Q2

2015/16

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6-Month Report of Carl Zeiss Meditec Group

ZEISS

Financial highlights
(IFRS)

	6 Months 2015/16		6 Months 2014/15		6 Months 2013/14	
	€ k	in %	€ k	in %	€ k	in %
Revenue	**540,781**	**100**	497,957	100	460,922	100
Research and development expenses	**60,784**	**11.2**	56,170	11.3	47,973	10.4
EBIT	**75,281**	**13.9**	60,997	12.2	63,660	13.8
Consolidated profit[1)]	**49,326**	**9.1**	32,400	6.5	44,147	9.6
Earnings per share[2] (in €)	**0.59**		0.37		0.49	
Cash flows from operating activities	**42,792**		3,501		22,308	
Cash flow from investing activities	**94,755**		-19,390		-44,385	
Cash flow from financing activities	**-143,619**		12,124		27,790	
Total assets	**1,184,708**	**100**	1,129,981	100	986,149	100
Property, plant and equipment	**64,713**	**5.5**	69,011	6.1	54,735	5.6
Equity	**838,307**	**70.8**	764,104	67.6	709,283	71.9
Net liquidity [3]	**307,498**	**26.0**	241,834	21.4	265,132	26.9
Employees as of 31 March	**2,830**		2,967		2,909	

[1] Before non-controlling interests
[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

Contents

Group management report on 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.

There were no significant changes with respect to the Group's reporting entity or the structure of its consolidated financial statements in the first six 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 € k unless otherwise stated)	6 Months 2015/16	6 Months 2014/15	Change
Revenue	540,781	497,957	+8.6 %
Gross margin	52.7 %	52.4 %	+0.3% pts
EBITDA	84,663	70,419	+20.2 %
EBITDA margin	15.7 %	14.1 %	+1.6% pts
EBIT	75,281	60,997	+23.4 %
EBIT margin	13.9 %	12.2 %	+1.7% pts
Adjusted EBIT[1]	77,238	64,326	+20.1 %
Adjusted EBIT in % of revenue	14.3 %	12.9 %	+1.4 % pts
Earnings before income taxes	71,529	47,424	+50.8 %
Tax rate	31.0 %	31.7 %	-0.7 % pts
Consolidated profit after non-controlling interests	47,995	30,062	+59.7 %
Earnings per share after non-controlling interests	€ 0.59	€ 0.37	+59.7 %

Consolidated revenue

In the first six months of fiscal year 2015/16, the Carl Zeiss Meditec Group generated revenue of € 540.8 million. This corresponds to an increase of 8.6 % year-on-year (prior year: € 498.0 million). This revenue growth is partly attributable to the positive currency trend. Adjusted for currency effects, revenue increased by 5.3 %.

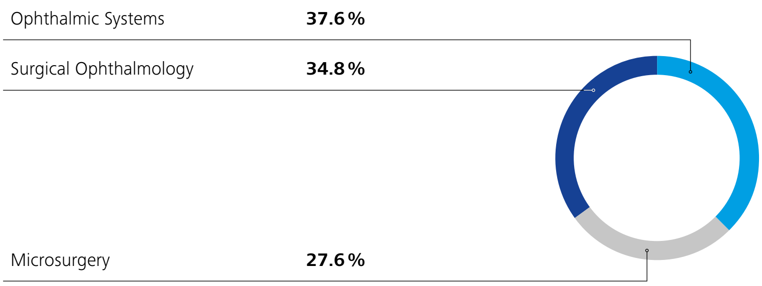
[1] The reconciliation to the adjusted EBIT can be found on page 8. The term "adjusted EBIT" is not defined in the International Financial Reporting Standards (IFRSs). There is no comparability with similarly designated key figures of other companies. Adjusted figures do not serve as a substitute for 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 six months of the current fiscal year amounts to 34.8 % of total revenue generated within the Group (prior year: 34.7 %). The share of the **Ophthalmic Systems** SBU increased slightly to 37.6 % due to the favorable development of sales (prior year: 36.8 %). The **Microsurgery** SBU's share of consolidated revenue decreased compared with the prior year, to 27.6 % (prior year: 28.5 %).

All three strategic business units made a positive contribution to this revenue development. The strongest growth in the Group was achieved in the area of ophthalmology.

Figure 1: Share of strategic business units in consolidated revenue in the first six months of fiscal year 2015/16



The **Ophthalmic Systems** SBU increased its revenue by 11.1 % in the first six months of fiscal year 2015/16, to € 203.5 million (prior year: € 183.2 million). In addition to a positive currency trend, this growth was also attributable to both the refractive laser business and diagnostic devices and systems segment. Adjusted for currency effects, year-on-year revenue growth amounted to 6.8 %.

After six months the **Surgical Ophthalmology** SBU increased its revenue by 8.7%, to € 188.1 million (prior year: € 173.0 million). The strongest driver of this growth was the business for premium and standard intra-ocular lenses for cataract surgery. Adjusted for currency effects, revenue increased by 6.6 %.

Boosted by the favorable currency trend, revenue in the **Microsurgery** SBU increased by 5.2 % after the first six months, to € 149.1 million (prior year: € 141.7 million). Adjusted for currency effects, revenue growth amounted to 1.8 %.

