

Single-entity financial statements
of Carl Zeiss Meditec AG (HGB)
Fiscal year 2014/15



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Management report

for fiscal year 2014/15¹

1 CARL ZEISS MEDITEC AG

1.1 Description of operations

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

In ophthalmology, the Company mainly offers products and solutions for the diagnosis and treatment of eye diseases, as well as systems and consumables for cataract, retinal and refractive surgery. In Ophthalmology, a distinction is made between conditions such as vision defects (refraction), cataracts, glaucoma and other retinal disorders, the incidence of which particularly increases with age and can become chronic in many cases. Carl Zeiss Meditec's aim is to enable efficient diagnosis and treatment through integrated products and systems that are geared to the procedures of the attending physician. Customers here are both practicing ophthalmologists and physicians and surgeons in hospitals and outpatient surgery centers.

Ophthalmology within the Carl Zeiss Meditec Group comprises the two strategic business units (SBUs) **Ophthalmic Systems** and **Surgical Ophthalmology**.

In its strategic business unit **Ophthalmic Systems** the Company supplies a comprehensive range of laser and diagnostic systems.

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

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

¹ This management report contains certain forward-looking statements concerning the development of Carl Zeiss Meditec AG. At the present time, the Carl Zeiss Meditec AG assumes that these forward-looking statements are realistic. However, such forward-looking statements are based both on assumptions and estimates that are subject to risks and uncertainties, which may lead to the actual results differing significantly from the expected results. Carl Zeiss Meditec AG therefore assumes 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.

