Q1

2015/16

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3-Month Report of Carl Zeiss Meditec Group

Financial highlights
(IFRS)

	3 Months 2015/16		3 Months 2014/15		3 Months 2013/14	
	'000 €	%	'000 €	%	'000 €	%
Revenue	**262,601**	**100**	241,090	100	212,279	100
Research and development expenses	**31,122**	**11.9**	28,395	11.8	23,773	11.2
EBIT	**32,231**	**12.3**	27,881	11.6	26,494	12.5
Consolidated profit[1)]	**17,075**	**6.5**	19,413	8.1	21,424	10.1
Earnings per share[2] (in €)	**0.21**		0.23		0.25	
Cash flows from operating activities	**7,264**		-8,882		-6,030	
Cash flows from investing activities	**102,342**		-6,272		-13,758	
Cash flows from financing activities	**-106,900**		14,025		21,155	
Total assets	**1,148,831**	**100**	1,065,838	100	962,820	100
Property, plant and equipment	**66,960**	**5.8**	66,139	6.2	53,694	5.6
Equity	**821,044**	**71.5**	767,220	72.0	728,119	75.6
Net liquidity[3]	**277,988**	**24.2**	274,276	25.7	326,524	33.9
Employees as of 31 December	**2,838**		2,971		2,631	

[1] Before non-controlling interest
[2] Earnings per share attributable to the shareholders of the parent company
[3] 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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Group management report to the interim financial statements

SUMMARY

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

No material changes were made with respect to the Group's reporting entity or the structure of its financial statements in the first three months of fiscal year 2015/16.

RESULTS OF OPERATIONS

Presentation of results of operations

Table 1: Summary of key ratios in the consolidated income statement (in € '000)

	3 Months 2015/16	3 Months 2014/15	Change
	'000 €	'000 €	'000 €
Revenue	262,601	241,090	+8.9 %
Gross margin	52.1 %	52.9 %	-0.8 % pts
EBITDA	36,925	32,494	+13.6 %
EBITDA margin	14.1 %	13.5 %	+0.6 % pts
EBIT	32,231	27,881	+15.6 %
EBIT margin	12.3 %	11.6 %	+0.7 % pts
Adjusted EBIT[1]	33,205	29,088	+14.2 %
Adjusted EBIT[1] in % of revenue	12.6 %	12.1 %	+0.5 % pts
Earnings before income taxes	25,472	28,639	-11.1 %
Tax rate	33.0 %	32.2 %	+0.8 % pts
Consolidated profit after non-controlling interests	16,721	18,327	-8.8 %
Earnings per share after non-controlling interests	€ 0.21	€ 0.23	-8.8 %

Consolidated revenue

The Carl Zeiss Meditec Group began fiscal year 2015/16 with a revenue increase of 8.9 %. Revenue increased from € 241.1 million in the same period of the prior year, to € 262.6 million. This revenue growth is predominantly attributable to a positive currency trend. Adjusted for currency effects, revenue increased by 3.8 %.

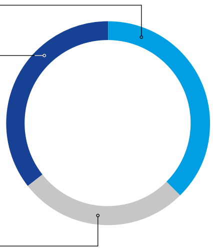
[1] The reconciliation to the adjusted EBIT can be found on page 8 in table 2. The term "adjusted EBIT" is not defined in the International Financial Reporting Standards (IFRSs). There is no comparability with similarly designated key figures of other companies. Adjusted figures do not serve as a substitute for IFRS figures and are not more meaningful than IFRS figures.

a) Consolidated revenue by strategic business unit

The share of revenue generated by the **Surgical Ophthalmology** SBU in the first quarter of the current fiscal year amounted to 35.3 % of total revenue generated within the Group. This SBU's share of Group revenue therefore increased by 1.5 percentage points year-on-year (prior year: 33.8 %). A total of 37.5 % of consolidated revenue, and thus 0.6 % points less (prior year: 38.1 %) is attributable to the **Ophthalmic Systems** SBU. The **Microsurgery** SBU's share of consolidated revenue decreased by almost 1 percentage point year-on-year, from 28.1 % to 27.2 %.

Fig. 1: Share of strategic business units in consolidated revenue in the first three months of fiscal year 2015/16

Ophthalmic Systems	**37.5 %**
Surgical Ophthalmology	**35.3 %**
Microsurgery	**27.2 %**



Due mainly to favorable currency trends, revenue in the **Ophthalmic Systems** SBU increased by 7.5 % during the first quarter of 2015/16, to € 98.6 million (prior year: € 91.7 million). Adjusted for currency effects, revenue growth amounts to 0.7 %. Diagnostic devices and systems remained in a challenging competitive environment in the first quarter. The focus here is on product innovations, sales and distribution activities and further measures to cut costs.

