

**Single-entity financial statements
of Carl Zeiss Meditec AG (HGB)**

Financial year 2013/2014



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Management report

for financial year 2013/2014¹

1 CARL ZEISS MEDITEC AG

1.1 Business

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

Ophthalmology

Ophthalmic equipment and systems offered by the Company are used for the diagnosis, progress control, treatment and follow-up treatment of different ophthalmic conditions. These are vision defects (refraction), cataracts, glaucoma and retinal disorders, the incidence of which increases particularly with age. The various diseases each occur in different sections within the human eye. The lens, among other things, can be affected, in that it gradually begins to turn opaque, as is the case with cataracts. Retinal diseases can also impair the vision of the human eye and can even cause irreparable damage or, ultimately, blindness.

Ophthalmology within Carl Zeiss Meditec unites the two strategic business units (SBUs) "**Ophthalmic Systems**" and "**Surgical Ophthalmology**". The "Ophthalmic Systems" SBU covers almost the entire spectrum of laser and diagnostic systems for ophthalmology. The "Surgical Ophthalmology"

SBU combines Carl Zeiss Meditec's activities in the field of ophthalmic implants (intraocular lenses or IOLs) and disposables.

Microsurgery

In the "**Microsurgery**" SBU, Carl Zeiss Meditec offers surgical microscopes and visualization solutions, e. g. for ear, nose and throat surgery or neurosurgery. These products are mainly used to assist with the removal of tumors, as well as the treatment of vascular diseases and functional disorders. In addition, in the financial year under review this SBU also offered various products for ophthalmic surgery, such as surgical microscopes and visualization systems for displaying the retina. The future technologies for intraoperative radiation therapy have also been assigned to this SBU.

1.2 Markets

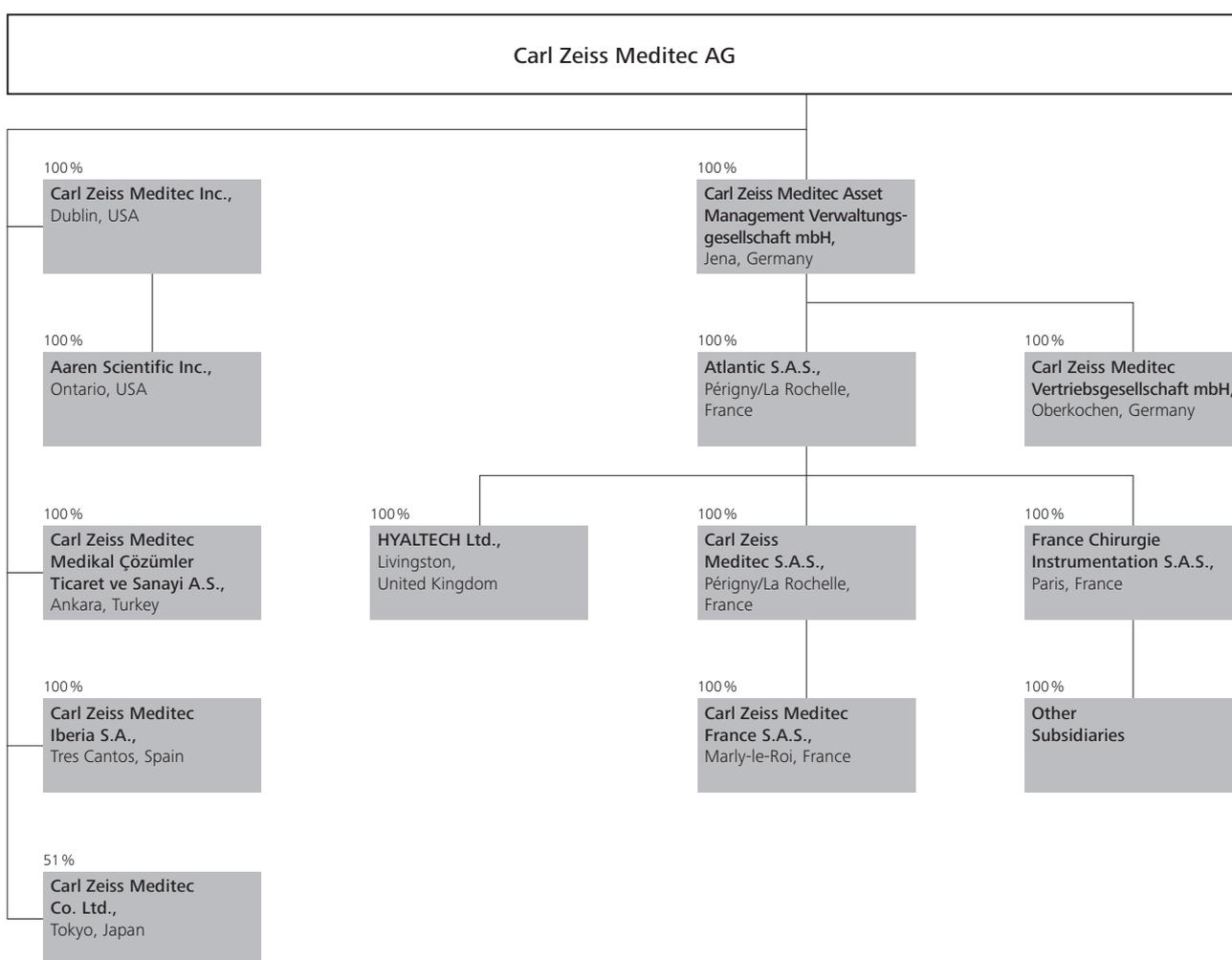
Carl Zeiss Meditec is a company with a global presence. With its headquarters in Jena (Germany) and additional plants and subsidiaries in Germany, France, Spain, the USA, Turkey and Japan, the Company has a direct presence in the world's most important medical technology markets. The Company also benefits from the Carl Zeiss Group's powerful global distribution network and ensures itself customer proximity and a distinct advantage over international rivals with its around 40 sales companies and more than 100 agencies worldwide.

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

1.3 Group structure

Carl Zeiss Meditec AG, Jena, Germany, is the parent company of the Carl Zeiss Meditec Group (the "Group"), which comprises additional subsidiaries. These are presented in the chart below, which shows the investment structure of the Carl Zeiss Meditec Group as of 30 September 2014.

Figure 1: Investment structure of the Carl Zeiss Meditec Group as of 30 September 2014



No changes were made to the Group's reporting entity or the structure of its consolidated financial statements in financial year 2013/2014.

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

Furthermore, on 7 January 2014, Carl Zeiss Meditec Inc., Dublin, USA acquired 100% of the shares in U.S. intraocular lens manufacturer, Aaren Scientific Inc., which is domiciled in Ontario, California, USA. Aaren Scientific Inc. is a company engaged in the research, development, manufacture and global distribution of intraocular lenses and other ophthalmic surgery products for cataract surgery. Aaren Scientific Inc. has been integrated in the strategic business unit "Surgical Ophthalmology" and supplements the existing locations Berlin

in Germany and La Rochelle in France. This acquisition is an important strategic step for Carl Zeiss Meditec in terms of generating further growth in the “Surgical Ophthalmology” SBU in future.

On 5 November 2013 Carl Zeiss Meditec S.A.S., Périgny/La Rochelle, France transferred 100 percent of the shares of Carl Zeiss Meditec Vertriebsgesellschaft mbH to Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH.

1.4 Corporate strategy

Carl Zeiss Meditec AG has set itself the task to develop innovative products to improve the diagnosis and treatment of diseases. The solutions the Company develops aim to improve the treatment result, simplify clinical workflows and, ultimately, reduce costs of treatment. They also allow physicians to focus all their attention on their work and their patients. After all, our aim in the end is for the patient to leave the clinic with the best possible outcome and a high level of satisfaction.

Our corporate strategy therefore focuses on the success factors “Innovation”, “Integrated Solutions” and “Customer Focus”. On the one hand, our focus is therefore on making cutting-edge technology in medical application accessible to our customers. We are therefore striving to establish our products as the new gold standards in medical diagnostics and therapy. The broad product range, on the one hand, and the integration of the devices into specially developed data management and analysis platforms, on the other, aim to generate value-added for the customer. The objective is to fully reproduce workflows at our customers and thus increase efficiency in daily practice. The customers of Carl Zeiss Meditec value the support and service, in order to be able to satisfy the ever-growing demands for treatment quality and efficiency. At the same time, Carl Zeiss Meditec’s customers are important partners for us to develop products according to the requirements of the market. Another key

growth driver over the next few years shall therefore be the constant contact the Company has with its customers through the continuous expansion of its global service business.

1.5 Management of the Company

The overriding corporate objective is to contribute to the advancement of medical technology with targeted innovations and thus generate long-term value-added for the Company. The tools for the financial management of Carl Zeiss Meditec comprise a system of key performance indicators, the scope and content of which far exceed the legal requirements. The greatest importance is attached to Economic Value Added® (“EVA®”)², free cash flow³, the EBIT margin and sales growth. These control ratios define the balance between growth, profitability and financial power, upon which sustainable growth of the Company is built.

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

2 BUSINESS REPORT

2.1 Underlying conditions for business development

Macroeconomic conditions⁴

Global economic growth in the reporting period was more restrained than forecast. The dynamic markets of Asia, for example India and China, continued to grow at an above-average rate, if also slower than anticipated. The markets of Latin America – particularly Brazil – showed a slowdown in growth. Market growth in the industrialized countries was moderate in financial year 2013/2014, although the revival in the USA was less pronounced than expected. The euro crisis continued to be a major political and economic issue, which had an adverse effect on industry and public sector investment activities.

² Calculation: EVA® = operating result after taxes minus capital costs.

³ Calculation: FCF = EBIT +/- changes in trade receivables +/- changes in inventories including advance payments +/- changes in provisions +/- changes in current accrued liabilities +/- changes in trade payables [- increase in purchases of tangible assets and intangible assets] [+ write-down of purchases of tangible assets and intangible assets] = Free Cash Flow.

⁴ Joint Economic Forecast project group (publisher): Autumn 2014 “German Economy Stagnating – Now is the Time to Strengthen Growth”, 7 October 2014, Essen.

Situation in the medical technology sector

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

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

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

It can therefore be assumed that the demand for diagnostic and therapeutic products will continue to grow in the long term, both in microsurgery and in ophthalmology.

a) Market for ophthalmic products

The market for ophthalmic products in the broader sense includes devices and systems for diagnosing, treating and post-treatment of eye diseases, implants for ophthalmic surgery and pharmaceuticals for ophthalmology, contact lenses, contact lens care products, consumables – with the exception of glasses and glasses frames. According to our estimates, the market had a global volume of around USD 34.3 billion (about € 26.1 billion) in 2013.

The Company's product range includes devices and systems, implants, consumables and instruments for ophthalmology and ophthalmic surgery. According to our estimates, these sub-markets had a volume of around USD 9.4 billion, or around € 7.2 billion, in 2013.

We estimate our share of the "devices and systems for ophthalmology" market segment, traditionally served by the Company, at about 20 % in 2013. In the market segment "implants, consumables and instruments for ophthalmic surgery", we estimate our global market share in 2013 at about 3–4 %. However, our regional market shares in this market segment, in the countries we are currently focusing on, range between 5 % and 20 %.

Overall, based on the knowledge at hand, we estimate that we largely maintained our market shares in the market segments we serve, compared with the previous year.

b) Market for microsurgery products

Besides ophthalmology, the Company also operates in the market for microsurgery, particularly neuro/ear, nose and throat surgery ("neuro/ENT surgery"). The overall neuro/ENT surgery market is divided into three market segments: "Implants", "Surgical instruments" and "Visualization".

In the "Visualization" market segment served by the Company a distinction can be made between the sub-segments "Surgical Microscopes" and "Other Visualization". According to the Group's estimates, this market segment had a total volume of around USD 1.4 billion, or over € 1.0 billion, in 2013. With a market share which it estimates at over 20 %, Carl Zeiss Meditec is one of the largest providers in this segment. According to own estimates, the Carl Zeiss Meditec Group continues to be the global market leader in the sub-segment "Surgical microscopes", with a market share of more than 50 %.

2.2 Overall assertion on the economic position of Carl Zeiss Meditec at the end of the financial year

In spite of a number of challenges in specific business segments and regional uncertainties that revealed themselves during the course of the financial year under review, the past financial year was a successful year for Carl Zeiss Meditec. All three strategic business units made a positive contribution to the sales growth of 3.6 % compared with the previous year, although sales were in the middle of the forecast range of growth on a level with market growth usual for the industry. This growth and a further improvement in profitability mean that the Company can once again report further growth in earnings for the past financial year.

2.3 Summary of business development

Carl Zeiss Meditec AG has brought financial year 2013/2014 to a successful close, thus continuing its growth trend of the previous financial years. Sales increased by 3.6% compared with the previous year (€ 567.0 million), to € 587.5 million, and were within our expectations.

Sales in ophthalmology increased year-on-year, due in particular to the femtosecond technology products. The main sales drivers in the "Microsurgery" SBU were the surgical microscopes OPMI® Pentero® 900, OPMI® VARIO 700 and OPMI LUMERA® 700. In the third strategic business unit, "Surgical Ophthalmology", sales were driven especially by the intraocular lenses of the IOL family AT LISA® tri and AT LISA® tri toric.

In terms of the regional development of sales, growth rates varied greatly in each of the individual regions. The most significant growth was achieved in the "Asia/Pacific" region, where sales increased by 7.6% year-on-year, from € 191.4 million to € 205.9 million. The region "Europe, Middle East and Africa" ("EMEA"), with sales of € 252.5 million (previous year € 240.9 million), achieved the second-highest growth in sales after the "Asia/Pacific" region, at 4.8%. Sales in the "Americas" region, on the other hand, decreased by 4.2%, from € 134.7 million, to € 129.1 million.

The result from ordinary activities increased from € 83.1 million the previous year to € 85.8 million in financial year 2013/2014. Net income in the year under review amounted to € 57.1 million (previous year € 51.0 million).

Working capital increased during the course of the expansion of business compared with the previous year; cash flows from operating activities nevertheless increased year-on-year. In the financial year the Company generated cash flows from operating activities amounting to € 74.9 million (previous year € 43.5 million). The payment of the dividend to our shareholders of € 36.6 million resulted in a cash outflow.

Table 1: Comparison of actual with forecast business development in financial year 2013/2014 (EVA® and free cash flow are determined as control ratios on the Carl Zeiss Meditec Group level)

	Forecast financial year 2013/2014	Results 2013/2014
Sales	Sales growth on a par with market growth in the low to mid-single-digit percentage range	3.6%
EBIT margin	Target by 2015: 15%	14.9%
Cash flow from operating activities	Mid to high-double-digit millions	€ 74.9 Mio.
Research and development expenses/sales	~12%	11.7%

Based on the good economic performance of Carl Zeiss Meditec AG, the Management Board will once again propose to the Supervisory Board and the Annual General Meeting the distribution of a portion of the Company's net retained profits in the form of a **dividend**.

2.4 Results of operations

Table 2: Summary of key ratios in the income statement (figures in € '000, unless otherwise stated)

	Financial year 2013/2014	Financial year 2012/2013	Change
Sales	587,488	566,978	+3.6%
Gross profit on sales	273,140	245,228	+11.4%
Operating result	85,848	83,088	+3.3%
Net income	57,135	51,017	+12.0%

Sales

Carl Zeiss Meditec AG generated sales of € 587.5 million in financial year 2013/2014. This corresponds to an increase of 3.6% year-on-year (previous year € 567.0 million).

Sales by strategic business unit

In the strategic business unit "Ophthalmic Systems", the products of the ZEISS Refractive Laser Solution are continuing to show encouraging increases in sales, with the VisuMax®, the MEL 80™ and the newly launched MEL® 90. Other primary sales drivers are the diagnostic systems the IOLMaster® 500 and Cirrus™ HD-OCT. The environment remained very difficult due to intense competition, particularly in the diagnostic instruments segment. In the area of "Surgical Ophthalmology" the products of the IOL family AT LISA® tri

and the newly launched AT LISA® tri toric showed significant increases in sales compared with the previous year and are therefore among the primary sales drivers, in addition to the intraocular lenses CT ASPHINA®. The biggest sales drivers in the "Microsurgery" SBU are the OPMI® Pentero® 900, OPMI® VARIO 700 and OPMI LUMERA® 700 surgical microscopes.

Service sales also increased compared with the previous year.

Table 3: Share of strategic business units in sales in financial year 2013/2014 (figures in € '000)

Strategic business unit	Financial year 2013/2014		Financial year 2012/2013		Change from previous year
	Sales	Share of sales	Sales	Share of sales	
Ophthalmic Systems	200,146	34.1 %	191,681	33.8 %	+4.4 %
Surgical Ophthalmology	85,910	14.6 %	80,462	14.2 %	+6.8 %
Microsurgery	301,432	51.3 %	294,835	52.0 %	+2.2 %
Total	587,488	100.0 %	566,978	100.0 %	+3.6 %

Sales by region

Growth rates in the individual regions varied in terms of sales development. The "Asia/Pacific" region grew the most, at 7.6%. In particular China, South Korea and Australia contributed to this growth. Sales also declined in this region, in Japan and India. The "EMEA" region grew by 4.8% year-on-year. Particularly noteworthy are the growth rates in Germany, Spain and the United Kingdom. Sales in Russia decreased significantly compared with the previous year, also as a result of a major tender which was included in the previous year's sales. Sales in the "Americas" region declined year-on-year. Apart from currency effects, a major contributor to this was subdued growth in the U.S. market following a strong performance the previous year.