Microsurgery

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

Change in the organizational structure

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

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

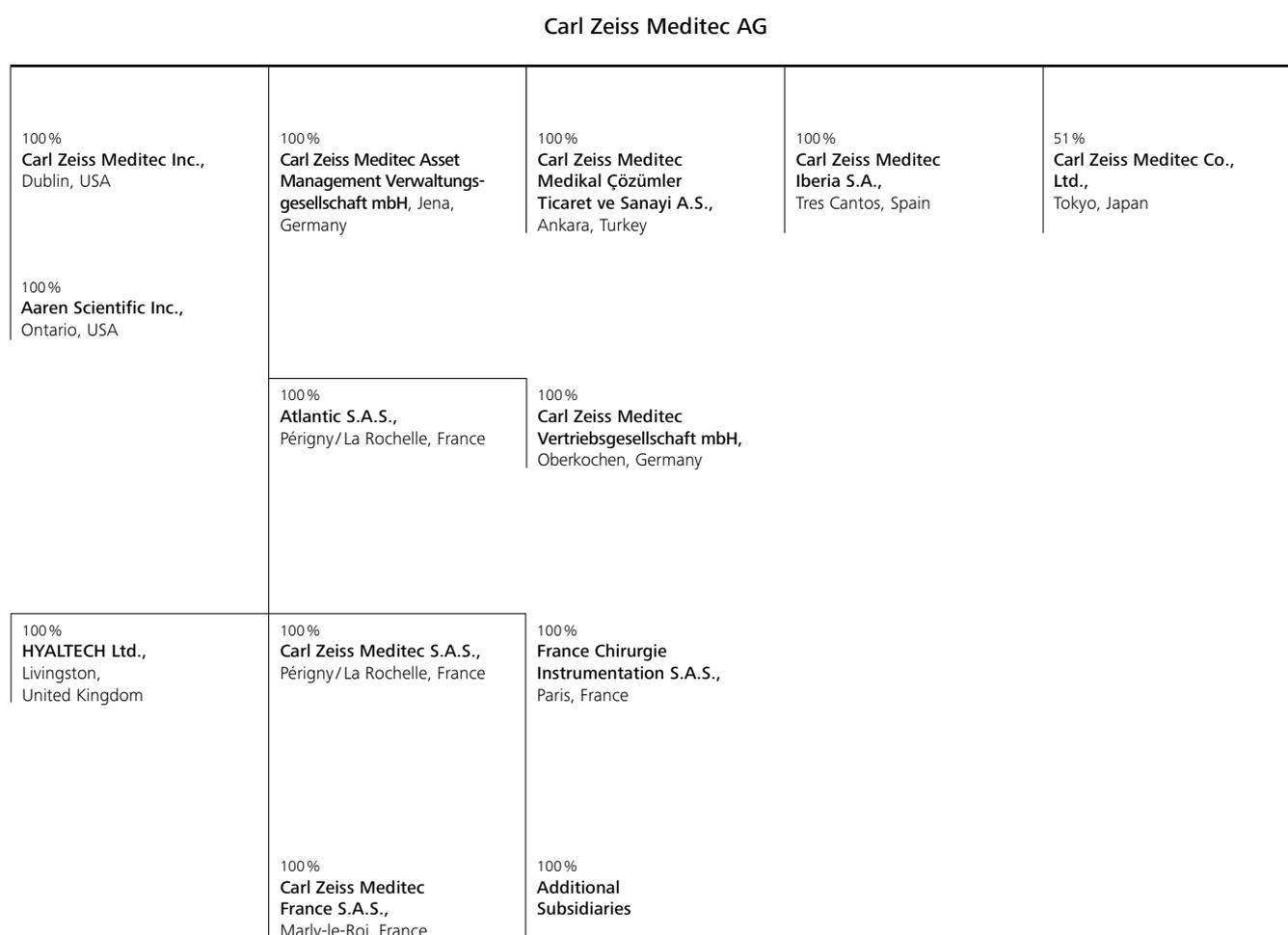
1.2 Markets

Carl Zeiss Meditec AG 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. In addition, the Company utilizes the strong global sales network of the ZEISS Group, with more than 50 sales companies, thus ensuring itself customer proximity and a crucial advantage over international rivals. Aside from its own research and development locations, the Carl Zeiss Meditec AG also has access to the expertise of the ZEISS Group. Of the around 25 research and development locations of the ZEISS Group worldwide, in particular China and India are important research centers for Carl Zeiss Meditec AG. They offer the possibility of working with the customers on site, in order to gain a comprehensive understanding of the market and to develop specific products that are tailored to market requirements.

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 2015.

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



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

On 22 December 2014, Carl Zeiss Meditec Inc., Dublin, USA, a wholly owned subsidiary of Carl Zeiss Meditec AG, concluded a cooperation agreement with the current shareholders of Oraya Therapeutics Inc., Newark, USA ("Oraya"). Under this cooperation agreement, the Carl Zeiss Meditec Group shall, over a period of up to two years, provide funding for the further implementation of the growth strategy of Oraya Therapeutics Inc., and shall, in return, essentially receive rights to purchase shares until a majority holding is reached in Oraya Therapeutics Inc. after two years. Since December 2014 until the end of fiscal year 2014/15 such rights to assume shares in this company have been acquired by way of payment of € 9.4 million.

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

1.4 Corporate strategy

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

Innovation

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

Integrated solutions

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

Customer focus

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

1.5 Management of the Company

The aim of corporate management is to achieve a long-term increase in value by consistently implementing the strategy. The tools for the financial management of 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 (FCF), 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 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]

2 REPORT ON ECONOMIC POSITION

2.1 Underlying conditions for business development⁴

Macroeconomic environment

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

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

Situation in the medical technology industry

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

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

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

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

⁴ International Monetary Fund, "World Economic Outlook (WEO)", 9 July 2015, Washington D.C.

a) Market for ophthalmic products

The market for ophthalmic products in the broader sense includes devices and systems for the diagnosis, treatment and post-treatment of eye diseases, implants for ophthalmic surgery and ophthalmic pharmaceuticals, contact lenses, contact lens care products, consumables – with the exception of glasses and glasses frames. According to the Company's estimates, the market had a global volume of around US\$ 38.1 billion (about € 34.0 billion) in 2014⁵. The Company's product range includes devices and systems, implants, consumables and instruments for ophthalmology and ophthalmic surgery. According to the Company's own estimates, these sub-markets had a volume of around US\$ 10.2 billion, or around € 9.1 billion⁵, as of 30 September 2015.

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

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

b) Market for microsurgery products

Besides ophthalmology, the Company also operates in the market for microsurgery, particularly in the field of neuro/ENT surgery. The overall neuro/ENT surgery market is divided into three market segments: "Implants", "Surgical instruments" and "Visualization". In the "Visualization" market segment served by the Company a distinction can be made between the sub-segments "Surgical Microscopes" and "Other Visualization". According to own estimates, this market segment had a total volume of around US\$ 1.5 billion, or around € 1.3 billion⁵, in 2014. With a market share it estimates to be around 20%, Carl Zeiss Meditec is thus one of the largest suppliers in this segment. According to own estimates, the Company 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 financial position of Carl Zeiss Meditec at the end of the fiscal year

Boosted by positive currency effects, sales increased by 10.8% compared with the prior year (adjusted for currency effects: 6.2%). All three strategic business units and regions contributed to this to varying degrees. After adjustment for currency effects, the increase in sales falls within projections and is in line with market growth, in the low to mid-single-digit percentage range. The EBIT margin decreased from 15.0% in the prior year, to 12.8%. The decline in the EBIT margin compared with the prior year is partly attributable to additional strategic investments in research and development. Adjusted for these effects, the EBIT margin is 14.9% (prior year: 15.6%).

⁵ based on exchange rates on 30 September 2015

2.3 Summary of business development

Carl Zeiss Meditec AG has brought fiscal year 2014/15 to a successful close, thus continuing its growth trend of the previous fiscal years. Sales increased by 10.8% compared with the prior year (€ 587.5 million), to € 651.1 million. This increase includes positive effects from foreign currency translation; assuming constant exchange rates, this growth would have amounted to 6.2%. After adjustment for currency effects, sales were slightly below our expectations.