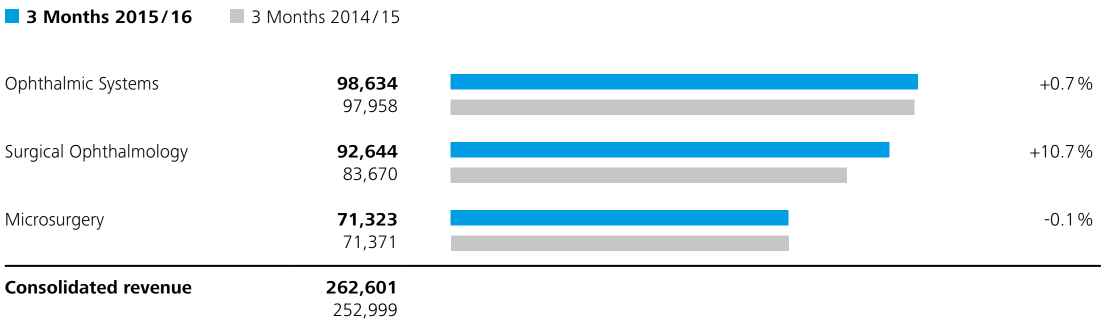
Once again, the **Surgical Ophthalmology** SBU made the largest contribution to growth, increasing its revenue by 13.6 % during the first quarter (adjusted for currency effects: 10.7 %), from € 81.6 million to € 92.6 million. The main drivers of this revenue growth were the intraocular lens business for cataract surgery, as well as biometry.

Boosted by the favorable exchange rates, revenue in the **Microsurgery** SBU increased by 5.2 % in the first three months, to € 71.3 million (prior year: € 67.8 million). Adjusted for currency effects, Microsurgery's revenue was almost level with the prior year (-0.1 %). Revenue in the most important product group, neurosurgery, was on a par with the prior year.

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

	3 Months 2015/16	3 Months 2014/15	
Ophthalmic Systems	**98,634**	91,742	+7.5 %
Surgical Ophthalmology	**92,644**	81,570	+13.6 %
Microsurgery	**71,323**	67,778	+5.2 %
Consolidated revenue	**262,601**	241,090	

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

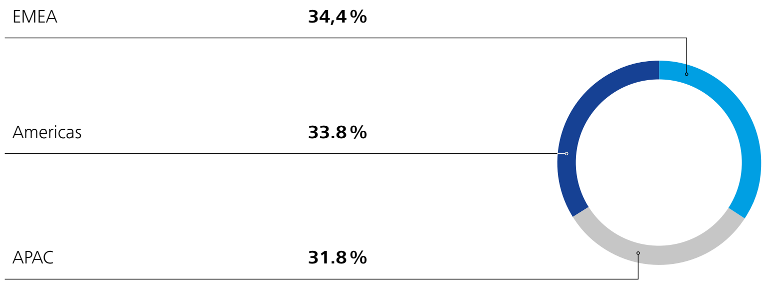


b) Consolidated revenue by region

The Carl Zeiss Meditec Group has a very balanced range of business activities worldwide, with each of its three strategic business regions generating around one third of its total revenue. During the first three months of fiscal year 2015/16 in particular the region **Europe, Middle East and Africa (EMEA)** and the **Asia/Pacific region (APAC)** made a positive contribution to revenue 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.

The **EMEA** region accounted for 34.4% of consolidated revenue (prior year: 35.9 %). The **Americas** and **APAC** regions generated 33.8 % (prior year: 33.4 %) or 31.8 % (prior year: 30.7 %) of total consolidated revenue.

Fig. 4: Share of regions in consolidated revenue in the first three months of fiscal year 2015/16



Revenue in the **EMEA** region increased by 4.2 % in the first three months (adjusted for currency effects: 4.5 %), to € 90.2 million (prior year: € 86.5 million), with the development of the individual markets remaining heterogeneous. Good contributions came from Germany and the UK, among others. The markets of southern Europe gave a weaker performance. The Middle East also continued to make a positive contribution to revenue growth.

Revenue in the **Americas** region increased by 10.1 % to € 88.8 million, compared with € 80.6 million in the prior year. This region benefited significantly from the current strength of the U.S. dollar against the euro. Adjusted for currency effects, the region recorded a slight decline of -1.4 %. Business development in the USA remained restrained, while the countries of South America made a positive overall contribution to growth.

The greatest contribution to growth was generated by the **APAC** region, with a 13.1% increase in revenue. The Carl Zeiss Meditec Group generated revenue of € 83.6 million in this region (prior year: € 73.9 million). Adjusted for currency effects, revenue increased by 9.1 %. Once again, China delivered the biggest contribution to growth, while revenue in Japan declined.

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

	3 Months 2015/16	3 Months 2014/15	
EMEA	**90,195**	86,549	+4.2 %
Americas	**88,815**	80,639	+10.1 %
APAC	**83,591**	73,902	+13.1 %
Consolidated revenue	**262,601**	241,090	

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

	3 Months 2015/16	3 Months 2014/15	
EMEA	**90,195**	86,289	+4.5 %
Americas	**88,815**	90,095	-1.4 %
APAC	**83,591**	76,615	+9.1 %
Consolidated revenue	**262,601**	252,999	

Gross profit

Gross profit for the first quarter of fiscal year 2015/16 amounted to € 136.9 million (prior year: € 127.5 million). At 52.1 %, the corresponding margin for the period under review was slightly below the prior year's level of 52.9 %.

Functional costs

Functional costs for the first three months of the current fiscal year amounted to € 104.7 million (prior year: € 99.7 million). The ratio of functional costs to revenue decreased slightly compared with the prior year, to 39.9 % (prior year: 41.3 %). The increase in costs here is largely due to currency effects.

