40 Clearance for publication

The Management Board of Carl Zeiss Meditec AG cleared these IFRS consolidated financial statements to be handed over to the Supervisory Board on 20 November 2015. The Supervisory Board's task is to review the consolidated financial statements and declare whether it approves the consolidated financial statements.

Jena, 20 November 2015
Carl Zeiss Meditec AG



Dr. Ludwin Monz
President and CEO



Dr. Christian Müller
Member of the
Management Board



Thomas Simmerer
Member of the
Management Board

Declaration by the legal representatives

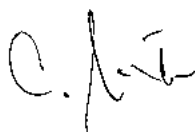
pursuant to Art. 297 Section 2 Sentence 4 HGB and
Art. 315 Section 1 Sentence 6 HGB

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated annual financial statements of Carl Zeiss Meditec Group give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the consolidated 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.

Jena, 20 November 2015
Carl Zeiss Meditec AG



Dr. Ludwin Monz
President and CEO



Dr. Christian Müller
Member of the
Management Board



Thomas Simmerer
Member of the
Management Board

Auditor's Report

We have audited the consolidated financial statements, comprising the statement of financial position, income statement, the statement of changes in shareholders' equity and cash flows as well as the notes to the consolidated financial statements, prepared by Carl Zeiss Meditec AG, Jena, for the financial year from 1 October 2013 to 30 September 2014. The preparation of the consolidated financial statements and the consolidated management report in accordance with the IFRS, as adopted by the EU, and the additional requirements of commercial law pursuant to Article 315a Section 1 HGB (German Commercial Code) are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and the management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Art. 317 HGB ["Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's legal representative, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonably secure basis for making our assessment.

Our audit led to no objections.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Art. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Eschborn/Frankfurt am Main, 20 November 2015

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Jäger
Wirtschaftsprüferin
(German Public Auditor)

Bätz
Wirtschaftsprüfer
(German Public Auditor)

Annual financial statements (HGB) 2014/15

Carl Zeiss Meditec AG, Jena, Germany – Summary

The complete annual financial statements of Carl Zeiss Meditec AG, Jena, in accordance with the German Commercial Code (Handelsgesetzbuch, HGB), including the unqualified audit certificate, will be available for downloading from the Carl Zeiss Meditec Website www.zeiss.com/meditec-ag/ir – Reports and Publications.

Table 1: Overview of key items in the single-entity financial statements (in € '000)

Income statement	2014/15	2013/14	Change
Revenue	651,110	587,488	10.8%
Gross profit	305,810	273,140	12.0%
Result from ordinary activities	59,007	85,848	-31.3%
Net income / loss for the year	33,350	57,135	-41.6%
Retained profits brought forward	102,888	82,342	25.0%
Net retained profit	103,714	102,888	0.7%
 Balance sheet	 30 September 2015	 30-Sep-2014	 Change
Fixed assets	531,002	558,411	-4.9%
Current assets	431,181	381,982	12.9%
thereof trade receivables	30,515	26,662	14.5%
thereof cash and cash equivalents	3	4	-25.0%
Equity	834,418	833,592	0.1%
Liabilities	71,241	43,189	65.0%
Total assets	962,957	949,040	1.5%

Proposal for the utilization of profits by the Management Board for financial year 2014/15

Financial year 2014/15 closes with net income for the year of € 33,350,698.82. The Management Board proposes utilizing the net retained profits of € 103,714,508.88 for financial year 2014/15 as follows:

1. Payment of a dividend of € 0.38 per no-par-value share for 81,309,610 no-par-value shares: € 30,897,651.80
2. Carryforward of residual profit to new account: € 72,816,857.08

Financial calendar Imprint / Disclaimer

Financial calendar 2015/16

Publication of the 3-month report and
conference call
12-Feb-16

Annual General Meeting, Weimar
06-Apr-16

Publication of the 6-month report and
conference call
11-May-16

Publication of the 9-month report and
conference call
12-Aug-16

Publication of the annual financial
statements and Analyst Conference
13-Dec-16

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This report was published on
16 December 2015.

The Annual Report 2014/15 of
Carl Zeiss Meditec AG was published in
German and English.

Both versions and the key figures
contained in this report can be down-
loaded from the following address:
www.zeiss.com/meditec-ag/ir



Disclaimer

This report contains certain forward-looking statements concerning the development of the Carl Zeiss Meditec Group. At the present time, the Carl Zeiss Meditec Group assumes 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. The Carl Zeiss Meditec Group can 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 annual report due to mathematical rounding.

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