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

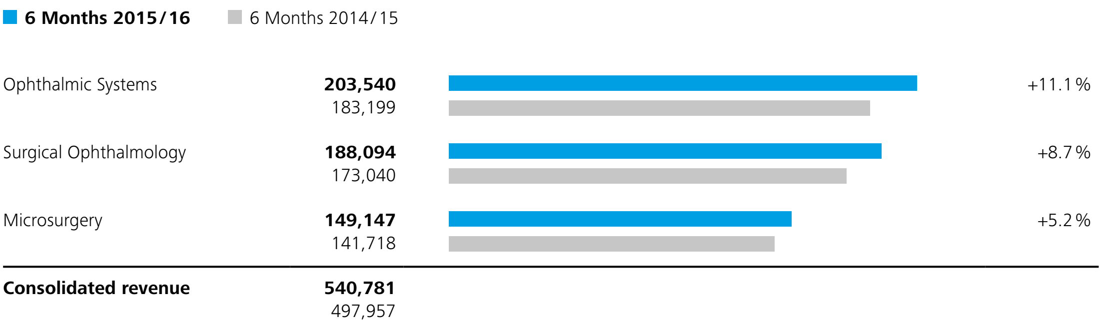
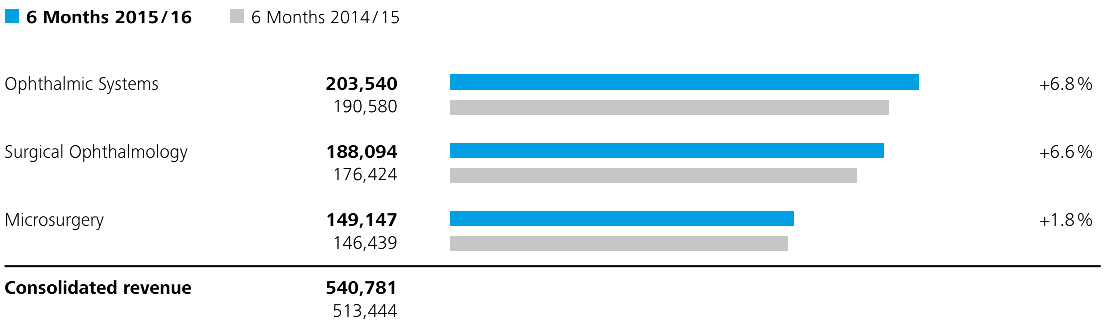


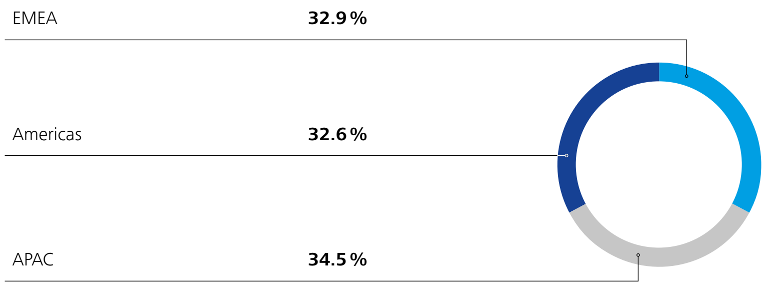
Figure 3: Consolidated revenue by strategic business unit based on constant exchange rates (figures in € k)



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 six months of fiscal year 2015/16, the **EMEA (Europe, Middle East and Africa)** region and the **APAC (Asia/Pacific)** region, in particular, made a positive contribution to growth. Due to the appreciation of the U.S. dollar against the euro, the **Americas** region continued to perform well.
The **EMEA** region accounted for 32.9 % (34.4 %) of consolidated revenue. The **Americas** and **APAC** regions accounted for 32.6 % (prior year: 33.5 %) or 34.5 % (prior year: 32.1 %) of total consolidated revenue.

Figure 4: Share of regions in consolidated revenue in the first six months of fiscal year 2015/16



Revenue in the **EMEA** region increased by 3.7 % in the first six months (adjusted for currency effects: 4.1 %), to a total of € 177.7 million (prior year: € 171.3 million). The development of the individual markets continued to be inconsistent, although Germany and the UK, among others, made good contributions.

Revenue in the **Americas** region increased by 5.7 % to € 176.4 million, compared with € 166.9 million in the prior year. This region benefited from the current strength of the U.S. dollar against the euro. Adjusted for currency effects, the region was almost on a par with the prior year (-0.9 %). Business in the U.S. exhibited a sideways trend.

The greatest contribution to growth was generated by the **APAC** region, with a revenue increase of 16.8 %. The Carl Zeiss Meditec Group recorded revenue of € 186.7 million (prior year: € 159.8 million) in this region. Currency effects had a slightly positive effect here. Adjusted for currency effects, revenue increased by 13.4 %. This growth is particularly attributable to the Chinese market, as well as the countries of Southeast Asia. Japan and India moved sideways.