Table 4: Share of regions in sales in financial year 2013/2014, in percent (figures in € '000)

Region	Financial year 2013/2014		Financial year 2012/2013		Change from previous year
	Sales	Share of sales	Sales	Share of sales	
EMEA	252,470	43.0 %	240,947	42.5 %	+4.8 %
Asia/Pacific	205,940	35.1 %	191,360	33.8 %	+7.6 %
Americas	129,078	21.9 %	134,671	23.7 %	-4.2 %
Total	587,488	100.0 %	566,978	100.0 %	+3.6 %

Presentation of results of operations

In financial year 2013/2014 gross profit on sales increased from € 245.2 million to € 273.1 million. The corresponding margin increased, due to a more favourable product and regional mix, to 46.5 % (previous year 43.2 %).

The Company shall continue to work on the development of high-margin products in future with the aim of continuously improving its gross margin.

The result from ordinary activities was € 85.8 million in financial year 2013/2014 (previous year € 83.1 million). The following major effects should be taken into account in period under review:

- » Distribution costs increased by € 6.6 million compared with the previous year; the corresponding cost ratio of 16.1 % in financial year 2012/2013 increased to 16.6 % in the reporting period. The operative increase is mainly attributable to higher brand licensing costs, increased commission expenses due to a changed regional mix and higher trade fair and marketing costs.
- » Administrative costs decreased to € 32.0 million year-on-year (previous year € 34.7 million). Relative to sales, the administrative costs ratio for financial year 2013/2014 amounts to 5.4 % (previous year 6.1 %).
- » Research and development costs rose by 1.2 % year-on-year, before offsetting against subsidies received. Taking subsidies into account, R&D costs total € 68.6 million. In the reporting period the Company received € 0.1 million in public subsidies (previous year € 0.1 million). Relative to sales, investment in research and development decreased slightly compared with the previous year, resulting in a ratio of 11.7 % of sales in the reporting year (previous year 12.0 %).
- » Other operating income decreased by € 7.8 million year-on-year and mainly consists of exchange rate gains (€ 16.9 million; previous year € 19.7 million), prior-period income from the reversal of provisions (€ 10.6 million; previous year € 18.3 million), and oncharging to Group companies (€ 10.4 million; previous year € 7.4 million).
- » In addition to exchange rate losses (€ 20.1 million; previous year € 12.1 million), other operating expenses include expenses for the development of the distribution activities of growing business fields in the USA (€ 5.3 million, previous year € 0.0 million). Prior-period expenses are not included in the reporting year (previous year € 0.9 million).
- » Net interest income results in particular from the financial investment of the term deposit balances, which attract interest at normal market rates and which are deposited with the Group treasury of the Carl Zeiss Group, interest

on loans issued to subsidiaries, and interest income on tax rebates. Income from the performance-related convertible bond remuneration, issued by the subsidiary Atlantic S.A.S. to finance the acquisition of shares in the former Ioltech S.A. (now operating as Carl Zeiss Meditec S.A.S.) are no longer included in the reporting year (previous year € 1.9 million), since Atlantic S.A.S. repaid Carl Zeiss Meditec AG the remaining amount of this convertible bond, in cash, in the amount of € 68.0 million in financial year 2013/2014, after Carl Zeiss Meditec AG had previously issued a new Group loan to Atlantic S.A.S. The item "Interest and similar expenses" includes a credit note for an excess of performance-related remuneration received of € 1.9 million (previous year € 3.3 million). The financial year also includes interest expenses for tax arrears payments amounting to € 0.7 million (previous year € 1.3 million).

» The extraordinary result exclusively reflects the effects of the transition to the German Act to Modernize the Accounting Law (*Bilanzrechtsmodernisierungsgesetz, BilMoG*). It includes expenses for the appropriation of pension provisions amounting to one fifteenth, i. e., € 0.7 million.

Overall, therefore, Carl Zeiss Meditec AG generated total net income for the year of € 57.1 million (previous year € 51.0 million).

Key ratios relating to results of operations

Table 5: Key ratios relating to results of operations in financial year 2013/2014, in percent

Key ratio	Definition	Financial year 2013/2014	Financial year 2012/2013	Change from previous year
Return on sales	Net income Sales	9.7 %	9.0 %	+0.7 %-pts
EBIT	Earnings before interest and taxes	€ 87.8 million	€ 84.8 million	+3.5 %
EBIT return	EBIT Sales	14.9 %	15.0 %	-0.1 %-pts
Gross margin	Gross profit on sales Sales	46.5 %	43.3 %	+3.2 %-pts

2.5 Financial position

Objectives and principles of financial management

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

The Company deposits any liquidity it does not require at normal market conditions with the Group treasury of Carl Zeiss AG. When investing surplus liquidity, short-term availability generally comes before the goal of maximising earnings, so that funds can be accessed quickly if, for example, acquisition opportunities arise, as was the case at the beginning of the reporting year. Carl Zeiss Meditec has manufacturing subsidiaries in the USA and Europe. This minimizes the effect of currency fluctuation. The remaining currency risk is hedged by simple futures trading.

Financial management

The debt ratio of the Company, i. e., the ratio of borrowed capital to equity, decreased to 13.7 % as of 30 September 2014 (30 September 2013: 15.9 %).

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

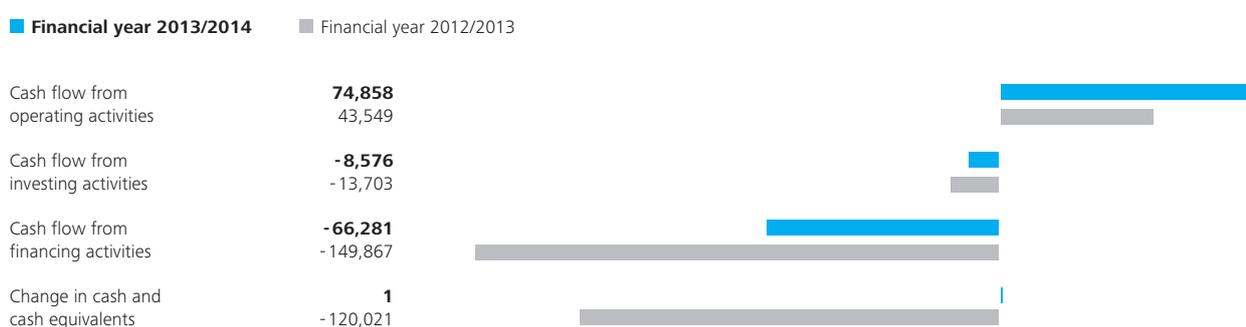
As Carl Zeiss Meditec has enough cash funds at its disposal to finance its operating and strategic objectives, changes in interest rates and credit conditions are not currently having any material effect on the Company's financial position.

Cash flow statement

Carl Zeiss Meditec's cash flow statement shows the origins and utilization of the cash flows during a financial year. A distinction is made between cash flows from operating activities and cash flows from investing and financing activities.

Changes in individual items in the income statement and the balance sheet are recorded in the cash flow statement. In contrast, the balance sheet presents the figures as they stood at the balance sheet date on 30 September 2014. As a result, the statements in the analysis of the financial position may differ from the presentation of net assets based in the balance sheet.

Figure 2: Summary of key ratios in the cash flow statement (figures in € '000)



Cash flow from operating activities amounted to € 74.9 million in financial year 2013/2014 (previous year € 43.5 million). In particular net income for the year contributed to this. Contrary to the previous year, the reduction of provisions and liabilities had only a slightly opposite effect, which led to a cash outflow.

Cash flow from investing activities amounted to € -8.6 million (previous year € 13.7 million). This is mainly attributable to the purchase of tangible assets (€ -5.6 million, previous year € -9.1 million) and intangible assets to the value of € -4.3 million (previous year € 0.2 million). The latter is due mainly to the acquisition of a technology license and a technology patent. A positive effect was had by proceeds from the disposal of tangible assets, amounting to € 1.3 million (previous year € 0.4 million).

Cash flow from financing activities led to a cash outflow of € -66.3 million in reporting year 2013/2014 (previous year € -149.9 million). This includes the changes in the financial investments deposited with the Group treasury of Carl Zeiss Financial Services GmbH, which attract interest at normal market rates. The dividend payment in the amount of € 36.6 million (previous year € 32.5 million), on the other hand, leads to a real outflow of cash.

For information on the off-balance sheet financing instruments (currency forward contracts), please refer to the accompanying Notes.

Investment and depreciation policy

To achieve a leading market position in the medical technology sector companies need to make well considered investments. A distinction is made here between two types of investment: capacity expansions and replacement investments. These investments are usually financed from operative cash flow.

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

The addition to tangible assets decreased year-on-year from € 9.1 million to € 5.6 million. In the previous year this was due to the relocation of our production facility in Oberkochen to a new building and the associated installation of furniture, fixtures and fittings, and to the capitalization of demonstration and study equipment. However, there was a higher addition to intangible assets compared with the previous year, due to the purchase of a technology license and a technology patent. This is also reflected by the capex ratio, the ratio of total purchases of tangible assets and intangible assets to sales. In the reporting year the capex ratio was 1.7%; in the previous financial year it was 1.6%. For details on the depreciation

policy, please refer to the Notes to these annual financial statements.

Key ratios relating to financial position

Table 6: Key ratios relating to financial position

Key ratio	Definition	30 September 2014	30 September 2013	Change from previous year
Net cash and cash equivalents, including treasury	Cash-in-hand and bank balances + balances with or receivables from the Group treasury of Carl Zeiss AG	€ 181.2 million	€ 151.5 million	+19.6%
Ratio of inventories to current assets	Total inventories Current assets	23.1%	23.5%	-0.4%-pts
Net working capital	Current assets /. cash and cash equivalents /. treasury receivables from Group treasury of Carl Zeiss AG /. short-term liabilities	€ 157.6 million	€ 156.6 million	+0.7%
Working capital ratio	Current assets Current liabilities	884.4%	658.4%	+226.0%-pts

2.6 Net assets

Presentation of net assets

Pursuant to German commercial law (*HGB*), Carl Zeiss Meditec had total assets of € 949.0 million as of 30 September 2014. Compared with the previous year (€ 943.9 million), this corresponds to an increase of 0.5%.

The increase in inventories to € 88.1 million (previous year € 85.4 million) is mainly due to stockpiling for new products. Trade receivables increased from € 20.1 million as of 30 September 2013 to € 26.7 million as of 30 September 2014. Receivables from affiliated companies amounted to € 261.0 million as of the balance sheet date 30 September 2014 (previous year € 255.9 million). This increase is mainly attributable to receivables from the Group treasury of the Carl Zeiss Group, which rose from € 151.5 million in the previous year to € 181.2 million in the reporting year. Due to the conversion of short-term Group loans to two subsidiaries, totalling € 12.0 million, into loans to affiliated companies, other receivables from affiliated companies decreased from € 19.2 million in the previous year to € 2.7 million. In the previous year this balance sheet item also included receivables from the French interim holding Atlantic S.A.S. from the performance-related convertible bond remuneration, in the amount of € 1.9 million. Due to the repayment of the convertible bond, in cash, to Carl Zeiss Meditec AG, this item does not exist in the reporting year.

The item "Shares in affiliated companies" increased by € 12.5 million year-on-year. This includes the addition for the distribution company acquired in Turkey during the financial

year, the former Optronik A.S., now operating as Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi Anonim Şirketi. The item "Shares in affiliated companies" therefore includes the share of subsidiaries held by Carl Zeiss Meditec AG. These are Carl Zeiss Meditec, Inc., Dublin, USA (investment book value: € 177.2 million), Carl Zeiss Meditec Co. Ltd., Tokyo, Japan (investment book value: € 0.3 million), Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain (investment book value: € 9.8 million), Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi Anonim Şirketi, Ankara, Turkey (investment book value: € 12.5 million) and Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany (investment book value: € 52.1 million).

Loans to affiliated companies decreased by € 12.6 million year-on-year, from € 131.9 million to € 119.3 million as of 30 September 2014. Loans totalling € 103.4 million were repaid by subsidiaries and new loans of € 90.8 million were issued. More details on this can be found in the Notes to these annual financial statements in note 6 "Fixed assets".

Cash and cash equivalents consist exclusively of cash-in-hand. Term deposit balances are deposited with the Group treasury of the Carl Zeiss Group and are recognized under "Receivables from affiliated companies".

A year-on-year comparison as of the balance sheet date revealed the following significant changes on the liabilities side of the balance sheet. Net retained profits increased on a par with the net income for the year of € 51.0 million (see also Note "2.4 Results of operations" for further details). The dividend of € 36.6 million had the reverse effect.

Provisions decreased compared with the previous year, to € 54,8 million (previous year € 55.2 million). This is mainly attributable to the decline in provisions for taxes. For more information on this please refer to the Notes under "Provisions".

Figure 3 below charts the most important changes in the balance sheet structure as of 30 September 2014 and 2013.

Figure 3: Balance sheet structure of Carl Zeiss Meditec AG as of 30 September 2014 and 2013 (figures in € '000)

	30 September 2014	30 September 2013
Fixed assets	558,411	572,160
Current assets (excluding cash and cash equivalents)	381,978	363,237
Difference*	7,842	7,494
Equity	833,592	813,046
Provisions	54,826	55,223
Liabilities	43,189	55,171
Deferred tax liabilities	15,800	18,965

* from the capital account

Key ratios relating to net assets

In the period under review Carl Zeiss Meditec maintained its extraordinarily sound asset structure of previous years.

Table 7: Key ratios relating to net assets

Key ratio	Definition	30 September 2014	30 September 2013	Change from previous year
Equity ratio	Equity	87.8%	86.1%	+ 1.7 %-pts
	Total assets			
Debt ratio	Total borrowed capital (excluding deferred income)	13.7%	15.9%	- 2.2 %-pts
	Equity			
Liquidity ratio A	Equity	149.3%	142.1%	+ 7.2 %-pts
	Fixed assets			
Liquidity ratio B	Equity + long-term borrowed capital	149.3%	142.1%	+ 7.2 %-pts
	Fixed assets			
Liquidity ratio for medium-term and long-term assets	Equity + medium-term and long-term borrowed capital	148.8%	141.7%	+ 7.1 %-pts
	Fixed assets + receivables due in > 1 year			

Orders on hand

Orders on hand increased to € 71.4 million as of 30 September 2014 and were thus € 2.8 million higher than the previous year's level of € 68.6 million. The Company believes that the trend for customers to place orders at short notice will continue unabated.

2.7 Events of particular significance

There were no events of particular significance during the reporting period.

3 NON-FINANCIAL PERFORMANCE INDICATORS

3.1 Employees

Development of the workforce

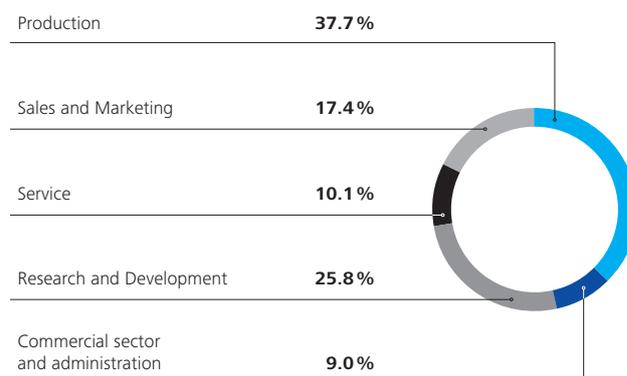
As of 30 September 2014, Carl Zeiss Meditec had 1,163 employees. This figure does not include Management Board members. There were also 11 trainees. In the previous year, the Company had 1,104 employees, plus 8 trainees. Neither of the above figures include partially retired employees.

On average, the Company had 1,144 employees in financial year 2013/2014 (previous year 1,085 employees). In addition, the Company had an average of 9 trainees in the reporting

period (previous year 11 trainees). Carl Zeiss Meditec's success relies on the commitment, the motivation and the qualification of its employees. Based on the growth of our business volume we increased the number of employees slightly.

The following chart gives an overview of the personnel structure by function (average):

Figure 4: Company personnel structure by function



It is the Company's employees, with their competence and achievements, who lay the foundations for Carl Zeiss Meditec's global success. That is why the sustained

development and targeted support of the potential of all employees is the primary task for human resources management at Carl Zeiss Meditec. The focus here is particularly on the personal and further professional development of employees in our Company. The Company considers this a sound basis for ensuring its long-term economic success. Carl Zeiss Meditec AG aims to further increase its attractiveness as an employer through strategic employee development.

3.2 Production

Production plants

With facilities in Jena, Oberkochen and Berlin, Carl Zeiss Meditec has a network of production plants in Germany. Systems and devices for ophthalmology are manufactured by the Company in Jena. The Company manufactures surgical microscopes and microsurgical visualization solutions in Oberkochen; intraocular lenses are manufactured in Berlin.