» **Selling and marketing expenses:** Selling and marketing expenses increased at a disproportionately lower rate than revenue, of 3.3 %, to € 61.7 million, compared with € 59.7 million in the year-ago quarter. The ratio of selling and marketing expenses to revenue therefore decreased year-on-year, to 23.5 % (prior year: 24.8 %).

» **General administrative expenses:** General administrative expenses amounted to € 11.8 million in the first quarter and were thus almost level with the prior year (prior year: € 11.5 million). Relative to revenue these expenses also decreased from 4.8 % in the year-ago quarter, to 4.5 %.

» **Research and development expenses (R&D):** 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 to € 31.1 million after the first three months (prior year: € 28.4 million). At 11.9 %, the R&D ratio remained almost level with the year-ago quarter's ratio of 11.8 %.

Development of earnings

The Carl Zeiss Meditec Group uses earnings before interest and taxes (EBIT = operating result) as a key performance indicator. EBIT amounted to € 32.2 million for the period from October 2015 to end December 2015 (prior year: € 27.9 million). The EBIT margin thus increased from 11.6 % to 12.3 %. The increase in the EBIT margin year-on-year is mainly due to the lower functional costs compared with revenue.

EBIT in the quarter just ended and the past fiscal year 2014/15 includes, among other things, expenses arising in connection with acquisitions and restructuring[2]. Adjusted[3] for these effects EBIT would have amounted to around 12.6 % (prior year: 12.1 %) of revenue, and would therefore be slightly higher than the year-ago figure.

Table 2: Reconciliation of the non-IFRS key ratio "adjusted EBIT"

	3 Months 2015/16	3 Months 2014/15	Change
	'000 €	'000 €	'000 €
EBIT	32,231	27,881	+15.6 %
Acquisition-related special effects[4]	974	1,207	-19.3 %
Restructuring/reorganization[2]	0	0	±0 %
Other special effects[5]	0	0	±0 %
Adjusted EBIT[3]	33,205	29,088	+14.2 %
Adjusted EBIT[3] in % of revenue	12.6 %	12.1 %	+0.5 % pts

Within the **Ophthalmic Systems** strategic business unit the EBIT margin improved slightly year-on-year. The main contributors to this positive development were a favorable product mix and cost-cutting measures. In the **Surgical Ophthalmology** SBU the EBIT margin increased slightly, mainly as a result of economies of scale in association with revenue growth. The EBIT margin in the **Microsurgery** SBU was lower compared with the prior year. This was due to a less favorable regional distribution of business, and to a less favorable product mix.

[2] No restructuring costs were incurred during the first three months.
[3] The term "adjusted EBIT" is not defined in the International Financial Reporting Standards (IFRSs). There is no comparability with similarly designated key figures of other companies. Adjusted figures do not serve as a substitute for IFRS figures and are not more meaningful than IFRS figures.
[4] Write-downs on intangible assets of around € -1.0 million arose from purchase price allocations (PPAs), mainly in association with the acquisition of Aaren Scientific Inc. in fiscal year 2013/14.
[5] There were no other special effects during the first three months.

Earnings before interest, taxes, depreciation and amortization **(EBITDA)** stood at € 36.9 million in the reporting period (prior year: € 32.5 million). Relative to revenue, this results in an EBITDA margin of 14.1 % (prior year: 13.5 %).

Foreign currency losses – mainly arising from the valuation of currency hedging transactions – in the amount of € 3.7 million are offset by foreign currency gains of € 1.1 million in the prior year. The **tax rate** was at 33.0 % (prior year: 32.2 %). As a general rule, an average annual tax rate of between 31% and 33% is assumed.

Basic **consolidated profit**[6] amounted to € 16.7 million in the first quarter (prior year: € 18.3 million). **Non-controlling interest** accounted for € 0.4 million (prior year: € 1.1 million). Basic **earnings per share** of the parent company amounted to € 0.21 (prior year: € 0.23).

FINANCIAL POSITION

Statement of cash flows

The Carl Zeiss Meditec Group's statement of cash flows shows the origins and utilization of the cash flows during the reporting period. A distinction is made between cash flows from operating activities and cash flows from investing and financing activities.

Changes in individual items in the income statement and the statement of financial position are recorded in the statement of cash flows. In contrast, the consolidated statement of financial position presents the figures as they stood at the end of the reporting period on 31 December 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.

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

	3 Months 2015/16	3 Months 2014/15
Cash flows from operating activities	**7,264**	-8,882
Cash flows from investing activities	**102,342**	-6,272
Cash flows from financing activities	**-106,900**	14,025
Change in cash and cash equivalents	**3,091**	-1,133

Cash flows from operating activities amounted to € 7.3 million in the reporting period (prior year: € -8.9 million). A significant cash inflow resulted from the decrease in trade receivables at the end of the reporting period.

[6] Attributable to shareholders of the parent company

Cash flows from investing activities amounted to € 102.3 million in the period under review (prior year: € -6.3 million). The high amount is primarily due to the maturity of a fixed-term deposit on 30 September 2015, in the amount of € 110 million, which was liquidated via Carl Zeiss Financial Services GmbH.

Cash flows from financing activities in the first three months of the current fiscal year amounts to € -106.9 million (prior year: € 14.0 million). The difference compared with the same period of the prior year is mainly the result of an increase in treasury receivables due to the maturity of a the previously mentioned fixed-term deposit of € 110 million.