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

	6 Months 2015/16	6 Months 2014/15	
EMEA	**177,709**	171,296	+3.7 %
Americas	**176,379**	166,862	+5.7 %
APAC	**186,693**	159,799	+16.8 %
Consolidated revenue	**540,781**	497,957	

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

	6 Months 2015/16	6 Months 2014/15	
EMEA	**177,709**	170,754	+4.1 %
Americas	**176,379**	178,058	-0.9 %
APAC	**186,693**	164,632	+13.4 %
Consolidated revenue	**540,781**	513,444	

Gross profit

Gross profit for the first half of fiscal year 2015/16 amounted to € 285.1 million (prior year: € 261.1 million). At 52.7 %, the gross margin for the period under review was slightly higher compared with the prior year's margin of 52.4 %.

Functional costs

Functional costs for the first six months of the current fiscal year amounted to € 209.8 million (prior year: € 200.1 million). The ratio of functional costs to revenue decreased slightly compared with the prior year, to 38.8 % (prior year: 40.2 %). The absolute increase in costs can also largely be attributed to currency effects.

» **Selling and marketing expenses:** Selling and marketing expenses increased at a lower rate than revenue of 5.5 %, to € 125.3 million, compared with € 118.8 million in the prior year. At 23.2 %, the ratio of selling and marketing expenses to revenue thus decreased slightly year-on-year (prior year: 23.9 %).

» **General administrative expenses:** General administrative expenses decreased in the first six months, to € 23.7 million (prior year: € 25.1 million). The ratio of these expenses to revenue decreased from 5.0 % in the prior year to 4.4 %.

» **Research and development expenses (R&D):** The Carl Zeiss Meditec Group continuously invests in R&D in order to further develop its product range and ensure further growth. In the first six months, R&D expenses increased to € 60.8 million (prior year: € 56.2 million). The R&D ratio was almost the same as the prior year, at 11.2 % (prior year: 11.3 %).

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 € 75.3 million for the period from October 2015 to end March 2016 (prior year: € 61.0 million). The EBIT margin increased from 12.2 % to 13.9 %. The development of earnings was boosted by a positive product and regional mix, as well as a strict cost management policy.

EBIT for the first six months and for the past fiscal year 2014/15 was affected, among other things, by expenses that arose in association with acquisitions and restructuring[2]. Adjusted for these effects, EBIT would have amounted to around 14.3 % (prior year: 12.9 %) of revenue, and would therefore have been higher than the prior year.

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

	6 Months 2015/16	6 Months 2014/15	Change
(Unless otherwise stated)	€ k	€ k	in %
EBIT	75.3	61.0	+23.4
Acquisition-related special effects[3]	1.9	2.4	-19.8
Restructuring/reorganization	-	1.0	
Other special effects[4]	-	-	
Adjusted EBIT	77.2	64.3	+20.0
Adjusted EBIT in % of revenue	14.3 %	12.9 %	+1.4 % pts

The EBIT margin within the **Ophthalmic Systems** SBU improved compared with the prior year. A favorable product mix, among other things, as well as cost-cutting measures, made a positive contribution to this. In the **Surgical Ophthalmology** SBU, the EBIT margin increased, due, among other things, to economies of scale associated with the growth in revenue. A favorable product and regional mix also had a positive effect on the margin. The EBIT margin in the **Microsurgery** SBU was lower compared with the prior year. This was attributable to higher research and development costs, among other things.

Earnings before interest, taxes, depreciation and amortization **(EBITDA)** for the reporting period amounted to € 84.7 million (prior year: € 70.4 million). Relative to revenue, this results in an EBITDA margin of 15.7 % (prior year: 14.1 %).

[2] Restructuring costs mainly relate to the reorganization of the Diagnostics unit within the Ophthalmic Systems strategic business unit.
[3] Write-downs on intangible assets arose from purchase price allocations (PPAs), mainly in association with the acquisition of Aaren Scientific Inc. in fiscal year 2013/14
[4] There were no other special effects during the first six months or the prior year.

Foreign currency losses, mainly arising from the realization of currency hedging transactions, amounted to € -1.5 million (prior year: € -12.5 million). The **tax rate** was 31.0 % (prior year: 31.7 %). As a general rule, an average annual tax rate of between 31 % and 33 % is assumed.

Basic **consolidated profit**[5] in the first half of the current fiscal year amounted to € 48.0 million (prior year: € 30.1 million), with € 1.3 million thereof attributable to **non-controlling interests** (prior year: € 2.3 million). Basic **earnings per share** of the parent company amounted to € 0.59 (prior year: € 0.37).

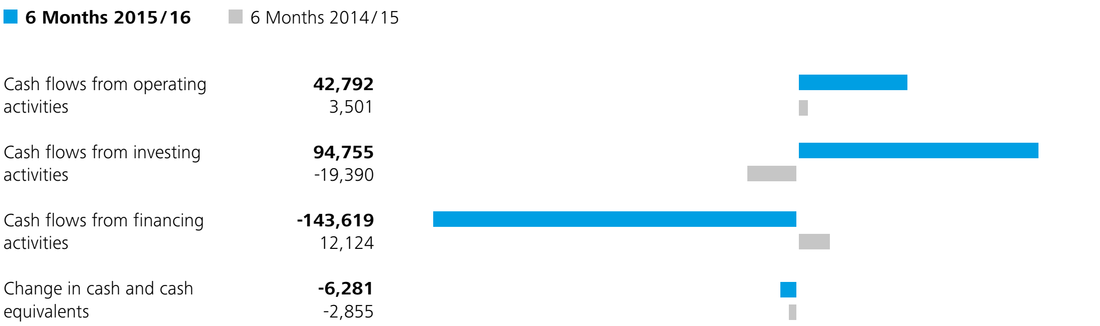
FINANCIAL POSITION

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 March 2016. As a result, the statements in the analysis of the financial position may differ from the presentation of net assets based on the consolidated statement of financial position.