Production concept

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

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

Production planning

Production planning in Jena and Oberkochen is based on the rolling forecast method. The majority of distribution partners prepare a sales forecast once a quarter for the next 15 months. This sales forecast is then translated into a demand forecast for production units, taking inventory changes into account. In order to keep stocks to a minimum, products are usually

assembled to customer order (series production of individual items). The rolling forecast method described above is also applied for the manufacture of intraocular lenses. Limited quantities of the finished products are stockpiled, however, since customers expect very short delivery times for implants. To this end replenishment orders are forwarded by the customers to a central warehouse; these, in turn, trigger a new order thus ensuring customers are served as quickly as possible.

3.3 Research and development

Objectives and focus of research and development

Research and development has a very important role to play at Carl Zeiss Meditec AG. Our excellence in the area of research and development (R&D) is measured based on our ability to continuously and sustainably raise the performance and increase the growth of the Company through innovations. According to our strategy, innovations are a key driver of future growth. The Company has the necessary resources to secure the Company's future earnings strength with its research and development activities. We shall therefore continue to offer innovations in future that make leading technologies available for our customers, enable improvements in efficiency and continuously enhance treatment results for patients.

That is why we are aiming to expand our broad product range and constantly improve products that are already on the market. Our main priority here shall be to increase the efficiency and effectiveness of diagnosis and treatment. We attach great importance to the needs of our customers and work closely with them on an ongoing basis.

In financial year 2013/2014 research and development expenses increased by 1.2 % to € 68.6 million (previous year € 67.8 million). Due to the higher sales growth, the R&D ratio decreased slightly to 11.7 % (previous year 12.0 %).

In the reporting period, the Company had an average of 295 research and development employees (previous year 287). This corresponds to 25.8 % of the overall workforce of Carl Zeiss Meditec.

Focus of research and development activities in the reporting period

Research and development at Carl Zeiss Meditec mainly focuses on:

- » examining new technological concepts in terms of their clinical relevance and effectiveness
- » the continuous development of the existing product portfolio,
- » the development of new products and product platforms based on the available basic technologies and
- » networking systems and equipment to increase the efficiency of diagnosis and treatment and to improve treatment results for patients.

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

Essential Line

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

IOLMaster® 700

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

Cataract Suite markerless, the IOLMaster® 700 also helps to improve efficiency in the implantation of toric lenses.

VISUPLAN® 500

The Company has provided ophthalmologists and opticians with another way to optimize workflows with the launch of the non-contact tonometer, VISUPLAN® 500. This device works with a small puff of air and enables physicians to examine their patients without the use of anaesthetic or fluorescent dye. The technology is used to detect high intraocular pressure in patients, and thus the associated risk of contracting glaucoma, at an early stage of the examination process. Another advantage for the physician is that measurements can be routinely carried out at the practice very early on by practice or clinical staff, as part of preliminary assessments. The VISUPLAN® 500 makes it easy to delegate measurement, as the measurement results are user-independent.

MEL® 90 Excimer Laser

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

ZEISS Cataract Suite markerless

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

VISALIS® 500 with APM™ mode

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

AT LISA® tri toric 939MP

The Company expanded its offering of premium intraocular lenses at the beginning of financial year 2013/2014 with the toric trifocal intraocular lens. The AT LISA® tri toric 939MP is the first preloaded trifocal toric intraocular lens on the market. Following the extremely successful launch of the AT LISA® tri 839MP last year, ophthalmologists can now also give cataract patients with astigmatism an almost natural visual experience without glasses in the near, distance and intermediate vision range. Based on the LISA concept and its product platform, the AT LISA® tri toric also offers very good light transmission, as well as an innovative enhancement of asymmetric light distribution: for the patient this means very good vision, even in difficult light conditions, the preservation of contrast sensitivity and the reduction of halos and undesirable glare effects, which is particularly important at night.

CT LUCIA®

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

OPMI LUMERA® and Rescan™ 700

This system for integrated intraoperative OCT imaging combines two of the Company's gold standard technologies. The system incorporates the OPMI LUMERA® 700 surgical microscope with the integrated OCT camera RESCAN™ 700. The system provides surgeons with top-quality OCT images of the eye, intraoperatively. The OCT images are superimposed over the microscope image in the eyepiece as three-dimensional real-time images, thus giving a view of anatomical details

below the surface and making it possible to identify even transparent structures of the anterior and posterior segments of the eye. This means that OCT information, which could previously only be generated pre-operatively, is now available online during surgery for the first time. Continuous OCT scanning also helps to improve the treatment results, as the surgeon can monitor progress and can review the outcome during the operation. The new device thus provides a better foundation for making decisions during surgery.

EyeMag® Light II

The EyeMag® Light II, a combination of medical head loupe and light, brings improvements in everyday dental and surgical practice. It provides a homogeneously illuminated field of treatment, with light that is similar to daylight, is very comfortable to wear and has a long battery life. In addition, it can be quickly adjusted to the physician's current treatment position and thus enables a comfortable and ergonomic seating position.

Brands and patents

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

In addition, the Company has more than 650 registered brands and brand registrations (as of 30 September 2014). These include, among others, product names, slogans, images, logos and other specific characteristics of the Company.

4 REMUNERATION REPORT

4.1 Remuneration of the Management Board

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

At its meeting on 27 November 2013, the Supervisory Board addressed the objectives to be set for the Management Board for financial year 2013/2014 and the achievement of the objectives of the Management Board members for financial year 2012/2013, and stipulated the relevant variable remunerations. The salaries of the Management Board were also reviewed during the meeting on 27 November 2013 – based on the salary situation compared with the market, the general price and salary trends and the achievements demonstrated and achievements anticipated in future – and adjusted with effect from 1 October 2013.

Mr. Thomas Simmerer's contract was also extended during the Supervisory Board meeting on 27 November 2013, until 30 September 2018.

In addition to his function as President and CEO of Carl Zeiss Meditec AG, Dr. Ludwin Monz was also appointed as a member of the Group Management Board of Carl Zeiss AG, effective from 1 January 2014. At its meeting on 10 December 2013 the Supervisory Board approved the appointment of Dr. Monz as a member of the Group Management Board Carl Zeiss AG.

At its meeting on 26 September 2014 the Supervisory Board addressed the Management Board objectives for financial year 2014/2015. At the same meeting on 26 September 2014 the Supervisory Board redefined the amount and structure of the remuneration and other conditions of employment for Dr. Monz as Chairman of the Management Board of Carl Zeiss Meditec AG, further to his appointment as a member of

the Group Management Board of Carl Zeiss AG, with effect from 1 January 2014. The remuneration paid to Management Board members Dr. Christian Müller and Thomas Simmerer was reviewed and adjusted, effective 1 October 2014, based on the salary situation compared with the market, the general price and salary trends, as well as achievements demonstrated and achievements anticipated in future.

Structure and amount of remuneration paid to the Management Board

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

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

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

In addition to the two components of Management Board remuneration described above, there is also a so-called Long Term Incentive Program ("LTI"), which was redesigned and published in financial year 2011. This program offers a remuneration component with a long-term incentive, which allows the members of the Management Board to achieve an additional annual income after a three-year period. This amounts to 50% of the individual short-term variable remuneration for the financial year that precedes the beginning of the term of an LTI tranche, plus interest. This is based on the Carl Zeiss Group's profit-participation certificate model. A precondition for payment of this remuneration is that the members of the Management Board have not handed in their notice at the end of the applicable three-year period per tranche, and the equity ratio of the Carl Zeiss Group is higher than 20% at this point. The first payment shall be made in December 2014.

Table 8: Itemized breakdown of the remuneration paid to the members of the Management Board of Carl Zeiss Meditec AG (figures in € '000)

	Management Board remuneration						
	Financial year	Fixed remuneration	Payments in kind ⁵	Variable remuneration ⁶	Total remuneration paid directly	LTIP	Total remuneration pursuant to Section 285 No. 9a HGB
Dr. Ludwin Monz	2013/2014	300.0	15.4	283.5	598.9	–	598.9
	2012/2013	270.0	16.9	200.8	487.7	–	487.7
Dr. Christian Müller	2013/2014	222.5	17.1	171.3	410.9	–	410.9
	2012/2013	216.0	16.5	163.9	396.4	–	396.4
Thomas Simmerer	2013/2014	231.1	17.2	185.4	433.7	–	433.7
	2012/2013	224.4	17.6	169.1	411.1	–	411.1

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

Pension scheme for members of the Management Board

The appropriation to the pension provisions or pension funds should be stated annually with respect to the retirement benefit commitments for the members of the Management Board. Pursuant to the *HGB*, an amount of € 45 thousand was appropriated for Management Board member Dr. Christian Müller, and an amount of € 32 thousand was appropriated for Management Board member Thomas Simmerer in financial year 2013/2014.

In connection with the additional appointment of Dr. Monz as a member of the Group Management Board of Carl Zeiss AG, effective 1 January 2014, Carl Zeiss AG became responsible for the pension commitment to Dr. Monz, both for the past and for the future. The pension provision set up to date at Carl Zeiss Meditec AG has accordingly been transferred as a cash item to Carl Zeiss AG. The proportionate expense arising from the annual appropriation to the pension provision for Dr. Monz's function as President and CEO of Carl Zeiss Meditec AG shall from now on be passed on to Carl Zeiss Meditec AG. Pursuant to the *HGB*, there was a cost transfer to Carl Zeiss AG in financial year 2013/2014 arising from the annual appropriation by Carl Zeiss Meditec AG to the pension provision for Management Board member Dr. Ludwin Monz, of € 96 thousand.

Projected unit credits for pensions for other former members of the Management Board of Carl Zeiss Meditec AG amounted to € 459 thousand (previous year € 424 thousand)

Departure of members of the Management Board

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

4.2 Remuneration of the Supervisory Board

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

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

⁵ Payments in kind include other benefits such as non-cash benefits like the provision of a company car and the reimbursement of employer contributions to the pension schemes, as well as contributions to group accident insurance.

⁶ Variable remunerations include both the formation of a provision for the bonus for the current financial year and payments for the bonus for the previous year, insofar as this differs from the previous year's figure.

the Nominating Committee and the Chairman and Deputy Chairman of the General Committee, members of committees received an additional, fixed remuneration of € 5,000; the Chairman of the Audit Committee received double this amount.

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

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

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

Table 9: Itemized breakdown of the remuneration paid to the Supervisory Board of Carl Zeiss Meditec pursuant to Art. 19 of Carl Zeiss Meditec AG's Articles of Association (figures in € '000)

	Financial year	Basic remuneration	Committees	Remuneration for earnings per share	Total remuneration
Prof. Dr. Michael Kaschke (Chairman)	2013/2014 2012/2013	47.3 40.0	5.0 5.0	28.5 45.0	80.8 90.0
Dr. Markus Guthoff (Deputy Chairman)	2013/2014 2012/2013	35.5 30.0	7.6 –	21.1 30.0	64.2 60.0
Thomas Spitzenpfeil	2013/2014 2012/2013	23.7 20.0	5.0 5.0	15.8 25.0	44.5 50.0
Dr. Wolfgang Reim ⁷	2013/2014 2012/2013	8.4 20.0	4.2 10.0	12.7 30.0	25.3 60.0
Cornelia Grandy	2013/2014 2012/2013	23.7 20.0	– –	12.6 20.0	36.3 40.0
Jörg Heinrich	2013/2014 2012/2013	23.7 20.0	5.0 5.0	15.8 25.0	44.5 50.0

The Company did not pay members of the Supervisory Board any additional remunerations or benefits for personally rendered services (in particular consultancy and agency services) in financial year 2013/2014.

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

5 REPORT ON RISKS AND OPPORTUNITIES

5.1 Risk management

The term "risk" refers to all circumstances and developments within and outside the Company which could cause an adverse deviation, within the scope of a prescribed period of assessment, from the fulfilment of business objectives, strategies and forecasts. Conversely, opportunities are positive deviations in relation to these targets.

Carl Zeiss Meditec AG is, by its nature, exposed to a large number of risks in the course of its business activities. Regulating and controlling these risks within the usual bounds of risk-taking is a basic prerequisite for the Company's success. Entrepreneurial risks are essentially only taken if these can be controlled and the opportunities associated with them are likely to result in an appropriate increase in value. Effective risk management is therefore an important success factor for the sustained protection of corporate value. As a stock corporation, Carl Zeiss Meditec is also subject to the rules and standards applicable for listed companies. All fully consolidated companies of Carl Zeiss Meditec are included in opportunity and risk management.

Risk management is an integral part of corporate management at Carl Zeiss Meditec and is based on the following two major components:

» **Risk reporting system** In order to be able to identify risks in good time, evaluate them and take the appropriate countermeasures, the Company has set up an efficient risk reporting system. This is a clearly structured, traceable feedback loop which encompasses all corporate activities, is integrated in the organizational structure and processes

⁷ Member of the Supervisory Board from 20 August 2007 until 4 March 2014.

and comprises a systematic and ongoing process. The following phases are defined: Identification – Evaluation – Control/Monitoring – Documentation. A key component of this is a database-assisted software solution, which is used to regularly record, systematize and evaluate risks, their estimated probability of occurrence and their damage potential.

- » **Internal control system:** The internal control system is the set of all of the activities (control activities) prescribed by management that serve to control the systematic, enduring risks and thus ensure proper running of operations and correct management reporting. The organizational measures are integrated in the operative business processes. This means that they occur concomitantly with the process, are immediately upstream or downstream from the process steps, occur during the period at planned and monitored intervals through additional sequences of operations.

The internal control system provides support for:

- » achieving business policy objectives through effective and efficient business management,
- » compliance with laws and regulations,
- » protecting company assets,
- » ensuring the reliability and completeness of internal and external accounting,
- » timely and reliable financial reporting.

5.1.1 Risk reporting system

The risk reporting system is an integral part of the Company's overall controlling and reporting process and ensures the systematic recording and evaluation of risks. It guarantees that the relevant information is passed on immediately to the responsible decision-makers. The main features of this system are as follows:

- » The coordinated adoption of measures from the risk reporting system is ensured through the compilation of all relevant facts in Carl Zeiss Meditec's risk manual, which contains information about the functioning of the risk management system, provides a comprehensive overview of potential risk areas, sets out regulations regarding responsibility for monitoring these and contains instructions for dealing with such risks, should they arise.

- » Under the direction of a central risk manager, the responsible employees at the different sites regularly assess processes, transactions and developments for existing risks.
- » Risks are identified and evaluated according to standard risk matrices.
- » An early-warning system assesses business risks according to their potential implications in a planning period of typically five years. The risks are evaluated and classified according to their probability of occurrence and damage potential.
- » Regular risk reports are sent to the Management Board, the Managing Directors of the subsidiaries and the other decision-makers within the Company on the basis of specified thresholds for relevant risks and in accordance with the classification using the risk matrices. Significant risks arising at very short notice are immediately reported to Carl Zeiss Meditec's Management Board.

On this basis, appropriate steps are taken to avoid identified risks or reduce the probability of their occurrence, and to minimize the potential financial losses of such risks. The measures for reducing risks and the early-warning indicators are regularly updated.

Like the internal reporting system, the risk reporting system is also subject to periodic auditing and ongoing development. The risk reporting system is also audited as part of the audit performed by the appointed auditor of Carl Zeiss Meditec AG.

5.1.2 Internal control system (ICS)

The internal control system is the set of all control measures prescribed by management that serve to control the systematic, enduring risks and thus ensure proper running of operations and correct management reporting. These organizational measures are integrated in operative business processes and mainly include an appropriate separation of functions, application of the dual control principle, and access and approval regulations. The internal control system works to support the achievement of business policy objectives through effective and efficient management, compliance with laws and legal requirements (compliance), protection of the Company's assets, assurance of the reliability and completeness of internal and external accounting and timely and reliable financial reporting. The operative function of the internal control system is closely linked to the risk reporting system. The structure of the internal control system of Carl Zeiss Meditec is based on the component dimension of the

internationally accepted COSO (Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management Framework. The result forms a complete, risk-based ICS description, which is maintained within the scope of the quarterly risk reporting cycles. Information about the function of the internal control system, the regulation of responsibilities and general instructions are compiled in the Carl Zeiss Meditec Group's corporate policy on risk management.

The **accounting-related part** of the internal control system is a system structured under the CFO's supervision which ensures that the preparation of the annual financial statements is in line with German Commercial Code (*HGB*) and that external financial reporting is reliable.

As a component of the internal control system of Carl Zeiss Meditec **instruments** are implemented in **Controlling**, which help to support the risk identification and prevention process: The Controlling department at Carl Zeiss Meditec regularly and promptly updates the Management Board and all responsible decision-makers about risks that arise for the Company based on key ratios, thereby supplementing the information provided by the risk management system. Continuous risk prevention is ensured by direct and regular contact between the individual functional areas using standardised procedures.

The operative function of the internal control system is closely linked to the risk reporting system. Insofar as the assessment of the internal control system reveals a need for improvement in control mechanisms, its effect is evaluated in the risk reporting process and subjected to separate countermeasures. After all measures have been implemented the control mechanisms in the internal control system continue with some adjustments and improvements.

The internal control system is an integral part of risk management and corporate management for controlling the risks associated with the course of business.

Assessment of the internal control system

The internal control system is regularly assessed and further developed with respect to the efficacy of compliance with external requirements and the containment of organizational risks.

The internal control system can only provide reasonable but not absolute assurance that the relevant targets will be achieved. Measures implemented may therefore only aim to control the known or potential systematic sources of error. Another matter to consider when setting up an internal control system is cost effectiveness.