Key ratios relating to financial position

Table 3: Key ratios relating to financial position

Key ratio	Definition	31 Dec 2015	30 Sep 15	Change
		'000 €	'000 €	
Cash and cash equivalents	Cash-in-hand and bank balances	16,132	13,041	+23.7 %
Net cash	Cash-in-hand and bank balances + treasury receivables from Group treasury of Carl Zeiss AG[7] ./. treasury payables to Group treasury of Carl Zeiss AG	277,988	278,410	-0.2 %
Net working capital	Current assets including financial investments ./. cash and cash equivalents ./. treasury receivables from Group treasury of Carl Zeiss AG[8] ./. current liabilities excl. treasury payables to Group treasury of Carl Zeiss AG	275,448	364,498	-24.4 %
Working capital	Current assets ./. current liabilities	553,436	532,908	+3.9 %

Table 4: Key ratios relating to financial position

Key ratio	Definition	3 Months 2015/16	3 Months 2014/15	Change
Cash flow per share	$\frac{\text{Cash flows from operating activities}}{\text{Weighted average of shares outstanding}}$	€ 0.09	-€ 0.11	>100 %
Capex ratio	$\frac{\text{Investment (cash) in property, plant and equipment}}{\text{Consolidated revenue}}$	0.7 %	1.3 %	-0.6 % points

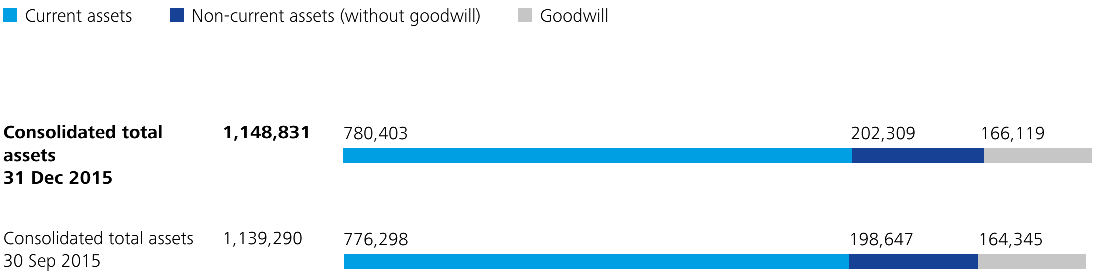
[7] 30 September 2015 including investments amounting to € 110 million
[8] 30 September 2015 excluding investments amounting to € 110 million

NET ASSETS

Presentation of net assets

Total assets increased to € 1,148 million as of 31 December 2015 (30 September 2015: € 1,139 million).

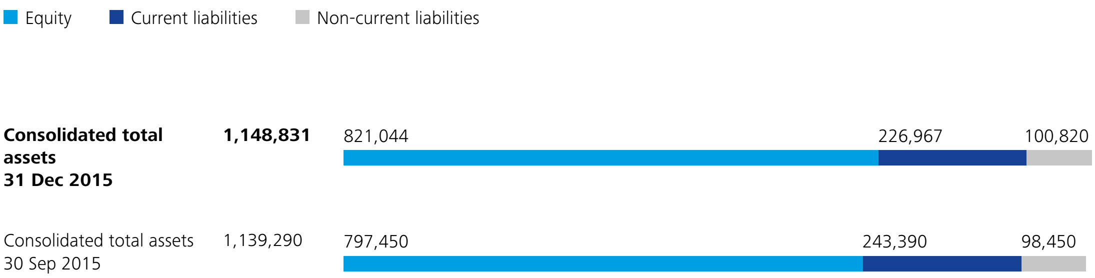
Fig. 8: Structure of the consolidated statement of financial position: Assets (figures in € '000)



Non-current assets increased to € 368.4 million as of 31 December 2015 (30 September 2015: € 363.0 million). The increase mainly resulted from measurement effects in connection with exchange rates to be applied on the closing date.

There were significant changes in **current assets** as of 31 December 2015, which amounted to € 780.4 million (30 September 2015: € 776.3 million), due to the stockpiling of inventories within the scope of several current new product launches since the end of the past fiscal year, and to ensure delivery capacity for a number of top-selling products. Following an increase in trade receivables at the end of the reporting period, towards the end of fiscal year 2014/15, trade receivables decreased slightly, as planned, and had a curbing effect on the statement of financial position.

Fig. 9: Structure of the consolidated statement of financial position: Liabilities (figures in € '000)



The **equity** recognized in Carl Zeiss Meditec's consolidated statement of financial position amounts to € 821.0 million as of 31 December 2015 (30 September 2015: € 797.5 million). The equity ratio amounted to 71.5 % as of 31 December 2015 (30 September 2015: 70.0 %) and thus remains high.

Non-current liabilities amounted to € 100.8 million as of 31 December 2015 (30 September 2015: € 98.5 million).

Current liabilities amounted to € 227.0 million as of 31 December 2015 (30 September 2015: € 243.4 million). A curbing effect was had mainly by the change in trade payables and liabilities to related parties at the end of the reporting period.