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



Cash flows from operating activities amounted to € 42.8 million in the period under review (prior year: € 3.5 million). This is due, on the one hand, to higher operating profit, which is around € 17 million higher than the prior year. In addition, there was very little change in trade receivables, whereas in the prior year there was a buildup of trade receivables related to the end of the reporting period.

Cash flow from investing activities amounted to € 94.8 million in the period under review (prior year: € -19.4 million). This amount is mainly due to the maturity of a fixed-term deposit on 30 September 2015, in the amount of € 110 million, which was processed via Carl Zeiss Financial Services GmbH.

[5] Attributable to shareholders of the parent company

Cash flow from financing activities in the first six months of the current fiscal year amounts to € -143.6 million (prior year: € 12.1 million). The difference compared with the year-ago period is primarily attributable to an increase in treasury receivables resulting from the maturity of the above-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 March 2016	30 Sept 2015	Change
		€ k	€ k	in %
Cash and cash equivalents	Cash-in-hand and bank balances	6,760	13,041	-48.2
Net cash	Cash-in-hand and bank balances + Treasury receivables from Group treasury of Carl Zeiss AG[6] ./. Treasury payables to Group treasury of Carl Zeiss AG	307,498	278,410	+10.4
Net working capital	Current assets including financial investments ./. Cash and cash equivalents ./. Treasury receivables from Group treasury of Carl Zeiss AG[6] ./. Current liabilities excl. liabilities to Group treasury of Carl Zeiss AG	275,242	264,498	+8.2
Working capital	Current assets ./. Current liabilities	582,740	532,908	+9.4

Table 4: Key ratios relating to financial position

Key ratio	Definition	6 Months 2015 / 16	6 Months 2014 / 15	Change
Cash flow per share	Cash flows from operating activities ――― Weighted average of shares outstanding	€ 0.53	€ 0.04	>100 %
Capex ratio	Investment (cash) in property, plant and equipment ――― Consolidated revenue	0.8 %	1.3 %	-0.5 % points

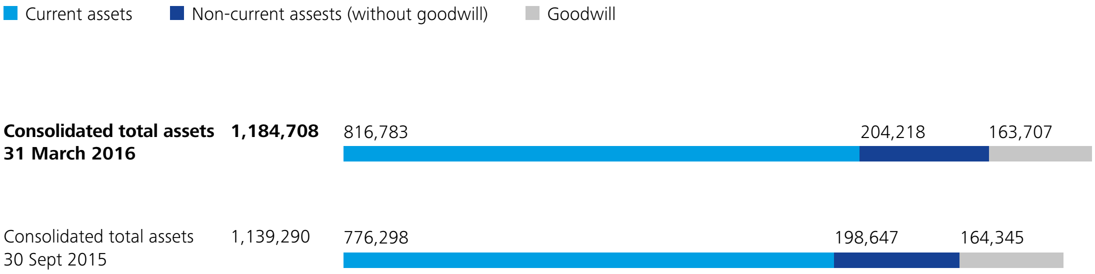
[6] 30 September 2015 including deposit in the amount of € 110 million

NET ASSETS

Presentation of net assets

Total assets amounted to € 1,184.7 million as of 31 March 2016 (30 September 2015: € 1,139.3 million).

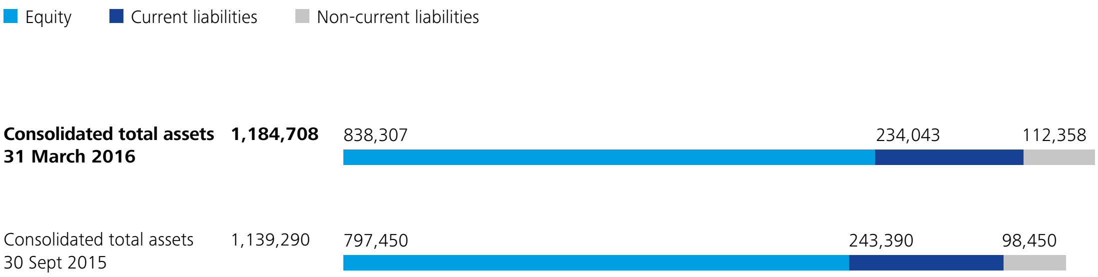
Figure 8: Structure of the consolidated statement of financial position: Assets (figures in € k)



Non-current assets increased to € 367.9 million as of 31 March 2016 (30 September 2015: € 363.0 million).

Current assets increased to € 816.8 million as of 31 March 2016 (30 September 2015: € 776.3 million), due, among other things, to higher inventories at the end of the reporting period in connection with a number of current new product launches since the end of the past fiscal year, and to ensure delivery capacity for a number of top-selling products.