Evidence of the effectiveness of the internal control system is seen from the results of the measures specifically set up to assess the effectiveness of the internal control system or from observing processes anchored in normal business operations. Information from other sources is also a key component of management assessment, as this can show up management shortcomings or confirm the effectiveness of the established measures. Such sources include reports from Group Auditing at Carl Zeiss AG, reports on audits conducted by or on behalf of supervisory authorities, reports prepared by external auditors, as well as reports commissioned to assess the efficiency of processes outsourced to third parties.

The effectiveness of the internal control system is reviewed by the **Audit Committee** of the Supervisory Board of Carl Zeiss Meditec AG. Monitoring in this respect is based on an adequate level of information.

The assessment performed by the Management Board, which includes the information from all the above-mentioned sources, led to the conclusion that the internal control system is appropriately structured, effectively implemented and efficient in terms of the correctness of the accounting process and compliance.

5.2 Significant risks

The individual risks identified by the risk management system are detailed below.

Economic environment

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

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

Market and competition

Carl Zeiss Meditec is exposed to intense competitive pressure in its search for new diagnostic and treatment methods, particularly in its "Ophthalmic Systems" and "Surgical Ophthalmology" SBUs. New competitors may enter the market. There is also a risk, in the event of significant exchange rate fluctuations, that competitors from the beneficiary countries may be able to offer considerably lower prices in the market, and could therefore improve their competitive position. Some competitors are larger than Carl Zeiss Meditec in terms of their total sales and have greater financial resources at their disposal to deal with this competitive pressure. Furthermore, existing competitors may be bought up by large, financially strong companies, or they may form alliances. The resulting or heightened competitive pressure this would cause could lead to lower selling prices, margin pressure and/or the loss of market shares. The Company prepares itself for the potential risks of a changing market environment by continuously observing and analyzing the market, in order to be able to react with the necessary foresight.

Health insurance funds, insurance companies or government health schemes reimburse the costs of certain medical treatments carried out using products of Carl Zeiss Meditec. Changes in health and reimbursement policy in Germany or abroad could lead to the denial or reduction of reimbursement services. If reimbursement rates are too low, the profit margin of doctors and hospitals may fall, prompting them to suspend or restrict the performance of the respective treatments. The

complete or partial discontinuation of reimbursements may accordingly reduce the demand for Carl Zeiss Meditec's products. In the case of new products, for which it cannot be predicted with any certainty whether health insurance funds, insurance companies or government health schemes will offer any reimbursement at all, or treatments with products for which there is no reimbursement, e.g. laser treatments for vision correction, demand may be significantly impaired by the financial situation of consumers. These risks, as well as the issues outlined below, may affect all segments of the Company.

The appearance of press reports about the potential risks of certain treatments, or changes in fashions and trends, may also adversely affect consumer decisions. A decline in the demand for such treatments may lead to a decrease in Carl Zeiss Meditec's sales, as physicians and treatment centers may no longer purchase the same quantities of such devices.

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

Collectively, the above issues may impact the Company's earnings by an amount in the mid-single-digit million euro range.

On the other hand, the demographic trend in industrialized countries and economic development in the RDEs, as well as the increasing requirements placed on medical devices for diagnosing and treating age-related eye diseases, present growth opportunities for the Company.

New technologies and products

The markets in which the Company operates are characterized by a constant stream of technological innovations. A capacity for innovation and rapid product development are key competitive factors. New scientific findings may lead to shorter development and product cycles, alternative technologies or new pharmaceutical procedures. The success of Carl Zeiss Meditec therefore depends heavily on the quick development of innovative and market-driven products, and on the timely recognition and conversion of new technology trends and new medical findings into new products. Should the Company lose touch with technological developments on the market, react too late to trends or technological

advancements, this could weaken its competitive position. There is also a risk of one or more of the Company's products being completely superseded by alternative technologies, pharmaceutical procedures or treatment methods, thus reducing or entirely eliminating demand for certain products, which could result in losses in sales and earnings. The potential impact these risks could have on earnings equates to an amount in the high single-digit million euro range.

Carl Zeiss Meditec actively counters this risk, which affects all segments, by investing heavily in research and development and upstream areas of the production of products with a technological edge and unique selling points. To this end, the management concerns itself with detailed market and competition analyses, market scenarios, the relevant cost drivers and critical success factors of the Company.

Personnel risks

The Company's success also depends on its ability to recruit and retain for the long term well qualified specialists and managers for all functions in all regions. Employee competence, commitment and motivation play a vital role in determining the Company's success and Carl Zeiss Meditec's competitive chances in all business segments. When looking for qualified employees, the Company has to compete with many other companies in the same sector. Unfilled positions could limit the technological advancement and sale of the products and services it offers. The Company counters this risk through active employee development and successor planning, and by maintaining and improving its attractiveness as an employer. The management does not expect this to have any material effects on the Company's net assets, financial position or results of operations.

Product approval and political environment

In many of the countries where Carl Zeiss Meditec or its subsidiaries operate there are special government regulations that apply. As Carl Zeiss Meditec aims to sell its products worldwide, such regulations have to be taken into consideration when manufacturing and launching products in the market, especially where explicit regulatory approvals and certifications are required.

Although the relevant legal requirements are incorporated into all stages of development, production and distribution, there is no guarantee that products requiring approval will be granted regulatory approval at all or in time for their planned launch in the market, or that the various registrations of Carl

Zeiss Meditec will still exist or be renewed in the future. This could lead to losses in sales. A delayed product launch may, in certain circumstances, result in that product not being accepted or meeting with only a small level of acceptance, as competitors may have launched similar products in the meantime. It is also possible for a sales ban to be imposed on the products of the Company, or for the regulatory approval requirements to be tightened in future.

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

Dependence on affiliated companies and external suppliers

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

To a very large extent Carl Zeiss Meditec uses components from external suppliers to manufacture its products in all business segments. This cooperation with external suppliers is becoming progressively more intense, due to general cost pressure and the complexity of the components being supplied, which is leading to mutual dependencies. Outsourcing contracts to third parties presents the risk of non-delivery or delivery delays, as well as the possibility of temporary shortages of specific goods and vendor parts, if individual business or cooperation partners do not duly fulfil their contractual obligations. Unforeseen price increases or even a termination of business relationships could also interfere with the course of business. Qualifying new suppliers, which would be necessary in this case, could take a long time. Furthermore, Carl Zeiss Meditec may be liable vis-à-vis its own customers for the breach of contractual obligations by its business and cooperation partners. This could have negative implications for the production, sales and the quality of Carl Zeiss Meditec's products.

Monitoring supplier risks plays a key role in the early-warning, risk information and management system. The effect of this on earnings is in the mid-single-digit to high single-digit million euro range. In order to limit the risks of such supplier shortages, the Company selects its suppliers carefully. By implementing consistent supply chain measures, such as qualifying its suppliers, identifying secondary suppliers and preparing a strategic inventory plan, Carl Zeiss Meditec protects itself as best it can against supplier dependencies and changes on the commodities market.

Patents and intellectual property

The competitiveness of the Company depends on the protection of its technological innovations against exploitation of these innovations by third parties. Violations of intellectual property and patent protection may compromise the Company's technological lead and thus its competitive advantage in all business segments. In order to counter this risk, the Company protects its own inventions with patents, acquires or licenses patents from third parties and endeavors to protect these patents and its other intellectual property. The expiry of property rights, particularly patents, as well as the geographical limitation of property rights could, however, result in new or existing competitors exploiting the inventions of Carl Zeiss Meditec to enter the market or strengthen their market position.

Furthermore, in spite of the measures taken, third parties may still attempt to copy or partly copy products of the Company, since the unauthorized use of intellectual property is generally difficult to monitor and copyright laws only provide for limited protection. The Company may become involved in lengthy and costly litigation proceedings in this respect. There is also no guarantee that the measures taken by Carl Zeiss Meditec and its subsidiaries to protect their own intellectual property rights will successfully prevent the development and design of products or technologies that are either similar to or that could compete with the products of the Company. If Carl Zeiss Meditec fails to ensure adequate protection of its technological innovations, this could impair the Company's competitiveness.

In order to avoid the above-mentioned litigation and prevent the infringement of third-party patents by Carl Zeiss Meditec, the Patents department analyzes patents and new patent

applications in the relevant areas at regular intervals. Overall, management in the area of patents and intellectual property does not expect such risks to have any material effects on the Company's net assets, financial position or results of operations.

Loss of confidential data

Carl Zeiss Meditec owns a large number of business secrets. A set of measures serves to ensure that the confidentiality of business secrets is effectively protected and that there are no infringements. If business secrets of Carl Zeiss Meditec leak to competitors, this may have adverse effects on the Company's competitive position. To limit this risk, ethical rules of behaviour were laid down in the Carl Zeiss Group's "Code of conduct" and brought to the attention of all employees.

The Company has established a large number of mechanisms to protect confidential data in the area of IT solutions. Conformance to and the effectiveness of these measures is continuously monitored. The management does not expect this to have any material effects on the Company's net assets, financial position or results of operations.

Compliance and prevention of infringements

As a listed medical technology company, Carl Zeiss Meditec is subject, in the countries in which it or its subsidiaries operate, to a large number of laws, regulations and guidelines, including some outside of the product approval procedure. In order to ensure correct compliance with all regulations, these are regularly analyzed for any changes and internal processes and guidelines are adjusted, if necessary, to address existing regulations. Regular training measures are also in place to familiarize the employees with internal guidelines and make them aware of the negative effects breaches could have. The management does not expect this to have any material effects on the Company's net assets, financial position or results of operations.

Product liability risk

There is an inherent risk of malfunctions in some of the medical technology devices, systems solutions and implants manufactured by the Company causing injury or adverse effects to patients. This may be due, among other things, to components and raw materials purchased from external suppliers not meeting the specified quality requirements.

These risks cannot be entirely excluded, even if the Carl Zeiss Meditec Group applies all reasonable quality control measures and complies with all legal requirements. Although no significant product liability claims have been made against the Company to date, no assurance can be given that Carl Zeiss Meditec will not be faced with such claims in the future. This may lead, on the one hand, to considerable legal costs, irrespective of whether a claim for damages ultimately materialises. On the other hand, it could damage the Carl Zeiss Meditec's reputation for the long term.

The Company covers itself against potential product liability claims by taking out product liability insurance. Risk liability claims can be particularly high, especially in the USA, not to mention the costly recall campaigns that may be required. The possibility cannot be entirely excluded that the Company's existing insurance coverage may not be sufficient to cover potential claims.

The potential impact these risks could have on earnings equates to an amount in the low single-digit million euro range.

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

Infrastructure risks

Uncontrollable environmental influences, such as natural disasters or terrorist attacks may have an adverse effect on the affected economy or beyond. The consequences of such events, such as the loss of employees or an interruption to business operations at the affected locations, may prevent the Company from providing regular production, distribution and other services in these regions and generating the expected earnings. All business segments could be affected by this. In addition, it could have material adverse effects on the

Company's customers domiciled in the affected region and on their willingness to invest, as well as the local suppliers there and their willingness to supply. As a result, the Company's reputation, business activities, financial condition and results of operations, and its cash flow, could become significantly compromised.

The Company has taken a number of precautions to minimize these effects. The headquarters, which house our main research and development departments, and other central corporate functions, are situated in Germany. This region is not generally afflicted by severe natural disasters. A second major production site is located in the Greater San Francisco area in the USA. There is a greater risk of earthquakes in this region. In order to minimize potential damage and enable a concerted, effective reaction by corporate management, Carl Zeiss Meditec has set up a crisis management system, and has also developed local and central plans for maintaining the functionality of critical business processes (business continuity plans). Although the described risks may materialize, the Company does not expect them – due to these measures and the organization of Carl Zeiss Meditec – to have any material adverse effects on its business activities, financial condition and results of operations, or on its cash flow.

Information technology plays a crucial role in the execution of the Company's business processes. Providing and exchanging up-to-date, complete and correct information, and being able to implement fully functional IT applications, are of central importance for a global company like Carl Zeiss Meditec. Functioning and adequately documented IT systems are also a prerequisite for obtaining product approvals in certain countries. Risks that, in the event of damage, could result in an interruption of business processes due to IT system failures or the loss or falsification of data, are therefore identified and evaluated across the entire life cycle of the applications and IT systems. Carl Zeiss Meditec has defined appropriate measures so that risks can be avoided and potential losses can be limited.

Subsidiaries and company acquisitions

Carl Zeiss Meditec is indirectly exposed to the respective risk environment of its subsidiaries. Relations with its subsidiaries can result in statutory and contractual liabilities.

Another potential risk in this connection relates to the impairment of the investment book value of the subsidiaries of Carl Zeiss Meditec, Inc., Dublin, USA, Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain, Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi A.Ş., Ankara, Turkey, and Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany. These companies were stated at their fair market value at the time of their acquisition or non-cash contribution. This risk would only exist, however, in the event of a permanent deterioration of the net assets, financial position and results of operations of these subsidiaries. In this case, Carl Zeiss Meditec AG would be compelled to recognize as an expense a lower investment book value. This could have negative effects on the potential net retained profits in the corresponding period and thus reduce or prevent possible dividend distributions. The investment book values are therefore regularly examined for impairment at least once a year. No impairment requirement arose as a result of this during the past financial year.

As a result of the merger on 1 October 2010 Carl Zeiss Meditec reported net goodwill totalling € 80.7 million in its balance sheet as of 30 September 2014. The gross value at the date of the merger was € 110.0 million and shall be amortized over a period of 15 years.

The impairment tests carried out in the current financial year did not give any indication of impairment of the goodwill-bearing cash-generating units (CGUs). Based on the development of business, the Company also anticipates positive results from subsequent tests. For the future, however, the possibility cannot be entirely ruled out that the net assets, financial position and results of operations of individual or all of the goodwill-bearing CGUs may deteriorate. In such an event, Carl Zeiss Meditec may be compelled to recognize through profit or loss an impairment of the goodwill entered in the balance sheet of its annual financial statements.

Potential risks associated with acquisitions are carefully and systematically assessed in advance. In order to conclude transactions successfully, a standard process for mergers & acquisitions was established, which pays particular attention to due diligence. Each transaction is systematically assessed for impairment and synergy potential. The transparency that this creates helps the Company to make more confident decisions.

In future, Carl Zeiss Meditec may achieve further growth by acquiring other companies, among other things. When looking for suitable acquisition targets, the Company competes with other manufacturers. There is a risk that suitable target companies may not exist or be available at acceptable conditions. Acquisitions also bear the additional entrepreneurial risk of the acquired company not performing as well economically as expected in the market, or of the sales and earnings targets being pursued with its acquisition not being reached, or of intended synergy effects not being achievable. With regard to other companies that may be acquired in future, there is a fundamental possibility of it being impossible to fully integrate these companies into Carl Zeiss Meditec. Such an event could have adverse effects on the net assets, financial position and results of operations of the Company.

In the management's view, acquisitions do not pose any significant risks as of the balance sheet date.

Legal risks

Legal risks may arise due, among other things, to changes in general legal conditions in the relevant markets and to legal disputes with competitors, business associates or customers. These also include the risk of payment of damages and compensation claims in the event of the termination of distribution agreements with external suppliers.

Within the scope of its business operations, Carl Zeiss Meditec may be party to various litigation proceedings or may become involved in such proceedings in future. These could individually have a significant impact on the economic position of the Company. It is not possible to determine or predict the outcome of pending or threatened proceedings. Involvement in any litigation could lead to considerable costs for the Company, irrespective of the outcome. At the present time, there is no pending litigation that poses a substantial risk. Should it be necessary, adequate provisions will be set up as a precaution.

Financial risks

As a result of the European debt crisis there is a latent credit quality risk concerning business banks at which Carl Zeiss Meditec holds deposits. These risks have been reduced by the package of measures adopted by the EU to stabilize the capital markets and the affected countries. Nonetheless, Carl

Zeiss Meditec has taken a number of additional measures to limit these risks. One of these measures was to introduce a monitoring procedure to monitor the current situation on the capital markets.

The financial risks also include liquidity risks, price fluctuation risks for financial instruments and risks associated with fluctuations in cash flows.

In spite of the enduring financial crisis, the Company has categorized its financial risks as low. The basis for this categorization is the Company's sound financing structure with an equity ratio of 87.8%, the large reserve of cash and cash equivalents in the form of balances deposited with the Group treasury of Carl Zeiss AG, as well as a strong cash flow from operating activities.

Cash and cash equivalents are kept in reserve at Carl Zeiss Meditec based on a rolling monthly cash forecast within a fixed planning period, and are transferred to Group companies as required as part of a Group-wide Carl Zeiss cash pool. The Company does not therefore anticipate any material adverse effect on its financial result.

Risks relating to the accounting process

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

The accounting process integrates internal controls that have been defined under risk aspects. These aim to minimize the risk of errors in the financial statements. The accounting-related internal control system incorporates both preventative and disclosure controls.

With regard to accounting, workflows with integrated controls ensure that the financial statements are complete and correct. These processes to organize and carry out the work on the annual financial statements, to create the annual financial statements, as well as the associated controls, are

documented and are reviewed regularly. All of the Group's internal accounting and valuation guidelines are collated in an accounting manual, which is available to all of the relevant organizational units and all of the Company's employees via the Group's intranet.