Key ratios relating to net assets

Table 5: Key ratios relating to net assets

Key ratio	Definition	31 Dec 2015	30 Sep 2015	Change
Equity ratio	Equity (incl. non-controlling interests)	71.5 %	70.0 %	+1.5 % points
	Total assets			
Inventories in % of rolling 12-month revenue	Inventories (net)	19.3 %	18.2 %	+1.1 % 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)	22.9 %	24.3 %	-1.4 % points
	Rolling revenue of the past twelve months as of the end of the reporting period			

ORDERS ON HAND

As of 31 December 2015 orders on hand of the Carl Zeiss Meditec Group amounted to € 147.0 million, which corresponds to a decrease of 7.8 % compared with 30 September 2015 (€ 159.3 million). This decline is partly due to the planned liquidation of the distribution business of Aaren Scientific Inc.

SUPPLEMENTARY REPORT

No events of material significance for the Company's net assets, financial position and earnings occurred after the end of the first three months of fiscal year 2015/16. The development of business at the beginning of the first quarter of fiscal year 2015/16 validates the statements made in the "Outlook" below.

EMPLOYEES

As of 31 December 2015, the Carl Zeiss Meditec Group had 2,838 employees worldwide (30 September 2015: 2,888).

RESEARCH AND DEVELOPMENT

During the first quarter of fiscal year 2015/16 research and development expenses increased by 9.6 % to € 31.1 million (prior year: € 28.4 million). At the same time, the R&D ratio remained on a comparable level with the prior year, at 11.9 % (prior year: 11.8 %). In the long term, the Carl Zeiss Meditec Group is striving for an R&D ratio of between 10 % and 11 %.

On 31 December 2015, 14.9 % (30 September 2015: 14.6 %) of the Carl Zeiss Meditec Group's entire workforce were working in Research and Development.

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.

At the end of calendar year 2014/15, and during the reporting period, the Company therefore launched yet another range of innovations on the market .

PRIMUS 200[9]

Optical coherence tomography (OCT) is a now a standard procedure used to diagnose many eye diseases. The PRIMUS 200 OCT device, which has already been introduced to the Indian and Chinese market and has now also been approved for sale in Europe, is a compact, versatile and user-friendly OCT system that provides the main applications for diagnosis of the anterior and posterior segment of the eye. The features of the PRIMUS 200 and a short familiarization time mean that the system can be easily integrated into even smaller eye care practices, and that practice services can be extended to a wider group of patients.

Other 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 of which help the ophthalmologist to make reliable and informed clinical decisions.

AngioPlex™ OCT Angiography[10]

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 with precision in three dimensions using optical coherence tomography. OCT technology enables physicians to make better clinical decisions. For patients, it eliminates the risks associated with a procedure using fluorescent dyes.

[9] The PRIMUS 200 has a CE mark and can be ordered in many European countries. This product is not available in the USA.
[10] AngioPlex™ OCT Angiography is the first procedure of its kind to receive 510 (k) approval from the U.S. Food and Drug Administration (FDA).

SL 220 Slit Lamp

In basic diagnostics the Company is now offering a slit lamp in the familiar tower design – the SL 220 – and therefore now offers the two common operating concepts for slit lamps. The LED illumination and the optomechanical features of the SL 220 help physicians to diagnose eye diseases.

VISUCAM® 224/524[11]

Both of these non-mydriatic[12] fundus cameras use an innovative, high-resolution optical chain. The combination of the integrated 24 MP sensor, the newly designed optical system and the enhanced image processing function ensures high image quality. Other standard features, such as color and red-free imaging, enhance the visualization of different anatomical features. Ease of use and detailed images of the ocular fundus enable fast and informative imaging, and can improve efficiency in the detection and treatment of eye diseases, as well as facilitate patient education.

VISUCONNECT® 500

The VISUCONNECT® 500 software enables convenient data management, including in basic diagnostics. Patient data recorded using the preliminary examination devices for objective refraction and intraocular pressure can be automatically transferred to the electronic patient file or the practice data management system, such as FORUM®.

OPMI LUMERA® 300

The OPMI LUMERA® 300 surgical microscope for the routine segment distinguishes itself by being particularly good value for money and by using a lower light intensity. This makes treatment less stressful for patients. At the same time, physicians benefit from the customary good optics and illumination of the OPMI LUMERA® product range. This device expands in particular the basic care offering, especially for customers in the rapidly growing markets of Asia.

[11] VISUCAM® 224/524 is available in the USA, Canada, the European Union and Asia.
[12] The use of a non-mydriatic fundus camera does not require medical pupil dilation.

OUTLOOK

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.

Due to the persistent, long-term growth trends in the underlying markets – such as the growing global population, the rising proportion of elderly people and improved access to medical care – the Company's management is generally anticipating a positive development of market growth for the current fiscal year. The management of the Carl Zeiss Meditec Group expects revenue growth that is at least on a par with market growth.

During the past fiscal year and in the quarter just ended, the development of revenue in the **Ophthalmic Systems** SBU was positive, although a majority of the revenue increase in fiscal year 2014/15 and in the first quarter of the current fiscal year was attributable 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, as well as other innovations launched during fiscal year 2014/15 and during the past quarter 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, about 300,000 eyes worldwide have been successfully treated using this minimally invasive 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 2014/15. Due to continuing product innovations, a positive performance of the products we launched in fiscal year 2014/15 and in the quarter just ended, as well as 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.

The **Surgical Ophthalmology** SBU continued to grow significantly during the past fiscal year and during the past three months. 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 lenses 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 sales 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.