Figure 9: Structure of the consolidated statement of financial position: Liabilities (figures in € k)



The **equity** recognized in Carl Zeiss Meditec Group's consolidated statement of financial position amounted to € 838.3 million as of 31 March 2016 (30 September 2015: € 797.5 million). The equity ratio amounted to 70.8 % as of 31 March 2016 (30 September 2015: 70.0 %) and thus remains high.

Non-current liabilities amounted to € 112.4 million as of 31 March 2016 (30 September 2015: € 98.5 million). This is the result of higher pension commitments due to an adjustment of the discount factor arising from the fall in the interest rate.

Current liabilities amounted to € 234.0 million as of 31 March 2016 (30 September 2015: € 243.4 million). This decrease is primarily attributable to the change in trade payables relating to the end of the reporting period, as well the change in liabilities to related parties.

Key ratios relating to net assets

Table 5: Key ratios relating to net assets

Key ratio	Definition	30 March 2016	30 Sept 2015	Change
		in %	in %	% pts
Equity ratio	Equity (incl. non-controlling interests) / Total assets	70.8	70.0	+0.8
Inventories in % of rolling 12-month revenue	Inventories (net) / Rolling revenue of the past twelve months as of the end of the reporting period	18.6	18.2	+0.4
Receivables in % of rolling 12-month revenue	Trade receivables at the end of the reporting period (including non-current receivables) / Rolling revenue of the past twelve months as of the end of the reporting period	23.5	24.3	-0.8

ORDERS ON HAND

As of 31 March 2016, the Carl Zeiss Meditec Group's orders on hand totaled € 141.8 million (30 September 2015: € 159.3 million). This decline is partly attributable to the planned liquidation of the distribution business of Aaren Scientific Inc. and to the reduction of the increased orders on hand in biometry from the prior year.

OPPORTUNITY AND RISK REPORT

Groups with global operations face a large number of entrepreneurial opportunities and risks 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.

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

The opportunity and risk situation of the Carl Zeiss Meditec Group has not changed significantly since the publication of the 2014/15 Annual Report. Therefore, for a detailed presentation of the risk management system and the opportunity and risk situation, please refer to pages 57 to 65 of the 2014/15 Annual Report of the Carl Zeiss Meditec Group.

SUPPLEMENTARY REPORT

No events of material significance for the Carl Zeiss Meditec Group's net assets, financial position and results of operations occurred after the end of the first six months of the current fiscal year. The development of business at the beginning of the third quarter of fiscal year 2015/16 validates the statements made in the "Outlook" below.

EMPLOYEES

As of 31 March 2016 the Carl Zeiss Meditec Group had 2,830 employees worldwide (30 September 2015: 2,888).

RESEARCH AND DEVELOPMENT

In the first six months of fiscal year 2015/16 research and development expenses increased by 8.2 % to € 60.8 million (prior year: € 56.2 million). At the same time, the R&D ratio remained almost the same as the prior year, at 11.2 % (prior year: 11.3 %). In the long term, the Carl Zeiss Meditec Group is aiming for an R&D ratio ranging between 10 % and 11 %.

On 31 March 2016, 14.8 % (30 September 2015: 14.6 %) of the Carl Zeiss Meditec Group's entire workforce was 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[7]

Optical Coherence Tomography (OCT) is now the 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 is now also approved for sale in Europe, is a compact, versatile and user-friendly OCT system that provides the main applications for diagnosis in the anterior and posterior section of the eye. The features of the PRIMUS 200 and a short training time mean that the system can also be easily integrated into smaller ophthalmic practices, and that practice services can be extended to a larger group of patients.

Other advantages of the new spectral-domain OCT system include the availability of an excellent image quality, the use of proven algorithms and an integrated pathology library, which all help the physician to make reliable, informed clinical decisions.

[7] The PRIMUS 200 bears a CE marking and can be ordered in many European countries. The device is not available in the USA.

AngioPlex™ OCT Angiography[8]

The AngioPlex™ OCT Angiography technology helps doctors to display retinal blood vessels without the need for the injection of fluorescent dyes 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. For the patient, risks associated with a procedure using fluorescent dyes are eliminated.

SL 220 slit lamp

With the SL 200, the Company now offers – for the first time in basic diagnostics – a slit lamp in the popular tower design, and therefore in the two established operating concepts for slit lamps. The LED lighting and the optical and mechanical features of the SL 220 help physicians to diagnose eye diseases.

VISUCAM® 224/524[9]

The two non-mydriatic[10] fundus cameras use innovative, high-resolution optics. The combination of the integrated 24-megapixel sensor, the newly designed optical system and the enhanced image processing function achieves better image quality. Additional standard functions, such as color and red-free images, enhance the visualization of various anatomical features. Ease of use and detailed images of the fundus of the eye enable fast and informative imaging and can improve efficiency in the detection and treatment of eye diseases, as well as contribute to patient education.

VISUCONNECT® 500

The software VISUCONNECT® 500 introduces convenient data management to basic diagnostics. Patient data recorded with the ZEISS pre-surgery diagnostic instruments for objective refraction and measurement of intraocular pressure, can now be automatically transmitted to electronic patient files or practice management systems, e.g. ZEISS FORUM®.