Additional disclosures pursuant to Section 289 (2) No. 2 HGB, Section 315 (2) No. 2 HGB

Price fluctuation risks can generally not be ruled out. However, Carl Zeiss Meditec counters these risks by focusing on product innovations and optimising its production costs with cost-cutting and efficiency-enhancing measures.

Potential risks of default on trade receivables – particularly given the euro and debt crisis and the generally greater risk of bad debt losses that comes with it – are minimized by means of an active credit control system. The Company also regularly sets up adequate provisions to cover such risks. On the whole, however, we consider this to be a limited risk.

Carl Zeiss Meditec's financial situation can be considered stable. Cash and cash equivalents, which were mainly carried as receivables from the Group treasury of Carl Zeiss AG, amounted to € 181.2 million as of the balance sheet date 30 September 2014. The Company also generated cash flow from operating activities of € 74.9 million in the period under review. At the present time, therefore, there are no liquidity risks.

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

As a company with global operations Carl Zeiss Meditec is exposed to the effects of exchange rate fluctuations. In order to hedge against this currency risk, Carl Zeiss Meditec concludes currency forward contracts based on planned transactions in foreign currency. These contracts generally span a period of up to one year. Based on current exchange rate fluctuations, currency effects may continue to curtail the financial result in the single-digit million range.

5.3 Overall statement on the Company's risk situation

Compared with the previous year there were no significant changes in Carl Zeiss Meditec's risk situation during the reporting period. The assessment of the overall risk situation is the result of a consolidated consideration of all material individual risks. The Company exercises active and efficient risk control in all areas of Carl Zeiss Meditec to keep a general check on risks to the Company and ensure that they are manageable.

From today's perspective there are no perceptible risks which could – on their own or collectively – jeopardize the future operations of Carl Zeiss Meditec.

6 DISCLOSURES PURSUANT TO SECTION 289 (4) AND SECTION 315 (4) HGB

The share capital of Carl Zeiss Meditec AG amounts to € 81,309,610 and is composed of 81,309,610 no-par value ordinary bearer shares (no-par value shares). Each share entitles the bearer to one voting right and an equal share in Company profits.

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

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

Pursuant to Section 179 and Section 133 *AktG*, an amendment to the Articles of Association requires a resolution by the General Meeting which, in turn, requires a simple majority of the votes cast and a majority comprising at least three quarters of the share capital represented at the time the resolution is passed. The Articles of Association may specify a different capital majority; in the case of an amendment to the purpose of the Company, however, only a larger capital majority may be specified. Art. 25 of Carl Zeiss Meditec AG's Articles of Association states that in cases for which the law

requires a majority of the share capital represented at the time of resolution, a simple majority of the share capital represented is sufficient, provided that a greater majority is not mandatory by law. In accordance with Art. 28 of Carl Zeiss Meditec AG's Articles of Association, the Supervisory Board is authorized to resolve amendments to the Articles of Association that only affect the version. This complies with Section 179 (1) Sentence 2 *AktG*.

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

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

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

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

Based on the resolution of the General Meeting of Carl Zeiss Meditec AG on 4 March 2010, the Management Board is authorized to purchase own shares. This authorization is valid until 3 March 2015. The shares may be purchased, with the consent of the Supervisory Board:

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

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

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

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

7 SUPPLEMENTARY REPORT

On 16 October 2014 Carl Zeiss Meditec AG and Abbott Medical Optics Inc., Santa Ana, USA concluded an agreement on a non-exclusive distribution collaboration in the field of cataract surgery in the United States. Under the terms of this agreement, Abbott Medical Optics Inc. shall offer and distribute the products of the Carl Zeiss Meditec Group that have approval in the USA in the field of cataract surgery, as a new, additional distribution channel, supplementary to the direct ZEISS distribution channel, which shall continue to exist. The extensive range of diagnostic and visualization systems

for cataract patients, lens extraction systems, and intraocular lenses, gives physicians broad coverage from one supplier.

No further events of material significance for the Company's net assets, financial position and earnings occurred after the end of financial year 2013/2014. The development of business at the beginning of financial year 2014/2015 validates the statements made in the following "Outlook".

8 OUTLOOK

Corporate strategy of Carl Zeiss Meditec

In financial year 2014/2015 we aim to achieve further sustainable growth. The aim of our strategy is to improve the diagnosis and treatment of diseases by further developing our products. Our strategy therefore focuses on the success factors innovation, system integration and customer focus. This enables us to offer our customers comprehensive solutions. Innovation, in particular, plays a key role in this.

Innovation:

A key element of our growth strategy consists in making cutting-edge technology in medical application accessible to our customers. We are therefore striving to establish our products as the new gold standards in medical diagnostics and therapy.

Integrated solutions:

Due to the breadth of our product range, we offer our customers, particularly those in the area of ophthalmology, the opportunity to make their workflows more efficient, and to achieve better clinical outcomes, by logically networking devices and systems. A comprehensive system integration via data management solutions and IT-assisted analysis functions is essential for this. In the reporting year we invested consistently in the expansion of our software range and offer our customers new solutions, among other things, in glaucoma care and the treatment of cataracts in patients with astigmatism.

Customer care:

A primary objective of our innovation strategy is to improve the diagnosis and treatment of diseases. Our customers value our support and service in order to be able to satisfy the ever-growing demands for treatment quality and efficiency. Continuously expanding our global service business shall thus be a key growth driver for us for the next few years. We expect the share of sales generated by our Service business to increase further in financial year 2014/2015.

In addition, the organizational structure shall be adjusted at the beginning of the financial year. The previous organizational structure mainly summarized the locations of strategic business units (SBUs). In order to better substantiate our claim to be a solutions provider, the new organizational structure shall be geared even more strongly to our customer groups. Accordingly, the composition of the product portfolio of the three strategic business units shall change at the beginning of the new financial year. The "Microsurgery" SBU shall no longer be responsible for surgical microscopes for ophthalmology in future; instead, these shall be assigned to the "Surgical Ophthalmology" SBU. The IOLMaster® was previously assigned to the "Ophthalmic Systems" strategic business unit. From the start of the new financial year, biometry shall also be part of the "Surgical Ophthalmology" SBU.

Future conditions for business development

Macroeconomic conditions⁸

The forecast for financial year 2014/2015 is continued moderate global economic growth with regional variations. In the USA growing investment activity and increasing consumer demand are driving growth. Continued dynamic growth is also projected for the emerging economies – particularly in Asia and Latin America – if at a slower rate than before in some areas. The growth indicators for the global economy, however, show very clear signs of a future slowdown of the markets. In addition, political uncertainties, particularly in Russia, the Ukraine and the Middle East, may have an adverse effect on growth.

Future situation in the medical technology industry

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

Furthermore, the greater requirements being placed on the innovations in the medical technology sector play an important role from an efficiency and cost perspective. Consequently, the products and procedures of medical technology manufacturers shall no longer be measured based only on their effectiveness and safety, but also on their

cost-efficiency. Integrated system solutions for simplified workflows at the customer are an important distinguishing feature in our opinion.

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

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

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

Based on the underlying and persistent long-term growth trends, and in spite of imponderable macroeconomic conditions, the management of Carl Zeiss Meditec AG assumes that there will be further revenue growth in the next financial year that is at least on a par with the expected market growth for this industry.

a) "Ophthalmic Systems" strategic business unit

Sales in the "Ophthalmic Systems" SBU increased in the past financial year. We anticipate renewed growth in 2014/2015. In particular the leading products we already have on the market for diagnosing and treating ophthalmic diseases shall help us to achieve this growth, as well as the new innovations to be launched in the course of the financial year. With our broad product range it is our ambition to be able to provide our customers with efficient solutions for a smooth workflow, with the best possible benefit for the patient. System networking and integrated data management are an important strategic focus in this respect. Our comprehensive data management system FORUM®, in particular, offers excellent solutions for this. Another example is in the area of refractive lasers, where, two years after its international market launch, the ReLex® SMILE procedure has established itself as the third generation of laser vision correction. Compared with previous procedures, ReLex® SMILE stands out by being considerably less invasive and offering very good predictability of correction. To date, more than 130,000 eyes worldwide have been successfully treated using this microinvasive method.

⁸ Joint Economic Forecast project group (publisher): Autumn 2014 "German Economy Stagnating – Now is the Time to Strengthen Growth", 7 October 2014, Berlin.

The year under review was characterized in the “Ophthalmic Systems” SBU by growing competitive pressure, particularly for diagnostic devices. This pressure is intensified by the fact that, for example, Japanese competitors, benefiting from currency trends, can offer their products in the market at low prices. The competitive situation results, in particular, in a high cost pressure, which Carl Zeiss Meditec has to counter. Due to product innovations, however, the new products we have launched in the market, and a good performance by refractive lasers, we are looking forward to the new financial year with cautious optimism, and are confident that we shall grow at least to the same extent as the underlying market. From a current perspective, and excluding currency effects, this corresponds to growth in the low to mid-single-digit percentage range.

b) “Surgical Ophthalmology” strategic business unit

The “Surgical Ophthalmology” SBU continued to grow significantly in the past financial year and was strategically reinforced by the acquisition of the U.S. intraocular lens manufacturer Aaren Scientific Inc. in January 2014. We expect this growth to continue in financial year 2014/2015. To achieve this we need to exploit and exhaust any potential that remains in the markets in which we operate and further strengthen market position through innovations. MICS lenses, which are already well established in the market, play a key role in this, as well as the injectors suitable for implantation, and the successfully established VISALIS® 500 phaco system, which is capable of microincision surgery. Carl Zeiss Meditec’s AT LISA® tri and AT LISA® tri toric, in combination with the BLUEMIXS™ 180 injector, is the only preloaded MICS-compliant trifocal intraocular lens on the market. The CT LUCIA®, launched in September 2014, is the first intraocular lens in the standard segment to be manufactured at our new site in Ontario. We are confident that we will once again grow faster than the underlying market in 2014/2015, which is currently expected to grow in the mid-single-digit percentage range.

c) “Microsurgery” strategic business unit

Sales in the previous year were exceeded slightly in the past financial year, thus further expanding the already extraordinarily strong market position. We expect this growth to continue in 2014/2015. With our surgical microscopes the OPMI® Pentero® for neuro, spinal or plastic surgery, or

the OPMI® VARIO, which is used in ENT surgery, for example, we are broadly diversified and are exploiting the associated market opportunities to an even greater degree by upgrading the products in terms of additional supporting applications.

We expect the “Microsurgery” SBU to continue to make significant contributions to earnings in future. We are confident that we shall grow at least to the same extent as the underlying market in the coming financial year. From a current perspective, and excluding currency effects, this corresponds to growth that is at most in the mid-single-digit percentage range.

Future selling markets

As a global Company, our continued aim in the years ahead shall be to maintain as balanced a distribution of sales as possible across our individual markets. The Carl Zeiss Meditec Group is currently generates around one third of its revenue in all three of its strategically important business regions: “EMEA”, “Americas” and “Asia/Pacific”. We see particularly promising business prospects in the “Asia/Pacific” region. These prospects shall become even more important in the medium to long term, due to the rapid economic growth in the “Asia/Pacific” region. Carl Zeiss AG’s research centers in India and China, which Carl Zeiss Meditec uses for product development, shall help to expand and ensure this growth. These centers help us to work closely together with our customers on site and thus to gear our activities, in respect of the marketing, development, procurement and production of our products, to the market conditions specific to the region, and to the prevailing needs of customers there. Another promising market, which we consider to hold significant market potential for our products, is Latin America. We aim to exploit the potential in these countries to an even greater extent in future and generate further sales growth.

Future research and development activities

We aim to continue to be a pioneer of innovative solutions and processes, and to continuously develop our expertise in this area. Carl Zeiss Meditec invests around 12 % of its revenue in research and development projects and plans to invest in R&D on a similar scale in 2014/2015. Efficient and targeted development processes play a key role in this.

Upstream from these is the search for new technologies and market trends, which are systematically identified and evaluated on an ongoing basis, in order to specifically carry over the most promising ideas to new development projects and then to establish ourselves on the market with new solutions. The important thing is to consider the regional market conditions and the needs of our customers in the development process from the outset. In the coming financial year 2014/2015 we plan to make additional strategic research investments in the field of ophthalmology. The projects started and currently underway require up-front investments over a period of at least three years. Currently, an expense of around € 10 million is expected in the coming financial year. For better comparison, we shall report investments allocated to this area of application separately in the annual financial statements for 2014/2015.

Future investments

Investments are a basic requirement to be able to maintain our technology leadership in future, too. The investment ratio at Carl Zeiss Meditec has been largely constant in the past few years. The investments required to realize growth targets shall not lead to a material change in the current investment ratio in the coming financial year. We aim to invest around 1 % to 3 % of sales revenue in tangible assets in financial year 2014/2015, which is about the same as in previous years.

Future dividend policy

Carl Zeiss Meditec pursues a long-term and earnings-oriented dividend policy. The Company's management plans to propose to the Annual General Meeting the distribution of a dividend of € 0.40 per share for the past financial year. The dividend ratio would therefore amount to 43.4 % of the Carl Zeiss Meditec Group's consolidated net income pursuant to the IFRSs, which is almost on a par with the previous year's ratio (previous year 39.1 %). The management also intends to allow shareholders to continue to participate fairly in the Company's success in future. The special dividend, an instrument that has been used several times in the past, may also be used again.

Future employee development

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

Future financial position

Interest income and expenses depend on changes in interest rates on the financial markets. At present, the Company does not expect any marked improvements in investment conditions in the next two years. Interest income and interest expenses are thus expected to remain around the previous year's level. As of 30 September 2014 current cash and cash equivalents of around € 181.2 million were available for financing. In view of this, and the ongoing expectation of positive business development and a positive cash flow from operating activities as a result, as well as the possibility to use other financial instruments and sources of financing, if required, we consider Carl Zeiss Meditec's financing capacity to be adequate. In 2014/2015 we aim to achieve operative cash flow in the high double-digit millions, based on active working capital management.

Future opportunities

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

We continue to foresee a high level of growth, particularly in the rapidly developing economies (RDEs) in Asia and Latin America. We plan to further strengthen our market presence and exploit the existing potential there, in order to further consolidate our position in these markets. Additional opportunities are provided by our innovative and broad

product range, which we shall continue to expand in the coming financial year. Our strong financial profile, which safeguards the Company's development against external influences, should also have a positive effect. The Company is in a position to protect itself against direct risks in the short term, without losing sight of its long-term objectives. Due to our ZEISS brand, our customers perceive us as a reliable and trustworthy partner, and we look back on a long, successful collaboration. We can therefore build upon an extremely positive brand image.

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

Overall assertion on future development

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

General economic conditions and economic development are crucial to making a forecast about the future development of business. Given the large number of imponderables in the individual regions in the year under review and the increasingly high level of uncertainty with regard to future development, the Company's management plans to keep a close eye on the further course of general business so that it can react to any changes in good time. Staying in regular contact with our customers shall play an important role in this. The investment behaviour of our customers depends

heavily on economic development. Planned investments in the private sector may be delayed, or significant cuts in public budgets may adversely affect demand.

Given the generally favourable conditions for market development in the medium and long term, and Carl Zeiss Meditec's good strategic position, the Company's management assumes that revenue will continue to grow in the coming financial year, provided that general economic conditions remain stable. We anticipate revenue growth that is at least on a par with the market growth expected for the industry. From a current perspective, and excluding currency effects, this corresponds to growth in the low to mid-single-digit percentage range.

A crucial advantage for even greater stability of our overall business is a higher proportion of revenue with case-number-dependent products and services, since there is generally less fluctuation in these areas than in the capital goods business, for example. We already achieved our objective of increasing this share of revenue to 25% by 2015 in reporting year 2012/2013 – two years earlier than planned. In financial year 2013/2014 we achieved a share of 27%. From a current perspective, we expect a further increase in financial year 2014/2015. In the medium term we aim to increase this revenue share to over 30% of consolidated revenue by financial year 2018/2019. Carl Zeiss Meditec AG will play its part in this.

At 14.9% in financial year 2013/2014, the EBIT margin was around the previous year's level (15.0%). For the next financial year, we are planning strategic research investments in a new area for the Carl Zeiss Meditec Group, which shall impact the EBIT margin in the short term. Nevertheless, the EBIT margin is expected to remain within the range of 13% to 15%, and thus at an attractive level, in financial year 2014/2015 and in the medium term until financial year 2018/2019.