In the past fiscal year, the **Microsurgery** SBU achieved slight sales 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 to at least the same extent as the underlying market in the current fiscal year.

A crucial advantage in terms of achieving 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.

Consolidated income statement (IFRS)

From 1 October 2015 to 31 December 2015

		2015/16		2014/15
		'000 €		'000 €
Revenue		**262,601**		**241,090**
Cost of sales		(125,701)		(113,546)
Gross profit		**136,900**		**127,544**
Selling and marketing expenses		(61,741)		(59,741)
General administrative expenses		(11,806)		(11,527)
Research and development expenses		(31,122)		(28,395)
Other expenses		-		-
Earnings before interest, taxes, depreciation and amortization	36,925		32,494	
Depreciation and amortization	4,694		4,613	
Earnings before interest and taxes		**32,231**		**27,881**
Results from investments accounted for using the equity method		(2,466)		–
Interest income		202		270
Interest expenses		(489)		(349)
Net interest from defined benefit pension plans		(360)		(278)
Foreign currency gains/(losses), net		(3,718)		1,115
Other financial result		72		-
Earnings before income taxes		**25,472**		**28,639**
Income taxes		(8,397)		(9,226)
Consolidated profit		**17,075**		**19,413**
Attributable to:				
Shareholders of the parent company		16,721		18,327
Non-controlling interest		354		1,086
Profit/(loss) per share attributable to the shareholders of the parent company in the fiscal year (in €):				
- basic/diluted		**0.21**		**0.23**

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

Consolidated statement of comprehensive income (IFRS)
From 1 October 2015 to 31 December 2015

	2015/16	2014/15
	'000 €	'000 €
Consolidated profit	**17,075**	**19,413**
Other result:		
Items that may subsequently be reclassified to consolidated profit:		
Foreign currency translation	7,681	1,645
Total items that may subsequently be reclassified to consolidated profit/loss	**7,681**	**1,645**
Items that will not subsequently be reclassified to consolidated profit:		
Actuarial gains/(losses) on defined benefit pension plans	(1,162)	(8,065)
Total of items that will not subsequently be reclassified to consolidated profit/loss	**(1,162)**	**(8,065)**
Other comprehensive income	**6,519**	**(6,420)**
Comprehensive income	**23,594**	**12,993**
Attributable to:		
Shareholders of the parent company	22,058	13,726
Non-controlling interest	1,536	(733)

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

Consolidated statement of financial position (IFRS)
as of 31 December 2015

	31 Dec 2015	30 Sep 2015
	'000 €	'000 €
ASSETS		
Goodwill	166,119	164,345
Other intangible assets	46,107	45,365
Property, plant and equipment	66,960	67,381
Investments accounted for using the equity method	0	0
Loans to investments accounted for using the equity method	0	0
Other loans	2,082	1,349
Investments	124	124
Deferred taxes	75,300	72,985
Non-current trade receivables	9,284	8,919
Other non-current assets	2,452	2,524
Non-current assets	**368,428**	**362,992**
Inventories	204,532	189,411
Trade receivables	163,614	184,817
Trade receivables from related parties	70,536	58,900
Treasury receivables	296,435	301,412
Tax refund claims	2,938	2,224
Other current financial assets	7,210	7,336
Other current non-financial assets	19,006	19,157
Cash and cash equivalents	16,132	13,041
Current assets	**780,403**	**776,298**
Total assets	**1,148,831**	**1,139,290**

	31 Dec 2015	30 Sep 15
	'000 €	'000 €
EQUITY AND LIABILITIES		
Share capital	81,310	81,310
Capital reserves	313,863	313,863
Retained earnings	407,624	390,903
Other components of equity	(26,881)	(32,218)
Equity before non-controlling interests	775,916	753,858
Non-controlling interests	45,128	43,592
Equity	**821,044**	**797,450**
Provisions for pensions and similar obligations	68,076	64,865
Other non-current provisions	4,605	4,467
Non-current financial liabilities	1,232	916
Non-current leasing liabilities	8,442	8,929
Other non-current non-financial liabilities	6,658	7,490
Deferred taxes	11,807	11,783
Non-current liabilities	**100,820**	**98,450**
Current provisions	23,791	24,360
Current accrued liabilities	64,575	65,447
Current financial liabilities	11,221	3,707
Current portion of non-current leasing liabilities	2,909	2,806
Trade payables	34,980	42,859
Current income tax payables	5,942	6,214
Trade payables to related parties	11,140	23,454
Treasury payables	34,579	36,043
Other current non-financial liabilities	37,830	38,500
Current liabilities	**226,967**	**243,390**
Total assets	**1,148,831**	**1,139,290**

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

Consolidated statement of cash flows (IFRS)
From 1 October 2015 to 31 December 2015