OPMI LUMERA® 300

The OPMI LUMERA® 300 surgical microscope for the routine segment offers an excellent price/performance ratio and requires a lower light intensity. This makes treatment less stressful for the patient. Physicians simultaneously benefit from the renowned quality of optics and illumination of the OPMI LUMERA® range. This device expands in particular the basic care offering, especially for customers in the rapidly growing markets of Asia / Pacific.

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.

[8] AngioPlex™ OCT Angiography is the first procedure of its kind to be granted 510 (k) approval by the U.S. Food and Drug Administration (FDA).
[9] VISUCAM® 224/524 is available in the USA, Canada, the European Union and Asia.
[10] The use of a non-mydriatic fundus camera does not require any medication to dilate the pupils.

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 management of the Group is generally anticipating further market growth.

The management of the Carl Zeiss Meditec Group forecasts revenue of between € 1,080 million and € 1,120 million for the current fiscal year.

The **Ophthalmic Systems** SBU achieved a significant increase in revenue in the first six months of 2015/16. In addition to the favorable currency trend and the contribution of the refractive laser business, this SBU's growth was also attributable to diagnostic devices and systems. Although this segment remains in a challenging competitive environment, its revenue increased in the first half of the year. 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 our new product launches and the encouraging development of our refractive laser business, we are looking forward to the rest of the current fiscal year with optimism, and expect to grow at least at the same rate as the underlying market.

The **Surgical Ophthalmology** SBU grew again significantly in the first six months of 2015/16. We expect this growth to continue throughout fiscal year 2015/16. To achieve this, we need to exploit any potential that remains in the markets and further consolidate our market position through innovations. The Company offers the leading MICS-compliant trifocal intraocular lenses on the market with the AT LISA® tri and AT LISA® tri toric. The CT LUCIA®, launched in September 2014, is the first intraocular lens in the standard segment to be manufactured at our new location 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. We are confident that we shall once again grow at a faster rate than the underlying market in 2015/16.

In the first six months of 2015/16 the **Microsurgery** SBU achieved slight revenue growth after adjustment for currency effects. 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 optimistic that we shall grow at least to the same extent as the underlying market in the current fiscal year.

In the first six months of 2015/16 the EBIT margin increased to 13.9 % (prior year: 12.2 %). In fiscal year 2015/16 we expect our EBIT margin to be within 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).

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 March 2016

	2nd quarter 2015/16 1 Jan 2016 to 31 March 2016	2nd quarter 2014/15 1 Jan 2015 to 31 March 2015	2015/16 1 Oct 2015 to 31 March 2016	2014/15 1 Oct 2014 to 31 March 2015
	€ k	€ k	€ k	€ k
Revenue	**278,180**	**256,867**	**540,781**	**497,957**
Cost of sales	(129,983)	(123,346)	(255,684)	(236,892)
Gross profit	**148,197**	**133,521**	**285,097**	**261,065**
Selling and marketing expenses	(63,559)	(59,023)	(125,300)	(118,764)
General administrative expenses	(11,926)	(13,607)	(23,732)	(25,134)
Research and development expenses	(29,662)	(27,775)	(60,784)	(56,170)
Earnings before interest, taxes, depreciation and amortization	47,738	37,925	84,663	70,419
Depreciation and amortization	4,688	4,809	9,382	9,422
Earnings before interest and taxes	**43,050**	**33,116**	**75,281**	**60,997**
Results from investments accounted for using the equity method	1,646	(189)	(820)	(189)
Interest income	181	280	383	550
Interest expenses	(567)	(356)	(1,056)	(705)
Net interest from defined benefit pension plans	(414)	(303)	(774)	(581)
Foreign currency gains/(losses), net	2,171	(13,645)	(1,547)	(12,530)
Other financial result	(10)	(118)	62	(118)
Earnings before income taxes	**46,057**	**18,785**	**71,529**	**47,424**
Income taxes	(13,806)	(5,798)	(22,203)	(15,024)
Consolidated profit	**32,251**	**12,987**	**49,326**	**32,400**
Attributable to:				
Shareholders of the parent company	31,274	11,735	47,995	30,062
Non-controlling interests	977	1,252	1,331	2,338
Profit/(loss) per share attributable to the shareholders of the parent company in the current financial year (in €): – basic/diluted	**0.38**	**0.14**	**0.59**	**0.37**

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

Consolidated statement of comprehensive income (IFRS)

From 1 October 2015 to 31 March 2016

	2nd quarter 2015/16 1 Jan 2016 to 31 March 2016	2nd quarter 2014/15 1 Jan 2015 to 31 March 2015	2015/16 1 Oct 2015 to 31 March 2016	2014/15 1 Oct 14 to 31 March 2015
	€ k	€ k	€ k	€ k
Consolidated profit	**32,251**	**12,987**	**49,326**	**32,400**
Gains/(losses) on foreign currency translation	(6,079)	30,935	1,602	32,580
Total of items that may subsequently be reclassified to consolidated profit	**(6,079)**	**30,935**	**1,602**	**32,580**
Actuarial gains/(losses) on defined benefit pension plans	(8,909)	(14,514)	(10,071)	(22,579)
Total of items that will not subsequently be reclassified to consolidated profit	**(8,909)**	**(14,514)**	**(10,071)**	**(22,579)**
Other result	**(14,988)**	**16,421**	**(8,469)**	**10,001**
Comprehensive income for the period	**17,263**	**29,408**	**40,857**	**42,401**
Attributable to:				
Shareholders of the parent company	15,184	23,396	37,242	37,122
Non-controlling interest	2,079	6,012	3,615	5,279