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

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

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



Dr. Ludwin Monz
President and
Chief Executive Officer



Dr. Christian Müller
Member of the
Management Board



Thomas Simmerer
Member of the
Management Board

10 DECLARATION ON CORPORATE GOVERNANCE PURSUANT TO SECTION 289A HGB

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

Jena, 19 November 2014

Income statement

for financial years 2013/2014
and 2012/2013 (HGB)

(Figures in € '000)

	Notes	Financial year 2013/2014	Financial year 2012/2013
Sales	(21)	587,488	566,978
Cost of sales		(314,348)	(321,750)
Gross profit		273,140	245,228
Selling costs		(97,733)	(91,105)
General and administrative expenses		(31,993)	(34,701)
R&D costs minus subsidies received		(68,754) 121	(67,916) 112
Other operating income	(24)	38,350	46,181
Other operating expenses	(25)	(25,354)	(12,969)
Income from long-term loans	(26)	1,483	2,808
Other interest and similar income	(26)	1,412	1,334
Interest and similar expenses	(26)	(4,824)	(5,884)
Result from ordinary activities		85,848	83,088
Extraordinary expenses		(748)	(748)
Extraordinary result	(27)	(748)	(748)
Income taxes	(28)	(27,965)	(31,323)
Net income		57,135	51,017
Retained profits brought forward from previous year		82,342	63,849
Dividend		(36,589)	(32,524)
Net retained profits		102,888	82,342

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

Balance sheet

as of 30 September 2014 and 30 September 2013 (HGB)

(Figures in € '000)

	Notes	30 September 2014	30 September 2013
ASSETS			
Fixed assets	(6)		
Intangible assets			
Purchased concessions, industrial Industrial property rights and similar rights and assets and licenses in such rights and assets		86,783	92,026
Goodwill		80,675	88,010
		167,458	180,036
Tangible assets			
Land, land rights and buildings, including buildings on third-party land		2,847	3,227
Technical plant and machinery		4,621	4,618
Other equipment, operating and office equipment		9,815	10,879
Payments on account and assets under construction		1,573	1,259
		18,856	19,983
Financial assets			
Shares in affiliated companies		251,893	239,370
Loans to affiliated companies		119,342	131,930
Shares in other investees and investors		2	2
Other loans		860	839
		372,097	372,141
		558,411	572,160
Current assets			
Inventories	(7)		
Raw materials, consumables and supplies		42,571	42,071
Unfinished goods		11,970	10,601
Finished goods and merchandise		34,534	33,687
Payments on account		215	216
Payments received on account of orders		- 1,159	- 1,181
		88,131	85,394
Receivables and other assets			
Trade receivables	(8)	26,662	20,993
Receivables from affiliated companies	(9)	261,022	255,907
Receivables from investees		186	14
Other assets	(10)	5,977	929
		293,847	277,843
Cash and cash equivalents	(11)		
Cash-on-hand and bank balances		4	3
		4	3
		381,982	363,240
Prepaid expenses	(12)		
Other prepaid expenses		805	990
		805	990
Asset-side difference arising from asset offsetting	(13)	7,842	7,494
Total assets		949,040	943,884

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

(Figures in € '000)

	Notes	30 September 2014	30 September 2013
LIABILITIES			
Equity	(14)		
Subscribed capital		81,310	81,310
Capital reserves		646,454	646,454
Revenue reserves			
Other revenue reserves		2,940	2,940
Net retained profits		102,888	82,342
		833,592	813,046
Special reserve for investment subsidies	(15)	218	333
Provisions	(16)		
Tax provisions		3,227	6,736
Other provisions		51,599	48,487
		54,826	55,223
Liabilities	(17)		
Trade payables		19,739	25,829
Liabilities to affiliated companies	(9)	20,883	25,803
Liabilities to other investees or investors		119	189
Other liabilities		2,448	3,350
		43,189	55,171
Prepaid expenses	(18)	1,415	1,146
Deferred tax liabilities	(19)	15,800	18,965

Total liabilities	949,040	943,884
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The following notes to the consolidated financial statements are an integral part of the audited consolidated financial statements.

Statement of changes in fixed assets (gross)

(Figures in € '000)

	Acquisition and production costs				30 September 2014
	1 October 2013	Additions	Transfer (+/-)	Disposals	
Intangible assets					
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	134,424	4,293	–	1	138,716
Goodwill	110,012	–	–	–	110,012
	244,436	4,293	–	1	248,728
Tangible assets					
Land, land rights and buildings, including buildings on third-party land	4,679	34	–	–	4,713
Technical plant and machinery	10,060	736	476	576	10,696
Other equipment, operating and office equipment	31,681	3,331	691	3,751	31,952
Payments on account and assets under construction	1,259	1,481	(1,167)	–	1,573
	47,679	5,582	–	4,327	48,934
Financial assets					
Shares in affiliated companies	239,370	12,523	–	–	251,893
Loans to affiliated companies	131,930	90,819	–	103,407	119,342
Shares in other investees and investors	2	–	–	–	2
Other loans	839	21	–	–	860
	372,141	103,363	–	103,407	372,097
	664,256	113,238	–	107,735	669,759

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

(Figures in € '000)

	Accumulated depreciation and amortization				Net book value		
	1 October 2013	Depreciation and amortization financial year	Disposals	Transfer (+/-)	30 September 2014	30 September 2014	1 October 2013
Intangible assets							
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	42,398	9,536	1	–	51,933	86,783	92,026
Goodwill	22,002	7,335	–	–	29,337	80,675	88,010
	64,400	16,871	1	–	81,270	167,458	180,036
Tangible assets							
Land, land rights and buildings, including buildings on third-party land	1,452	414	–	–	1,866	2,847	3,227
Technical plant and machinery	5,442	941	308	–	6,075	4,621	4,618
Other equipment, operating and office equipment	20,802	3,943	2,608	–	22,137	9,815	10,879
Payments on account and assets under construction	–	–	–	–	–	1,573	1,259
	27,696	5,298	2,916	–	30,078	18,856	19,983
Financial assets							
Shares in affiliated companies	–	–	–	–	–	251,893	239,370
Loans to affiliated companies	–	–	–	–	–	119,342	131,930
Shares in other investees and investors	–	–	–	–	–	2	2
Other loans	–	–	–	–	–	860	839
	–	–	–	–	–	372,097	372,141
	92,096	22,169	2,917	–	111,348	558,411	572,160

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

Notes

to the annual financial statements for financial year 2013/2014

GENERAL INFORMATION AND EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(1) Description of operations

Carl Zeiss Meditec AG, Jena ("Carl Zeiss Meditec" or the "Company") is engaged in the development, manufacture and distribution of products and systems as well as the provision of services for diagnosis and treatment in the field of medical technology. The Company's registered office is located in Jena, Germany's traditional centre of excellence for optical and optical-related technologies. Additional operating facilities are located in Oberkochen, Berlin and Munich. The Company has subsidiaries in, among others, the United States (100 % interest), Germany (100 % interest), France (100 % interest), Spain (100 % interest), United Kingdom (100 % interest), Turkey (100 % interest) and Japan (51 % interest). Together, these form the Carl Zeiss Meditec Group (the "Group").

The Company's customers are ophthalmologists in private practice, surgeons, optometrists, opticians and clinics worldwide.

(2) Foundation, stock exchange listing

Carl Zeiss Meditec AG was originally founded on 4 October 1995 as AESCULAP-MEDITEC GmbH with its registered office in Jena.

On 10 November 1999 Aesculap-Meditec GmbH was transformed into a stock corporation and traded from this date under the name Asclepion-Meditec AG ("Asclepion"). The Company went public on 22 March 2000 and was listed on the Frankfurt Stock Exchange.

In 2002, Carl Zeiss "Ophthalmic Systems" AG transferred its entire assets to Asclepion by way of a merger by absorption with effect from 1 October 2001.

Asclepion Meditec AG was also renamed Carl Zeiss Meditec AG at this point.

With effect from 1 October 2010, Carl Zeiss Meditec AG, as the acquiring company, merged a number of subsidiaries by assuming the assets of the companies Carl Zeiss Surgical GmbH, *Acri.Tec GmbH, Carl Zeiss Meditec Systems GmbH and Carl Zeiss Meditec Software GmbH. This merger was entered in the commercial register of the Company on 1 June 2011.

With effect from 30 December 2013 Carl Zeiss Meditec AG purchased 100 percent of the shares in the distribution and service company Optronik Optik Ve Elektronik Cihazlar Ticaret Ve Sanayi Anonim Sirketi (hereinafter referred to as Optronik A.S.) in Turkey. With effect from 6 February 2014 the company was renamed Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi Anonim Şirketi ("Carl Zeiss Meditec Medikal").

(3) Development of share capital and capital reserves in financial year 2013/2014

Authorized capital

The General Meeting on 12 April 2011 resolved to eliminate the existing authorized capital, which expired in financial year 2010/2011, and to authorize the Management Board, with the consent of the Supervisory Board, to increase the share capital by up to € 39,654,800.00 against cash and/or contributions in kind by issuing new no-par value bearer shares until 11 April 2016 (Authorized Capital I).

Based on this resolution of the General Meeting on 12 April 2011 the Management Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights. The exclusion of shareholders' subscription rights is, however, only possible in the following cases:

- » to balance out fractional amounts,
- » if the capital increase is effected against cash contributions and the new shares account for no more than 10 % of the existing share capital, either on the date it becomes effective, or on the date this authorization is exercised, and the issuing price of the new shares is not significantly below the market price of the shares of the same type and structure already listed. Sales of own shares on the basis of other authorizations pursuant to Section 186 (3) sentence 4 AktG must be taken into account in the restriction to 10 % of the share capital.
- » for capital increases against contributions in kind to grant shares for the purpose of acquiring companies, parts of companies or interests in companies.

The Management Board was also authorised, with the consent of the Supervisory Board, to specify the further details of capital increases from Authorised Capital I.

This resolution was entered in the Company's commercial register on 19 May 2011.

Own shares

By way of a resolution of the Annual General Meeting of Carl Zeiss Meditec AG on 4 March 2010, the Management Board is authorized to purchase own shares until 3 March 2015 up to a value of € 8,130,000.00 – equivalent to less than 10% of the share capital of € 81,309,610.00 – in order, with the consent of the Supervisory Board:

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

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

In the past financial year 2013/2014, the Company made no use of this authorization.

(4) Annual financial statements according to *HGB* and *AktG*, consolidated financial statements

The annual financial statements of Carl Zeiss Meditec for the financial year ending 30 September 2014 have been prepared in thousands or euros (€ '000) – unless specified otherwise – in accordance with the provisions of the German Commercial code (*HGB*) and the German Stock Corporation Act (*AktG*).

The income statement was prepared using the cost of sales format.

The Company's annual financial statements are incorporated into the consolidated financial statements of Carl Zeiss

AG, Oberkochen. The consolidated financial statements of Carl Zeiss AG are published in the Federal Gazette (*Bundesanzeiger*).

The Company also prepares consolidated financial statements according to the International Financial Reporting Standards (IFRSs). The consolidated financial statements of Carl Zeiss Meditec AG are published in the electronic edition of the Federal Gazette (*Bundesanzeiger*). The consolidated financial statements can also be obtained from Carl Zeiss Meditec AG in Jena on request. They are also available for inspection on Carl Zeiss Meditec AG's website at www.meditec.zeiss.com/ir.

The following accounting and valuation methods were used in drafting the annual financial statements as previously.

(5) Information and explanatory notes on accounting and valuation principles

Fixed assets

Intangible assets

Purchased intangible assets are carried at cost less scheduled straight-line amortization in accordance with their expected useful life. Write-downs to the lower of cost or market are performed where impairments are expected to be permanent. Internally generated intangible assets are not recognized.

The goodwill arising from the merger transactions on 1 October 2010 is amortized in accordance with the expected useful life. This is more than 5 years, provided that the purchased assets can be expected to make a positive contribution to earnings over a longer period. The estimated useful life of goodwill of the former companies Carl Zeiss Surgical GmbH, *AcriTec GmbH and Carl Zeiss Medical Software GmbH was determined to be 15 years. The Company made use of the option under the German Accounting Law Modernization Act (*Bilanzrechtsmodernisierungsgesetz, BilMoG*), as the investment is considered a long-term investment. Points of reference for estimating the individual operative useful life include the continually expanding market for medical technology, the positive economic and business conditions, the very low levels of employee turnover at the acquired companies and the life cycles of the products which, thanks to patent protection etc., range between 10 and 20 years.

As of 30 September 2014, no use had been made of the option to capitalize development costs.

Tangible assets

Purchased tangible assets are carried at cost less scheduled depreciation.

Tangible assets are depreciated in accordance with their expected useful life. Movable items of tangible assets added before the enactment of the *BilMoG*, are – as a general rule – subject to the sliding-scale method of depreciation. A transition to the straight-line method shall be made in the year in which the straight-line method results in higher annual depreciation amounts for the first time. The other assets are depreciated on a straight-line basis. Low-value assets up to a value of € 410.00 are written off in full in the year of their acquisition. Additions to tangible assets are depreciated pro rata temporis.

Write-downs to the lower of cost or market are performed where impairments are expected to be permanent. If the reasons for an extraordinary write-down no longer exist, the impairment loss shall be reversed up to a maximum of the depreciated cost.

Financial assets

Shares in affiliated companies and loans to affiliated companies are shown at cost. Appropriate valuation allowances are made for potential risks and impairment of financial assets.

Current assets**Inventories**

Raw materials, consumables and supplies are valued at cost or moving average price. The lower of cost or market principle is strictly applied for this valuation.

Work in progress and finished goods are measured at cost. In addition to direct material costs and direct production costs, these also include an appropriate portion of the material and production overheads, as well as the pro rata depreciation of the fixed production assets. Inventory risks relating to the storage period or reduced marketability were taken into account by write-downs using a combination of the lower of cost or market test, marketability discounts and loss-free valuation, and by special individual write-downs.

Trade goods are valued at the lower of cost or market as of the balance sheet date.

Receivables and other assets

Receivables and other assets are stated at their nominal amount. Appropriate valuation allowances have been set up for discernible individual risks; the general credit risk on trade receivables is covered by a global valuation allowance.

Receivables due after more than one year are discounted.

Equity**Subscribed capital**

This is measured at the nominal amount.

Provisions and liabilities**Provisions**

Provisions for pensions and similar obligations are calculated based on future wage/salary and pension trends using the projected unit credit method. The calculation of the present values of the pension obligations is based on the average market discount rate for an assumed residual period of 15 years. The obligations are measured using Dr. Klaus Heubeck's 2005 G mortality tables.

The measurement as of 30 September 2014 is based on the following accounting principles:

» discount rate pursuant to the German Regulation on the Discounting of Provisions (<i>Rückstellungsabzinsungsverordnung</i>):	4.66 % p. a.
» pension growth:	1.75 % p. a.
» salary growth:	2.75 % p. a.
» fluctuation factor:	2.00 % p. a.

Under Section 67 (1) Sentence 1 of the Introductory Act to the German Commercial Code (*EGHGB*), the difference arising from the first-time application of the German Accounting Law Modernization Act (*BilMoG*) is added for a period of 15 years.

Assets which meet the criteria as plan assets for fulfilment of pension and partial retirement obligations are measured at fair value and have been offset against the respective individual commitment.

Provisions for anniversary bonuses and partial retirement were valued according to actuarial principles.

The Company contracted out the funding of pension obligations. This outsourcing is based on the model of a

contractual trust arrangement (CTA). For the first time, in September 2006, Carl Zeiss Meditec AG had transferred an amount of cash to a trustee equivalent to the pension provisions for the entitled group of employees. These funds are to be managed by the trustee, giving appropriate consideration to yield potential and maintenance of assets, and may only be used in future to fulfil the respective pension obligations. Thus the pension obligations are primarily covered by external plan assets and are separate from the Company's other operating assets. Access to the assets by the employer or other third parties is generally excluded. In the event of the Company becoming insolvent, employees shall have a direct claim against the pension fund.

The Company also contracted out the financing of partial retirement claims. As with the pension commitments for the entitled group of employees, Carl Zeiss Meditec AG transferred the appropriate funds to the Trustee. For further information, please refer to the notes on plan assets for pension provisions.

The provision for deferred compensation commitments corresponds to the asset values of the reinsurance policy determined according to actuarial principles.

The other provisions set up provide adequate cover for discernible risks and uncertain obligations. The amount to be allocated to these provisions is determined using prudent commercial judgement. Cost increases not expected to have an effect until the future, up until fulfilment of the obligation, were recognized for the first time. Long-term provisions are measured at their net present value using the discount rates appropriate for the term in accordance with the German Regulation on the Discounting of Provisions (*Rückstellungsabzinsungsverordnung*).

Liabilities

Liabilities are stated at their respective amounts payable.

Foreign currency translation

Receivables and liabilities denominated in foreign currency are translated using the exchange rate prevailing on the date of the transaction. Exchange rate gains/losses are recognized for short-term receivables and liabilities in accordance with Section 256a HGB through remeasurement at the average spot exchange rate at the balance sheet date. In the case of a remaining term of more than one year, this shall apply only if the translation results in a lower amount, for receivables, or a higher amount, for liabilities.

Deferred taxes

Deferred taxes are calculated, pursuant to Section 274 HGB, in accordance with the balance sheet-orientated method (temporary concept). Deferred tax assets are offset against deferred tax liabilities. After offsetting, the Company still has an overhang of deferred tax liabilities. Deferred taxes are measured based on the company-specific tax rate of 29.36% at € 15,800 thousand (previous year tax rate: 29.36% at € 18,965 thousand).

Deferred taxes relate to the balance sheet items listed below:

Table 1

Balance sheet item	30 September 2014 Deferred tax assets	30 September 2014 Deferred tax liabilities
Intangible assets		x
Tangible assets		x
Measurement receivables		x
Measurement cover fund	x	
Measurement pension provisions	x	
Measurement other provisions	x	
Measurement liabilities	x	

At the balance sheet date, the resulting amount in accordance with Section 268 (8) HGB is € 5,602 thousand (previous year € 3,443 thousand), which is fully covered by free reserves.