	2015/16	2014/15
	'000 €	'000 €
Cash flows from operating activities:		
Consolidated profit	**17,075**	**19,413**
Adjustments to reconcile consolidated profit / (loss) to net change in cash provided by / (used in) operating activities		
Income taxes	8,397	9,226
Interest income / expenses	647	357
Results from investments accounted for using the equity method	2,466	-
Depreciation and amortization	4,694	4,613
Gains / losses on disposal / depreciation of fixed assets	81	24
Interest received	202	111
Interest paid	(387)	(321)
Refunded income taxes	63	657
Income taxes paid	(10,314)	(10,475)
Changes in working capital:		
Trade receivables	12,379	(13,436)
Inventories	(12,313)	(10,948)
Other assets	665	(754)
Trade payables	(19,011)	(13,718)
Provisions and financial liabilities	4,981	(331)
Other liabilities	(2,361)	6,700
Total adjustments	(9,811)	(28,295)
Net cash provided by / (used in) operating activities	**7,264**	**(8,882)**
Cash flows from investing activities:		
Investment in property, plant and equipment	(1,808)	(2,900)
Investment in other intangible assets	(2,691)	(1,406)
Proceeds from fixed assets	15	9
Purchase of investments accounted for using the equity method	(2,484)	(1,975)
Payments for other loans	(690)	-
Proceeds from fixed-term deposits	110,000	-
Net cash provided by / (used in) investing activities	**102,342**	**(6,272)**
Cash flows from financing activities:		
Proceeds from / (repayment of) current liabilities to banks	948	(334)
Proceeds from / (repayment of) non-current liabilities to banks	(123)	(119)
(Increase) / decrease in treasury receivables	(104,791)	6,519
Increase / (decrease) in treasury payables	(2,222)	8,527
Increase / (decrease) in liabilities due to finance lease	(712)	(568)
Net cash provided by / (used in) financing activities	**(106,900)**	**14,025**
Effect of exchange rate fluctuations on cash and cash equivalents	385	(4)
Net increase / (decrease) in cash and cash equivalents	**3,091**	**(1,133)**
Cash and cash equivalents, beginning of reporting period	13,041	10,727
Cash and cash equivalents, end of reporting period	**16,132**	**9,594**

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

Consolidated statement of changes in equity (IFRS)

	Share capital	Capital reserves	Retained earnings	Other components of equity	Equity before non-controlling interests	Non-controlling interests	Equity
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
As of 1 Oct 2014	**81,310**	**313,863**	**361,130**	**(41,031)**	**715,272**	**38,955**	**754,227**
Foreign currency translation	-	-	-	18,586	18,586	1,035	19,621
Actuarial gains / (losses) from defined benefit pension plans	-	-	-	(9,773)	(9,773)	338	(9,435)
Changes in value recognized directly in equity	**-**	**-**	**-**	**8,813**	**8,813**	**1,373**	**10,186**
Consolidated profit	-	-	62,297	-	62,297	3,264	65,561
Total comprehensive income for the period	**-**	**-**	**62,297**	**8,813**	**71,110**	**4,637**	**75,747**
Dividend payments	-	-	(32,524)	-	(32,524)	-	(32,524)
As of 30 Sep 2015	**81,310**	**313,863**	**390,903**	**(32,218)**	**753,858**	**43,592**	**797,450**
Foreign currency translation	-	-	-	6,499	6,499	1,182	7,681
Actuarial gains / (losses) from defined benefit pension plans	-	-	-	(1,162)	(1,162)	-	(1,162)
Changes in value recognized directly in equity	**-**	**-**	**-**	**5,337**	**5,337**	**1,182**	**6,519**
Consolidated profit	-	-	16,721	-	16,721	354	17,075
Total comprehensive income for the period	**-**	**-**	**16,721**	**5,337**	**22,058**	**1,536**	**23,594**
As of 31 Dec 2015	**81,310**	**313,863**	**407,624**	**(26,881)**	**775,916**	**45,128**	**821,044**

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

Notes to the consolidated interim financial statements

GENERAL INFORMATION

Accounting under International Financial Reporting Standards (IFRS)

Carl Zeiss Meditec AG prepared its consolidated financial statements as of 30 September 2015 in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), London, as applicable in the EU as of that date. Accordingly, this interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting".

Accounting and valuation principles

The accounting and valuation principles applied for the interim financial statements as of 31 December 2015 correspond to those applied for the consolidated financial statements for fiscal year 2014/15, with the exceptions described below. A detailed description of these principles is published in the Notes to the consolidated financial statements as of 30 September 2015.

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
21 Nov 2013	Amendment IAS 19 "*Employee Benefits*"	Specification of the accounting treatment of employee contributions or third-party contributions for defined benefit plans
12 Dec 2013	Improvements to IFRSs (2010 – 2012)	Amendments to IFRS 2, 3, 8, 13, IAS 16, 24 and 38
12 Dec 2013	Improvements to IFRSs (2011 – 2013)	Amendments to Standards IFRS 1, 3, 13, IAS 40