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

Consolidated statement of financial position (IFRS)
as of 31 March 2016

	31 March 2016	30 Sept 2015
	€ k	€ k
ASSETS		
Non-current assets		
Goodwill	163,707	164,345
Other intangible assets	47,031	45,365
Property, plant and equipment	64,713	67,381
Investments accounted for using the equity method	-	-
Loans to investments accounted for using the equity method	-	-
Other loans	2,128	1,349
Investments	124	124
Deferred taxes	78,573	72,985
Non-current trade receivables	8,943	8,919
Other non-current assets	2,706	2,524
	367,925	**362,992**
Current assets		
Inventories	201,650	189,411
Trade receivables	173,766	184,817
Trade receivables from related parties	71,716	58,900
Treasury receivables	332,656	301,412
Tax refund claims	2,275	2,224
Other current financial assets	10,437	7,336
Other current non-financial assets	17,523	19,157
Cash and cash equivalents	6,760	13,041
	816,783	**776,298**
	1,184,708	**1,139,290**
EQUITY AND LIABILITIES		
Equity		
Share capital	81,310	81,310
Capital reserves	313,863	313,863
Retained earnings	438,898	390,903
Other components of equity	(42,971)	(32,218)
Equity before non-controlling interests	791,100	753,858
Non-controlling interests	47,207	43,592
	838,307	**797,450**
Non-current liabilities		
Provisions for pensions and similar obligations	81,675	64,865
Other non-current provisions	4,542	4,467
Non-current financial liabilities	1,188	916
Non-current leasing liabilities	7,595	8,929
Other non-current non-financial liabilities	6,314	7,490
Deferred taxes	11,044	11,783
	112,358	**98,450**
Current liabilities		
Current provisions	22,210	24,360
Current accrued liabilities	68,116	65,447
Current financial liabilities	8,752	3,707
Current portion of non-current leasing liabilities	2,796	2,806
Trade payables	39,983	42,859
Current income tax payables	10,979	6,214
Trade payables to related parties	16,480	23,454
Treasury payables	31,918	36,043
Other current non-financial liabilities	32,809	38,500
	234,043	**243,390**
	1,184,708	**1,139,290**

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

Consolidated statement of cash flows (IFRS)
From 1 October 2015 to 31 March 2016

	2015/16 1 Oct 2015 to 31 March 2016	2014/15 1 Oct 2014 to 31 March 2015
	€ k	€ k
Cash flows from operating activities:		
Consolidated profit	**49,326**	**32,400**
Adjustments to reconcile consolidated profit to net cash provided by/(used in) operating activities		
Income taxes	22,203	15,024
Interest income/expenses	1,447	736
Results from investments accounted for using the equity method	820	189
Depreciation and amortization	9,382	9,422
Gains/losses on disposal of fixed assets	230	42
Interest received	361	225
Interest paid	(802)	(657)
Refunded income taxes	251	3,239
Income taxes paid	(19,782)	(20,751)
Other material non-cash income and expenses	-	69
Changes in working capital:		
Trade receivables	(60)	(38,124)
Inventories	(13,486)	(18,015)
Other assets	(1,732)	(2,791)
Trade payables	(8,760)	5,251
Provisions and financial liabilities	9,953	13,916
Other liabilities	(6,559)	3,326
Total adjustments	(6,534)	(28,899)
Net cash provided by/(used in) operating activities	**42,792**	**3,501**
Cash flows from investing activities:		
Investment in property, plant and equipment	(4,278)	(6,040)
Investment in other intangible assets	(6,055)	(2,252)
Proceeds from fixed assets	42	24
Purchase of investments accounted for using the equity method and assets	(4,131)	(4,375)
Payments for loans to investments accounted for using the equity method	-	(5,680)
Payments for other loans	(823)	-
Proceeds from fixed-term deposits	110,000	-
Acquisition of consolidated companies/businesses net of cash acquired (Optronik A.S, Turkey)	-	(1,067)
Net cash provided by/(used in) investing activities	**94,755**	**(19,390)**
Cash flows from financing activities:		
Proceeds from/(repayment of) current liabilities to banks	(178)	(837)
Proceeds from/(repayment of) non-current liabilities to banks	(244)	(238)
(Increase)/decrease in treasury receivables	(138,172)	35,436
Increase/(decrease) in treasury payables	(3,820)	11,531
Increase/(decrease) in liabilities due to finance lease	(1,205)	(1,244)
Dividend payments to shareholders of Carl Zeiss Meditec AG	-	(32,524)
Net cash provided by/(used in) financing activities	**(143,619)**	**12,124**
Effect of exchange rate fluctuations on cash and cash equivalents	(209)	910
Net increase/(decrease) in cash and cash equivalents	**(6,281)**	**(2,855)**
Cash and cash equivalents, beginning of reporting period	13,041	10,727
Cash and cash equivalents, end of reporting period	**6,760**	**7,872**