Derivative financial instruments

As a company with global operations, Carl Zeiss Meditec is exposed to the effects of exchange rate fluctuations and enters into currency forward contracts to hedge against its currency risks based on planned transactions in foreign currencies as hedges for peaks of receivables and liabilities. A loan denominated in USD, to a direct subsidiary domiciled in the USA, was also hedged for the first time in financial year 2013/2014. The aim of currency hedging is to fix prices on the basis of hedging rates, to protect against future unfavourable exchange rate fluctuations. These contracts generally span a period of twelve months; as an exception, hedge on the USD loan spans the loan's full term of 24 months. The fair value of currency forward contracts is calculated based on the average spot exchange rate at the balance sheet date, adjusted for forward premiums and discounts for the respective residual term of the contract, compared with the contracted forward exchange rate. The nominal value of the Company's currency forward contracts as of 30 September 2014 is composed

of € 45,943 thousand in receivables and € 215,360 thousand in liabilities. A provision for contingent losses was set up in the amount of € 12,235 thousand for currency forward contracts with a negative market value in the same amount. The currency forward contracts with a positive market value amount to € 860 thousand.

NOTES TO INDIVIDUAL ITEMS IN THE BALANCE SHEET

(6) Fixed assets

The development of individual fixed assets in the 2013/2014 financial year is to be seen in the Appendix to these notes.

The addition to intangible assets is attributable to the acquisition of licenses and patents and computer software.

Purchases of tangible assets in the financial year relate in particular to tools (€ 1,948 thousand), the transfer of service and study equipment to fixed assets (€ 1,550 thousand) and production and test facilities (€ 1,515 thousand).

The addition to shares in affiliated companies is attributable to the acquisition of Optronik A.S. in Turkey, now operating under the name Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi A.Ş.

In the course of financing the acquisition of Ioltech S.A. (now operating as Carl Zeiss Meditec S.A.S.), the French intermediate holding company Atlantic S.A.S. issued a convertible bond in financial year 2004/2005 with a total value of € 103.0 million, which was subscribed to by Carl Zeiss Meditec AG. This was carried in the balance sheet under "Loans to affiliated companies". These securities were endowed with a profit-related, annual remuneration of up to 8.75% of their nominal value, and should be converted to Atlantic S.A.S. shares at the end of their term of 10 years on 30 September 2015 at the latest. A portion of this convertible bond of Atlantic S.A.S., which is subscribed to by Carl Zeiss Meditec, has already been converted into share capital of Atlantic S.A.S. in financial year 2007/2008. Shares with a total value of € 35.0 million were subsequently transferred to Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH by way of an appropriation to reserves. Atlantic S.A.S. repaid the remaining amount of € 68.0 million in cash to Carl Zeiss Meditec AG in financial year 2013/2014, after Carl Zeiss

Meditec AG had previously issued a new Group loan in the amount of € 68.0 million to Atlantic S.A.S.. This transaction is therefore shown in the same amount in the statement of changes in fixed assets under additions to and disposal of loans to affiliated companies, respectively.

Furthermore, there are additions to loans to affiliated companies relating to the issue of a loan to Aaren Scientific Inc. – a new, wholly-owned subsidiary of Carl Zeiss Meditec Inc., Dublin, USA, acquired in financial year 2013/2014 – in the amount of € 9,319 thousand (USD 12,000 thousand), and reclassifications of short-term loans for Carl Zeiss Meditec Iberia S.A. (€ 9,500 thousand) and for Carl Zeiss Meditec France S.A.S. (€ 4,000 thousand). Disposals of loans to affiliated companies relate to the repayments of loans by Carl Zeiss Meditec Vertriebsgesellschaft mbH (€ 11,000 thousand) and by Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH (€ 24,407 thousand).

Other loans include an addition in connection with the payment of € 21 thousand to the contractual trust arrangement for accrued flexitime.

OTHER ASSET ITEMS

(7) Inventories

Inventories (€ 88,131 thousand, previous year € 85,394 thousand) include cumulated valuation allowances of € 11,701 thousand (previous year € 13,162 thousand).

(8) Trade receivables

Trade receivables amount to € 26,662 thousand as of the balance sheet date (previous year € 20,993 thousand), including cumulated specific and global valuation allowances totalling € 1,446 thousand (previous year € 2,948 thousand). Discounted trade receivables amounting to € 840 thousand (previous year € 652 thousand) are due in more than one year.

(9) Receivables from/liabilities to affiliated companies

The balances disclosed in receivables from affiliated companies comprise trade receivables and payables (76,278 thousand, previous year € 84,182 thousand), receivables from the Group treasury of the Carl Zeiss Group in the amount of € 181,180 thousand (previous year € 151,488 thousand),

and other receivables (€ 2,654 thousand; previous year € 19,239 thousand). This item also includes receivables due in more than one year amounting to € 910 thousand (previous year € 998 thousand).

Receivables from shareholders amount to € 1,082 thousand (previous year € 7,028 thousand).

Liabilities to affiliated companies consist of trade payables of € 19,160 thousand (previous year € 23,885 thousand) and other liabilities of € 1,723 thousand (previous year € 1,918 thousand).

Liabilities to shareholders amount to € 4,692 thousand (previous year € 6,145 thousand).

(10) Other assets

Other assets amount to € 5,977 thousand as of the balance sheet date (previous year € 929 thousand). These mainly include other domestic receivables (€ 5,066 thousand, previous year € 0), receivables for payments on account (€ 117 thousand, previous year € 550 thousand), creditors with debit balances (€ 227 thousand, previous year € 174 thousand), corporation tax (€ 319 thousand, previous year € 41 thousand), trade income tax (€ 156 thousand, previous year € 39 thousand). Other domestic receivables relate to receivables from the tax office, from the advance VAT return. This has changed from the previous year, as, due to the new legal situation concerning VAT, Carl Zeiss Meditec AG has formed its own VAT entity together with Carl Zeiss Meditec Vertriebsgesellschaft mbH and Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, effective from 1 January 2014. Previously, the companies were part of Carl Zeiss AG's VAT entity.

(11) Cash and cash equivalents

Cash and cash equivalents consist exclusively of cash-in-hand. Term deposit balances are deposited with the Group treasury of the Carl Zeiss Group and are recognized under "Receivables from affiliated companies".

(12) Prepaid expenses

The other prepaid expenses include rent in the amount of € 375 thousand, vacation pay of € 329 thousand and other prepaid expenses totaling € 101 thousand.

(13) Asset-side difference arising from asset offsetting

This item consists of receivables from CTA plan assets for pensions totaling € 7,842 thousand.

(14) Equity

Subscribed capital

The share capital comprises 81,309,610 no-par-value bearer shares, each with a theoretical value of € 1.00. This is stated at the nominal value.

Capital reserve

As of 30 September 2014 the capital reserve still amounted to € 646,454 thousand.

Net retained profits

Due to Carl Zeiss Meditec AG's net income for the year of € 57,135 thousand, and taking into consideration the retained profits brought forward of € 83,342 thousand remaining as of 30 September 2014 after distribution of the dividend of € 36,589 thousand, net retained profits amount to € 102,888 thousand (previous year € 82,342 thousand). There is a dividend payout restriction of € 5,602 thousand € 3,443 thousand).

The dividend payout restriction results from the capitalisation of assets (plan assets) at fair value: € 7,930 thousand (previous year € 4,874 thousand), less deferred tax liabilities € 2,328 thousand (previous year € 1,431 thousand).

(15) Special reserve for investment subsidies

The special reserve for investment subsidies contains investment grants and subsidies carried as liabilities in the amount of € 218 thousand.

(16) Provisions

Provisions for pensions and similar obligations

The actuarial report for the assessment of pension obligations as of 30 September 2014 was prepared by Towers Watson GmbH, Wiesbaden. The obligations are offset against the attributable plan assets from the CTA. The gross amount of the provision is € 47,616 thousand (previous year € 40,737 thousand). The fair value of the CTA plan assets against which the provision was offset, amounts to € 55,458 thousand (previous year € 48,231 thousand); the acquisition costs amount to € 53,131 thousand as of 30 September 2014 (previous year € 46,799 thousand).

As in the previous year there is no open provision after offsetting. The asset-side difference amounts to € 7,842 thousand (previous year € 7.494 thousand). The total appropriation of the difference not yet allocated by 30 September 2013 under *BilMoG* was € 8,466 thousand; by 30 September 2014 the figure was € 7,718 – which is to be accumulated by no later than 31 December 2024.

Interest expenses for pension provisions (€ 5,562 thousand), income from plan assets (€ 404 thousand) and income from fair value adjustments (€ 3,332 thousand) are presented in the income statement on a net basis under the item “Interest and similar expenses” (€ 1.826 thousand).

Tax provisions

This item includes corporation tax, trade income tax and other taxes.

Other provisions

Partial retirement arrangements

Gross provisions for partial retirement obligations amount to € 1,337 thousand as of 30 September 2014. The fair value of the CTA plan assets against which these provisions are offset is € 922 thousand. The resulting interest expenses amount to € 38 thousand.

The item also includes a provision for a deferred compensation programs (postponed remuneration) in the amount of € 1,685 thousand (previous year € 1.628 thousand). This is offset against the receivables in the same amount from Gerling Lebensversicherung AG and DBV-Winterthur Lebensversicherung AG.

Miscellaneous other provisions

- » Currency forward contracts (€ 12,235 thousand, previous year € 1.044 thousand)
- » Outstanding invoices (€ 10,417 thousand, previous year € 11.398 thousand)
- » Other provisions for personnel expenses (€ 9,452 thousand, previous year € 9.057 thousand)
- » Warranties (€ 6,601 thousand, previous year € 13.710 thousand)
- » Litigation risks (€ 2,241 thousand, previous year € 2.255 thousand)
- » Special payments to employees (€ 1,817 thousand, previous year € 1.732 thousand)

(17) Liabilities

Liabilities of Carl Zeiss Meditec AG relate to unsecured liabilities of € 43,189 thousand (previous year € 55,171 thousand), all of which are due in less than one year.

Trade payables

These include the usual obligations in the form of trade payables to outside suppliers and accrued commissions.

Other liabilities

Other liabilities mainly consist of import sales tax payable of € 985 thousand (previous year € 1,774 thousand), as well as liabilities from withheld wage and church tax of € 1,376 thousand (previous year € 1.469 thousand).

Maturity structure of liabilities

Table 2: Maturity structure of liabilities (Figures in € '000)

	30 September 2014		30 September 2013	
	Total	thereof due within one year	Total	thereof due within one year
Trade payables	19,739	19,739	25,829	25,829
Liabilities to affiliated companies	20,883	20,883	25,803	25,803
Other liabilities including liabilities to other investees and investors	2,567	2,567	3,539	3,539
<i>thereof taxes</i>	2,361	2,361	3,243	3,243
<i>thereof social security</i>	0	0	25	25

(18) Deferred income

This item primarily related to deferred income for service and maintenance contracts extending beyond the end of the financial year and deferred income for investment subsidies received, for which a final decision is still outstanding.

(19) Deferred tax liabilities

Deferred tax liabilities amount to € 15,800 thousand (previous year € 18.965 thousand).

(20) Contingent liabilities and other financial commitments

Contingent liabilities

At the balance sheet date there were limited guarantees with a total value of € 8,022 thousand (previous year € 6,924 thousand); thereof in favour of affiliated companies € 8,022 thousand (previous year € 6.924 thousand).

Utilization of this liability is considered unlikely, since this item consists exclusively of intragroup contingent liabilities.

Equity investments are tested regularly for impairment, particularly within the scope of preparing the annual financial statements. These tests did not identify any risks that jeopardize the continuation of operations of the equity investments.

Off-balance-sheet transactions/Other financial commitments

Off-balance-sheet transactions in the area of operating leases mainly relate to rent for buildings, motor vehicle leases and office equipment leases, including for computer hardware. These contracts provide an alternative source of financing that essentially avoids liquidity and equity being tied up as well as the assumption of major economic risks. In addition, they offer planning and costing reliability in terms of the fixed lease conditions for the term of the lease. There is a risk that the Company may not have unrestricted access to the assumed properties, particularly in the case of underutilization of capacity. Rental and leasing obligations were calculated on the basis of the earliest possible termination dates or the end of the contractual term. The nominal amounts were used.

Rental agreements give rise to the following financial obligations:

Table 3 (Figures in € '000)

	30 September 2014	
due 2014/2015 <i>thereof to affiliated companies</i>	6,809	4,802
due 2015/2016 to 2018/2019 <i>thereof to affiliated companies</i>	17,674	12,794
due after 2018/2019 <i>thereof to affiliated companies</i>	10,283	7,739

The financial commitments arising from rental agreements mainly relate to rental agreements with Carl Zeiss AG, Oberkochen, for rented production and office space in Jena and Oberkochen, as well as externally rented production and office space in Munich, Berlin and Hennigsdorf.

The following **financial commitments** exist due to leases:

Table 4 (Figures in € '000)

	30 September 2014	
due 2014/2015 <i>thereof to affiliated companies</i>	1,222	600
due 2015/2016 to 2018/2019 <i>thereof to affiliated companies</i>	2,871	2,400
due after 2018/2019 <i>thereof to affiliated companies</i>	150	150

The main commitments here relate to a lease agreement for the property let to Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, at Göschwitzer Str. 51–52, and motor vehicle leases.

Purchase commitments

The purchase commitment for investments gives rise to financial commitments of € 1,627 thousand (previous year € 1.441 thousand).

NOTES TO INDIVIDUAL ITEMS IN THE INCOME STATEMENT

(21) Sales

Table 5: Sales by region (Figures in € '000)

	2013/2014	2012/2013
Germany	53,986	48,492
Europe, Middle East and Africa	198,484	192,455
Asia/Pacific region	205,940	191,360
Americas	129,078	134,671
Total	587,488	566,978

Table 6: Sales by business unit (Figures in € '000)

	2013/2014	2012/2013
Ophthalmic Systems	200,146	191,681
Surgical Ophthalmology	85,910	80,462
Microsurgery	301,432	294,835
Total	587,488	566,978

(22) Cost of materials

Table 7 (Figures in € '000)

	2013/2014	2012/2013
a) Cost of raw materials, consumables and supplies, and of purchased merchandise	281,140	280,046
b) Cost of purchased services	1,481	2,012
Total	282,621	282,058

(23) Personnel expenses

Table 8 (Figures in € '000)

	2013/2014	2012/2013
a) Wages and salaries	82,658	77,230
b) Social security and other pension costs – thereof in respect of old-age pensions € 1,814 thousand (previous year € 1.615 thousand)	14,372	13,066
Total	97,030	90,296

(24) Other operating income

Other operating income of € 38,350 thousand (previous year € 46,181 thousand), includes income from foreign currency translation (€ 16,925 thousand, previous year € 19,660 thousand) prior-period income from the reversal of provisions (€ 10,632 thousand, previous year € 18,276 thousand), on-charging to Group companies (€ 10,402 thousand, previous year € 7,442 thousand), investment grants and subsidies (€ 301 thousand, previous year € 525 thousand), and accounting profits on asset disposals (€ 90 thousand, previous year € 276 thousand).

(25) Other operating expenses

This item includes costs of foreign currency translation amounting to € 20,098 thousand (previous year € 12,109 thousand) and expenses for the development of distribution activities of growing business areas in the USA (€ 5,256 thousand, previous year € 0 thousand). In the previous year this item included prior-period expenses of € 860 thousand.

(26) Financial result

Table 9 (Figures in € '000)

	2013/2014	2012/2013
Income from investments and long-term loans – thereof from affiliated companies € 1,483 thousand (previous year € 2,808 thousand)	1,483	2,808
Other interest and similar income – thereof from affiliated companies € 637 thousand (previous year € 72 thousand)	1,412	1,334
Other interest and similar expenses – thereof from pension provisions € 2,102 thousand (previous year € 808 thousand) – thereof to affiliated companies € 1,898 thousand (previous year € 3.354 thousand) – thereof from interest cost € 107 thousand (previous year € 91 thousand) – thereof from tax arrears payments € 657 thousand (previous year € 1.348 thousand) – thereof from other interest expenses € 60 thousand (previous year € 32 thousand) – thereof from subordinated bank loans € 0 thousand (previous year € 251 thousand)	4,824	5,884
Total	-1,929	-1,742

(27) Extraordinary result

The extraordinary result is solely attributable to extraordinary expenses; at € 748 thousand (previous year € 748 thousand), these relate to the minimum appropriation to pension provisions.

(28) Taxes on income

Taxes on income and earnings are based entirely on the result from ordinary activities. This item includes the income from the change in deferred taxes recognized in the amount of € 3,165 thousand.

OTHER MANDATORY DISCLOSURES**(29) Auditor's fees**

Table 10 (Figures in € '000)

	2013/2014	2012/2013
a) Auditing of financial statements (annual financial statements and consolidated financial statements)	259	237*
b) Other auditing services	0	0
c) Tax consultancy services	0	0
Total	259	237

* thereof for auditor for financial year 2011/2012 € 13 thousand.

(30) Disclosures on the existence of an equity interest in the Company

Since September 2003 Carl Zeiss AG has held a direct and indirect majority interest in the Company's voting capital below the threshold of 75 % pursuant to Section 21 (1) German Securities Trading Act (*WpHG*).