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

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

Date of issue	**Standard / Interpretation**	**Amendment / new standard or interpretation**	**Effective date**	**Endorsed by the EU**
30 Jan 2014	IFRS 14 *"Regulatory Deferral Accounts"*	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 *"Joint Arrangements"*	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	Yes
12 May 2014	Amendment to IAS 16 and 38	Guidelines on which methods can be applied for the depreciation of property, plant and equipment and the amortization of intangible assets	Fiscal years beginning on or after 1 January 2016	Yes
28 May 2014	IFRS 15 *"Revenue from Contracts with Customers"*	Amalgamation of existing standards and interpretations on revenue recognition (IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 13)	Fiscal years beginning on or after 1 January 2018	No
24 July 2014	IFRS 9 *"Financial Instruments"*	Classification and measurement of financial assets	Fiscal years beginning on or after 1 January 2018	No
12 Aug 2014	Amendment to IAS 27 *"Separate Financial Statements"*	Approval of the equity method as an accounting option for investments in subsidiaries, joint ventures and associates	Fiscal years beginning on or after 1 January 2016	Yes
11 Sep 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	Postponed for an indefinite period	No
25 Sep 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	Yes
18 Dec 2014	Amendment to IFRS 10, 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 Dec 2014	Amendment to IAS 1 *"Presentation of Financial Statements"*	Improvement in the reporting with regard to disclosures in the notes	Fiscal years beginning on or after 1 January 2016	Yes
13 Jan 2016	IFRS 16 *"Leases"*	Guidelines on the accounting treatment of leases, eliminating the distinction between operating and finance leases for the lessee	Fiscal years beginning on or after 1 January 2019	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 and 16. The specific effects of the first-time application of IFRS 9, 15 and 16 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.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Operating segments

The Group has three operating segments, which are simultaneously the Group's Strategic Business Units ("SBUs"). Allocation to the various SBUs is based on business fields and thus strictly on market segments. This means that all activities in the area of cataracts, such as intraocular lenses, consumables, surgical visualization solutions in the field of ophthalmic surgery, as well as the diagnostic devices which are used prior to cataract surgery, shall be allocated to the "Surgical Ophthalmology" SBU. The "Microsurgery" segment comprises the activities of neuro, ear, nose and throat surgery, as well as dental surgery and spinal surgery, and 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. The product portfolio in the area of refractive surgery primarily includes systems and consumables for minimally-invasive laser eye corrections and devices for perimetry and intraocular pressure measurement in the diagnosis and treatment of retinal disorders.

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

The operating segments for the reporting period are as follows:

	Ophthalmic Systems		Surgical Ophthalmology		Microsurgery		Total	
	3 Months		3 Months		3 Months		3 Months	
	2015/16	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
External revenue	98,634	91,742	92,644	81,570	71,323	67,778	262,601	241,090
EBIT	5,443	3,823	11,952	8,638	14,836	15,420	32,231	27,881
Reconciliation of segments' comprehensive income to the Group's period-end result.								
Comprehensive income of the segments							**32,231**	**27,881**
Consolidated profit before interest and taxes (EBIT)							**32,231**	**27,881**
Financial result							(6,759)	758
Consolidated profit before income taxes							**25,472**	**28,639**
Income taxes							(8,397)	(9,226)
Consolidated profit							**17,075**	**19,413**

As a general rule there were no intersegment sales.

Related party disclosures

In the reporting period 2015/16, transactions with related parties result in revenue of € 92,029 thousand (prior year: € 75,910 thousand). The term "related parties" refers here to Carl Zeiss AG and its subsidiaries.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

On 22 December 2014 a contract was concluded between Carl Zeiss Meditec Inc., Dublin, USA, and Oraya Therapeutics, Inc., Newark, USA, (hereinafter: Oraya), under the terms of which Carl Zeiss Meditec Inc. may – during a period of 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. 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. During the period October to September 2015, further rights to purchase shares were acquired by way of payment to a value of € 2,484 thousand. As of 31 December 2015 the Group holds rights to purchase shares totaling 27.72 %. The material risks of the investment were already taken into account as of 30 September 2015.

DISCLOSURES ON FAIR VALUE

The principles and methods for measuring at fair value are essentially the same as in the prior year. Detailed notes on the evaluation principles and methods can be found in the Annual Report as of 30 September 2015.

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

Category 1
» Financial instruments traded on active markets, for which the listed prices were assumed unchanged for valuation.

Category 2
» Valuation is based on valuation methods where input factors are derived directly or indirectly from observable market data.

Category 3
» Valuation is based on valuation methods where input factors are not based exclusively on observable market data.

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

		Category 1	Category 2	Category 3	Total
		'000 €	'000 €	'000 €	'000 €
Financial assets recognized at fair value through profit or loss	31 Dec 2015	-	3,502	-	3,502
	30 Sep 2015	-	5,023	-	5,023
Financial liabilities recognized at fair value through profit or loss	31 Dec 2015	-	(7,393)	-	(7,393)
	30 Sep 2015	-	(3,067)	-	(3,067)

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

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

The fair value of the financial instruments measured at amortized cost, such as receivables and liabilities, is determined through discounting, taking into account a risk-based market interest rate with matching maturity. There are no significant changes compared with 30 September 2015 in the ratios between carrying amount and fair value with respect to non-current assets and liabilities. For reasons of materiality the fair value shall be equated to the carrying amount of current items in the statement of financial position.

EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

There were no events of particular significance after the end of the reporting period, 31 December 2015.

Financial calendar Imprint / Disclaimer

Financial calendar 2015/16

Annual General Meeting, Weimar
6 Apr 2016

Publication of the 6-month report and conference call
11 May 2016

Publication of the 9-month report and conference call
12 Aug 2016

Publication of the annual financial statements and Analyst Conference
13 Dec 2016

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The 3-Month Report 2015/16 of Carl Zeiss Meditec AG has been published in German and English.

Both versions and the key figures contained in this report can be downloaded from the following address:
www.zeiss.com/ir/reports_and_publications

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 interim report due to mathematical rounding.

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