The following notes 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-con-trolling interests	Non-con-trolling interests	Equity
	€ k	€ k	€ k	€ k	€ k	€ k	€ k
As of 1 Oct 2014	**81,310**	**313,863**	**361,130**	**(41,031)**	**715,272**	**38,955**	**754,227**
Gains/(losses) on foreign currency translation	-	-	-	29,639	29,639	2,941	32,580
Actuarial gains/(losses) on defined benefit pension plans	-	-	-	(22,579)	(22,579)	-	(22,579)
Changes in value recognised directly in equity	**-**	**-**	**-**	**7,060**	**7,060**	**2,941**	**10,001**
Consolidated profit	-	-	30,062	-	30,062	2,338	32,400
Comprehensive income for the period	**-**	**-**	**30,062**	**7,060**	**37,122**	**5,279**	**42,401**
Dividend payments	-	-	(32,524)	-	(32,524)	-	(32,524)
As of 31 March 2015	**81,310**	**313,863**	**358,668**	**(33,971)**	**719,870**	**44,234**	**764,104**
As of 1 Oct 2015	**81,310**	**313,863**	**390,903**	**(32,218)**	**753,858**	**43,592**	**797,450**
Gains/(losses) on foreign currency translation	-	-	-	(682)	(682)	2,284	1,602
Actuarial gains/(losses) from defined benefit pension plans	-	-	-	(10,071)	(10,071)	-	(10,071)
Changes in value recognized directly in equity	**-**	**-**	**-**	**(10,753)**	**(10,753)**	**2,284**	**(8,469)**
Consolidated profit	-	-	47,995	-	47,995	1,331	49,326
Comprehensive income for the period	**-**	**-**	**47,995**	**(10,753)**	**37,242**	**3,615**	**40,857**
As of 31 March 2016	**81,310**	**313,863**	**438,898**	**(42,971)**	**791,100**	**47,207**	**838,307**

The following notes 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 March 2016 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 to 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
19 Jan 2016	Amendment to IAS 12 *"Income Taxes"*	Clarifications relating to the recognition of unrealized losses	Fiscal years beginning on or after 1 January 2017	No
29 Jan 2016	Amendment to IAS 7 *"Statement of Cash Flows"*	Improvement of information provided about an entity's financing activities and liquidity	Fiscal years beginning on or after 1 January 2017	No
12 Apr 2016	Information on IFRS 15 *"Revenue from Contracts with Customers"*	Clarifications to IFRS 15 and transition relief	Fiscal years beginning on or after 1 January 2018	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, plastic and reconstructive surgery, dental and spinal 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. In the field of refractive surgery the product portfolio comprises primarily systems and consumables for minimally invasive laser eye corrections and devices for perimetry and intraocular pressure measurement for 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	
	6 Months		6 Months		6 Months		6 Months	
	2015/16	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15
	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k
External revenue	203,540	183,199	188,094	173,040	149,147	141,718	540,781	497,957
EBIT	13,005	4,215	27,140	22,060	35,136	34,722	75,281	60,997
Reconciliation of segments' comprehensive income to the Group's period-end result.								
Comprehensive income of the segments							**75,281**	**60,997**
Consolidated earnings before interest and taxes (EBIT)							**75,281**	**60,997**
Financial result							(3,752)	(13,573)
Consolidated earnings before income taxes							**71,529**	**47,424**
Income taxes							(22,203)	(15,024)
Consolidated profit							**49,326**	**32,400**

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 € 185,912 thousand (prior year: € 154,670 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 2015 to January 2016, further rights to purchase shares were acquired by way of payment of € 3,321 thousand. As of 31 March 2016 the Group holds rights to purchase shares totaling 29.61 %. The material risks of the investment were already taken into account as of 30 September 2015. In the second quarter the contract was terminated thus no further shares were acquired.

Furthermore, on 15 March 2016 a contract was concluded between Carl Zeiss Meditec Inc., Dublin, USA, and Oraya, under the terms of which Carl Zeiss Meditec Inc. assumes assets from Oraya. The market value of the assets, which is still to be determined, is currently estimated at around € 1 million, and mainly corresponds to the value of the monetary consideration.

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. Contrary to these principles, at the beginning of February Carl Zeiss Meditec concluded a hedging transaction to hedge against the translation risk of the net investment in Japanese yen. The gain or loss on the effective portion of the hedge shall be recognized under "Other result" under equity and shall remain under equity until the disposal or partial disposal of the net investment.

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
		€ k	€ k	€ k	€ k
Financial assets recognized at fair value through profit or loss	31 Mar 2016	-	7,135	-	7,135
	30 Sep 2015	-	5,023	-	5,023
Financial liabilities recognized at fair value through profit or loss	31 Mar 2016	-	(5,639)	-	(5,639)
	30 Sep 2015	-	(3,067)	-	(3,067)
Derivative financial liabilities with hedging relationship	31 Mar 2016	-	(583)	-	(583)
	30 Sep 2015	-	-	-	-

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 for 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 March 2016.

Declaration by the legal representatives (Responsibility Statement)

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

Dr Ludwin Monz President and CEO	Dr Christian Müller Member of the Management Board	Thomas Simmerer Member of the Management Board

Financial calendar

Imprint / Disclaimer

Financial calendar 2015/16

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 6-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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