Carl Zeiss AG, Oberkochen, Germany informed the Company on 27 October 2006 that the share of the voting rights held by its wholly owned subsidiary Carl Zeiss, Inc., Thornwood, USA in Carl Zeiss Meditec AG fell below the threshold of 10 % on 27 October 2006 and amounts to 7.47 % (6,074,256 ordinary shares) from this date.

Carl Zeiss AG, Oberkochen, Germany informed the Company on 27 October 2006 that the share of the voting rights held by its subsidiary Carl Zeiss Beteiligungs-GmbH, Oberkochen, Germany in Carl Zeiss Meditec AG fell below the threshold of 10 % on 27 October 2006 and amounts to 7.47 % (6,074,256 ordinary shares) from this date. All these voting rights are allocated pursuant to Section 22 (1) Sentence 1 No. 1 *WpHG*.

ODDO Asset Management, Paris, France, advised Carl Zeiss Meditec AG on 26 June 2014, pursuant to Section 21 (1) *WpHG*, that its share of voting rights in Carl Zeiss Meditec AG had exceeded the threshold of 3 % on 25 June 2014. ODDO's share of the voting rights amounted to 3.04 % on that date (corresponding to 2,469,819 voting rights). A total of 3.04 % of the voting rights (corresponding to 2,469,819 voting rights) are allocated to ODDO Asset Management pursuant to Section 22 (1) Sentence 1 No. 6. *WpHG*.

ODDO et Cie, Paris, France, advised the Company on 26 June 2014, pursuant to Section 21 (1) *WpHG*, that its share of the voting rights in Carl Zeiss Meditec AG, had exceeded the threshold of 3 % on 25 June 2014. ODDO's share of the voting rights amounted to 3.04 % on that date (corresponding to 2,469,819 voting rights). A total of 3.04 % of the voting rights (corresponding to 2,469,819 voting rights) are allocated to ODDO et Cie, pursuant to Section 22 (1) Sentence 1 No. 6., in conjunction with Sentence 2, *WpHG*.

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

(31) Information on shareholdings

Composition and development

Name and registered office of the Company	Currency	Share of voting capital in %	Equity as of 30 September 2014 translated at the market rate on the balance sheet date ¹	thereof profit/loss for financial year 2013/2014 at average annual exchange rate ¹
Carl Zeiss Meditec, Inc., Dublin, USA	USD '000 € '000	100.0	192,499 152,844	-2,585 -1,905
Aaren Scientific Inc., Ontario, USA	USD '000 € '000	100.0	7,805 6,197	-2,120 -1,562
Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany	€ '000	100.0	68,197	139
Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain	€ '000	100.0	5,883	808
Carl Zeiss Meditec Co. Ltd., Tokyo, Japan	JPY '000 € '000	51.0	10,604,156 76,755	1,129,758 8,137
Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi A.Ş., Ankara, Turkey	TRY '000 € '000	100.0	20,001 6,960	5,569 1,927
Carl Zeiss Meditec Vertriebsgesellschaft mbH, Oberkochen, Germany	€ '000	100.0	12,197	2,578
Atlantic S.A.S., Périgny/La Rochelle, France	€ '000	100.0	74,774	25,669

¹ The figures show the values calculated according to the respective national accounting standards.

Name and registered office of the Company	Currency	Share of voting capital in %	Equity as of 30 September 2014 translated at the market rate on the balance sheet date ¹	thereof profit/loss for financial year 2013/2014 at average annual exchange rate ¹
HYALTECH Ltd., Livingston, United Kingdom	GBP '000	100.0	15,827	1,165
	€ '000		20,335	1,421
France Chirurgie Instrumentation S.A.S., Paris, France	€ '000	100.0	13,441	609
Carl Zeiss Meditec France S.A.S., Marly-le-Roi, France	€ '000	100.0	4,231	738
Carl Zeiss Meditec S.A.S., Périgny/La Rochelle, France	€ '000	100.0	33,267	1,259
France Chirurgie Instrumentation SUD Ltd., Quatre Bornes, Mauritius	€ '000	100.0	2,155	285
France Chirurgie Instrumentation Ophthalmics, Inc., Pembroke, USA	USD '000	100.0	3,659	606
	€ '000		2,905	446
Aaren Scientific S.L., Barcelona, Spain ²	USD '000	100.0	4	-193
	€ '000		3	-146
Hexavision S.A.R.L., Paris, France ²	USD '000	100.0	-275	-283
	€ '000		-218	225
Aaren Cientifica do Brasil Ltda, Sao Paulo, Brazil		100.0	Not applicable ³	
Ophthalmic Innovations International S. de R.L. de. C.V., Mexico		96.0	Not applicable ³	

(32) Information on employees

Number of employees

The Company had an average of 1,144 employees during financial year 2013/2014 (previous year 1,085 employees), plus 9 trainees (previous year 11 trainees). This number does not include the members of the Management Board of Carl Zeiss Meditec AG.

The table below shows the average distribution of employees during the year across the following areas:

Table 12

	Number
Production	431
Service	116
Sales	199
Administration	103
Research and development	295
Total	1,144

As of the balance sheet date 30 September 2014 the Company had a workforce of 1,163, plus 11 trainees and two Management Board members directly employed by Carl Zeiss Meditec AG.

¹ The figures show the values calculated according to the respective national accounting standards.

² The result stated for the financial year related to the period from 1 January 2014 to 30 September 2014.

³ The companies Aaren Cientifica do Brasil Ltda, Sao Paulo, Brazil and Ophthalmic Innovations International S. de R.L. de. C.V., Mexico were already in liquidation as of 30 September 2014, and for this reason no financial statements or business figures are available.

(33) Information on the Company's executive bodies

Management Board

The following were appointed as members of the Management Board of Carl Zeiss Meditec AG in financial year 2013/2014 and entered in the commercial register:

Member of Management Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
<p>Dr. Ludwin Monz</p> <p>President and CEO of Carl Zeiss Meditec AG</p> <p>Physics graduate, MBA</p> <p>Area of responsibility: SBU "Ophthalmic Systems", strategic business development, Group functions Human Resources, Corporate Communications</p> <p>Year of first appointment 2007</p> <p>Plus: Member of the Management Board of Carl Zeiss AG, Oberkochen, Germany (since 01/01/2014)</p>	<p>» Chairman of the Board of Directors of Carl Zeiss Meditec Inc., Dublin, USA</p> <p>» Chairman of the Board of Directors of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan</p> <p>» Chairman of the Board of Directors of Carl Zeiss S.A.S., Marly-le-Roi, France (since 01/01/2014)</p> <p>» Chairman of the Supervisory Board of Carl Zeiss Jena GmbH, Jena, Germany (since 20/01/2014)</p> <p>» Chairman of the Board of Directors of Carl Zeiss S.p.A., Arese, Italy (since 28/01/2014)</p> <p>» Chairman of the Board of Directors of Carl Zeiss Ltd., Cambridge, United Kingdom (since 30/04/2014)</p> <p>» Chairman of the Board of Directors of Carl Zeiss Iberia S.A., Tres Cantos, Spain (since 05/06/2014)</p> <p>» Member of the Supervisory Board of Carl Zeiss Microscopy GmbH, Jena, Germany (until 31/12/2013)</p>	<p>» Member of the Board of the International Council of Ophthalmology Foundation, San Francisco, USA</p>
<p>Thomas Simmerer</p> <p>Dipl.-Ing.</p> <p>Area of responsibility: "Microsurgery" SBU, Sales, Service, Regulatory Affairs</p> <p>Year of first appointment 2011</p>	<p>» Member of the Board of Directors of Carl Zeiss S.p.A., Arese, Italy</p> <p>» Member of the Board of Directors of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan</p> <p>» Member of the Board of Directors of Carl Zeiss Meditec France S.A.S., Marly-le-Roi, France</p> <p>» Chairman of the Board of Directors of Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain</p> <p>» Member of the Board of Directors of Carl Zeiss GmbH, Vienna, Austria (since 01/02/2014)</p> <p>» Member of the Board of Directors of Carl Zeiss de Mexico S.A. de C.V., Mexico City, Mexico (since 01/01/2014)</p> <p>» Member of the Administrative Board of Carl Zeiss AG, Hombrechtikon, Switzerland (since 13/01/2014)</p> <p>» Member of the Board of Directors of Carl Zeiss Ltd., Cambridge, United Kingdom (until 30/04/2014)</p>	<p>» none</p>
<p>Dr. Christian Müller</p> <p>Dipl.-Kaufmann (MBA)</p> <p>Area of responsibility: "Surgical Ophthalmology" SBU, Group functions Finance and Controlling, Investor Relations, IT, Legal Affairs, Taxes, Quality</p> <p>Year of first appointment 2009</p>	<p>» Member of the Board of Directors of Carl Zeiss Meditec France S.A.S., Marly-le-Roi, France</p> <p>» Member of the Board of Directors of Carl Zeiss Meditec, Inc., Dublin, USA</p> <p>» Member of the Board of Directors of Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain</p> <p>» Chairman of the Board of Directors of Aaren Scientific, Inc., Ontario, USA (since 07/01/2014)</p>	<p>» none</p>

Remuneration paid to the active members of the Management Board in financial year 2013/2014

The total remuneration paid directly to the active members of the Management Board amounted to € 1,444 thousand in financial year 2013/2014 (previous year € 1.295 thousand). Details of this remuneration are contained in the remuneration report in the management report.

Projected unit credits for pensions for former members of the Company's Management Board amounted to € 459 thousand (previous year € 424 thousand).

Supervisory Board

The Supervisory Board of Carl Zeiss Meditec AG had the following members in financial year 2013/2014:

Table 14

Member of Management Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
Prof. Dr. Michael Kaschke Chairman Chairman of the Supervisory Board since 2002 Suspended mandate pursuant to Section 105 AktG between 22 July 2008 and 21 July 2009. Re-elected Chairman of the Supervisory Board since 2010 Chairman of the Management Board of Carl Zeiss AG, Oberkochen, Germany	<ul style="list-style-type: none"> » Chairman of the Supervisory Board of Carl Zeiss Microscopy GmbH, Jena, Germany » Chairman of the Board of Directors of Carl Zeiss Pte. Ltd., Singapore, Singapore » Chairman of the Board of Directors of Carl Zeiss Pty. Ltd., North Ryde, Australia » Chairman of the Board of Directors of Carl Zeiss Far East Co., Ltd., Kowloon, Hong Kong, China » Chairman of the Board of Directors of Carl Zeiss India (Bangalore) Pte. Ltd., Bangalore, India » Chairman of the Supervisory Board of Carl Zeiss SMT GmbH, Oberkochen, Germany » Chairman of the Board of Directors of Carl Zeiss (Pty.) Ltd., Randburg, South Africa (since 01/10/2013) » Chairman of the Board of Directors of Carl Zeiss Mexico S.A. de C.V., Mexico City, Mexico (since 01/01/2014) » Chairman of the Supervisory Board of Carl Zeiss Industrielle Messtechnik GmbH, Aalen, Germany (since 23/01/2014) » Member of the Board of Directors of Carl Zeiss Co., Ltd., Tokyo, Japan (until 19/12/2013) » Chairman of the Board of Directors of Carl Zeiss Co. Ltd., Seoul, South Korea (until 31/12/2013) 	<ul style="list-style-type: none"> » Member of the Supervisory Board, Audit Committee, of Henkel AG & Co. KGaA, Düsseldorf, Germany
Dr. Markus Guthoff Deputy Chairman Member of the Supervisory Board since 2004 Member of the Managing Board (CFO) of ALBA Group plc & Co. KG, Berlin, Germany	<ul style="list-style-type: none"> » none 	<ul style="list-style-type: none"> » none
Thomas Spitzenpfeil Dipl.-Wirtsch.-Ing. Member of the Supervisory Board since 2011 Member of the Management Board (CFO) of Carl Zeiss AG, Oberkochen, Germany	<ul style="list-style-type: none"> » Chairman of Carl Zeiss Pensions-Treuhand e.V., Oberkochen, Germany » Chairman of the Board of Directors of Carl Zeiss B.V., Sliedrecht, Netherlands » Chairman of the Board of Directors of Carl Zeiss N.V.-S.A., Zaventem, Belgium » Chairman of the Administrative Board of Carl Zeiss AG., Feldbach, Switzerland » Chairman of the Board of Directors of Carl Zeiss AB, Stockholm, Sweden » Chairman of the Administrative Board of Carl Zeiss GmbH, Vienna, Austria » Chairman of the Board of Directors of Carl Zeiss Inc., Thornwood, USA » Chairman of the Board of Directors of Carl Zeiss A/S, Birkerød, Denmark » Chairman of the Board of Directors of Brock & Michelsen Invest A/S, Birkerød, Denmark » Chairman of the Board of Directors of Carl Zeiss Co., Ltd., Tokyo, Japan (since 20/12/2013) » Chairman of the Board of Directors of Carl Zeiss Ltd., Cambridge, United Kingdom (until 30/04/2014) » Chairman of the Board of Directors of Carl Zeiss S.A.S., Marly-le-Roi, France (until 30/03/2014) » Chairman of the Board of Directors of Carl Zeiss S.p.A., Arese, Italy (until 27/01/2014) » Chairman of the Board of Directors of Carl Zeiss (Pty.) Ltd., Randburg, South Africa (until 30/09/2013) 	<ul style="list-style-type: none"> » none
Dr. Wolfgang Reim Member of the Supervisory Board until 04/03/2014 Independent MedTech consultant	<ul style="list-style-type: none"> » none 	<ul style="list-style-type: none"> » Member of the Board of Directors of GN Store Nord, Ballerup, Denmark » Member of the Board of Directors of Elekta AB, Stockholm, Sweden » Chairman of the Advisory Board of Ondal Medical Systems GmbH, Hünfeld, Germany » Member of the Advisory Board of Klingel GmbH, Pforzheim, Germany » Member of the Advisory Board of Medlumics S.L., Madrid, Spain

Member of Management Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
Cornelia Grandy*	» none	» none
Member of the Supervisory Board since 2011		
Service engineer and deputy chairwoman of the Works Council of Carl Zeiss Meditec AG, Jena, Germany		
Jörg Heinrich*	» none	» none
Member of the Supervisory Board since 2011		
Employee for quality/complaint management and member of the General Works Council of Carl Zeiss Meditec AG, Jena, Germany		

* elected employee representatives

Committees of the Supervisory Board

Table 15

	Members
General and Personnel Committee	Prof. Dr. Michael Kaschke, Chairman Dr. Markus Guthoff Thomas Spitzenpfeil
Audit Committee	Dr. Wolfgang Reim, Chairman (until 03/03/2014) Dr. Markus Guthoff, Chairman (since 03/03/2014) Prof. Dr. Michael Kaschke Jörg Heinrich
Nominating Committee	Thomas Spitzenpfeil, Chairman Dr. Markus Guthoff Dr. Wolfgang Reim, Chairman (until 03/03/2014)

Remuneration of the active members of the Supervisory Board in financial year 2013/2014

The remuneration of the active members of the Supervisory Board amounted to € 296 thousand for financial year 2013/2014 (previous year € 350 thousand). The itemized breakdown of the remuneration paid to the Supervisory Board can be found in the management report accompanying the annual financial statements 2013/2014.

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

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

(34) German Corporate Governance Code/Declaration pursuant to Section 161 AktG

The Management Board and Supervisory Board have issued the declaration required in accordance with Section 161 AktG, stating that the Company conforms and plans to conform in future to the recommendations of the Government Commission on the German Corporate Governance Code, as published by the German Federal Ministry of Justice in the official section of the Federal Gazette (*Bundesanzeiger*), and have made it permanently accessible to shareholders on the website of Carl Zeiss Meditec AG at www.meditec.zeiss.com/ir. The statement also cited which recommendations the Company does not yet comply with.



Dr. Ludwin Monz
President and
Chief Executive Officer



Dr. Christian Müller
Member of the
Management Board



Thomas Simmerer
Member of the
Management Board

(35) Appropriation of profits for financial year 2013/2014

Financial year 2013/2014 closes with net income for the year of € 57,134,493.89. The Management Board proposes utilising the net retained profits of € 102,887,654.06 for financial year 2013/2014 as follows:

» payment of a dividend of € 0.40 per no-par value share for 81,309,610 no-par-value shares:	€ 32,523,844.00.
» Carryforward of residual profit to new account:	€ 70,363,810.06.

Jena, 19 November 2014
Carl Zeiss Meditec AG

Responsibility statement pursuant to Section 264 (2) Sentence 3 *HGB* and Section 289 (1) Sentence 5 *HGB*

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Carl Zeiss Meditec AG, and the management report includes a fair review of the development and performance of the business and

the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of Carl Zeiss Meditec AG.

Jena, 20 November 2014



Dr. Ludwin Monz
President and
Chief Executive Officer



Dr. Christian Müller
Member of the
Management Board



Thomas Simmerer
Member of the
Management Board

Audit opinion

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Carl Zeiss Meditec AG, Jena, for the fiscal year from 1 October 2013 to 30 September 2014. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB [*Handelsgesetzbuch*: German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* [Institute of Public Auditors in Germany] (*IDW*). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence

supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Eschborn/Frankfurt am Main, 20 November 2014
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Jäger
Wirtschaftsprüferin
[German Public Auditor]

Bätz
Wirtschaftsprüfer
[German Public Auditor]

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