Sales in Ophthalmology increased year-on-year, due, in particular, to surgical microscopes for ophthalmology, femtosecond technology products, the new generation of optical biometry devices, as well as the innovative intraocular lenses and multifocal and toric premium lenses for minimally invasive cataract surgery. In Microsurgery the main sales drivers were surgical microscopes and visualization solutions for ear, nose and throat surgery, and neurosurgery.

The regional development of sales shows growth in all regions. Sales in the **Asia/Pacific** region increased by 15.5% compared with the prior year, from € 205.9 million to € 237.8 million. Adjusted for currency effects, sales grew by 9.5%. In the **Americas** region, sales increased by 15.5%, from € 129.1 million to € 149.1 million. Adjusted for currency effects, sales grew by 5.9%. The region **Europe, Middle East and Africa (EMEA)**, with sales of € 264.2 million (prior year: € 252.5 million), recorded the least sales growth of 4.6%. Adjusted for currency effects, sales in this region grew by 3.7%.

The result from ordinary activities decreased from € 86.1 million in the prior year to € 59.1 million in fiscal year 2014/15. Net income for the year under review amounted to € 33.4 million (prior year: € 57.1 million).

Working capital increased during the course of the expansion of business compared with the prior year; cash flows from operating activities decreased year-on-year. In the fiscal year the Company generated cash flows from operating activities of € 51.7 million (prior year: € 74.9 million). The payment of the dividend to our shareholders of € 32.5 million resulted in a cash outflow.

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

(EVA® and free cash flow are determined as control ratios on the Carl Zeiss Meditec Group level)

	Results 2014/15	Forecast 2014/15
Sales	10.8 % (Currency-adjusted 6.2%)	Sales growth on a par with market growth in the low to mid-single-digit percentage range
EBIT margin	12.8% / 14.9% ⁶	Within a range of 13% to 15%
Cash flow from operating activities	€ 51.7 million	Mid to high-double-digit millions
Research and development expenses/sales	12.1 %	~12 %

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**.

⁶ Adjusted for a strategic investment in research and development.

2.4 Results of operations

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

	2014/15	2013/14	Change
	'000 €	'000 €	%
Sales	651,110	587,488	+10.8
Gross profit on sales	305,810	273,293	+11.9
Operating result	59,077	86,127	-31.4
Net income for the year	33,350	57,135	-41.6

Sales

Carl Zeiss Meditec AG generated sales of € 651.1 million in fiscal year 2014/15. This corresponds to an increase of 10.8 % over the prior year (€ 587.5 million).

Sales by strategic business unit

Within the Ophthalmic Systems strategic business unit, laser systems for refractive surgery contributed significantly to sales growth, with this area benefiting from high per-procedure sales. In Surgical Ophthalmology, in particular surgical microscopes for ophthalmology and, in addition to the premium lenses, also the newly launched products of the IOL family CT LUCIA®, achieved significant increases in sales for the first time, compare with the prior year. In the Microsurgery strategic business unit, surgical microscopes for neurosurgery were the strongest sales drivers.

Service sales also increased compared with the prior year.

Table 3: Share of strategic business units in sales in fiscal year 2014/15

	2014/15		2013/14		Change from prior year
	Sales	Share of sales	Sales	Share of sales	
	'000 €	%	'000 €	%	
Ophthalmic Systems	194,849	30.0	183,046	31.2	+6.4
Surgical Ophthalmology	241,135	37.0	197,139	33.6	+22.3
Microsurgery	215,126	33.0	207,303	35.2	+3.8
Total:	651,110	100.0	587,488	100.0	+10.8

Sales by region

The regional development of sales shows growth in all regions, with the most growth – including after adjustment for currency effects – being generated in the **Asia/Pacific** region, of 15.5 % (adjusted for currency effects: 9.5 %). Contributors to this growth were in particular China and India; sales in the Japanese market declined after a strong result in the prior year. As reported, sales grew by 15.5 % in the **Americas** region; adjusted for currency effects, this growth amounted to 5.9 %. Sales to Brazil contributed significantly to this growth. In contrast, currency-adjusted sales in the USA declined. The **EMEA** region grew by 4.6 % year-on-year (adjusted for currency effects: 3.7 %). Particularly notable are the growth rates from business with the countries of the Middle East, Turkey and the UK. Sales to Russia declined once again; sales to Spain, Sweden and Switzerland also decreased considerably compared with the prior year.

Table 4: Share of regions in sales in fiscal year 2014/15

Region	2014/15		2013/14		Change from prior year
	Sales	Share of sales	Sales	Share of sales	
	'000 €	%	'000 €	%	%
EMEA	264,169	40.6	252,470	43.0	+4.6
Asia/Pacific	237,839	36.5	205,940	35.1	+15.5
Americas	149,102	22.9	129,078	21.9	+15.5
Total:	651,110	100.0	587,488	100.0	+10.8

Presentation of results of operations

In fiscal year 2014/15, gross profit on sales increased from € 273.3 million to € 305.8 million. The corresponding margin increased slightly to 47.0%, due to a more favorable product and region mix (prior year: 46.5%).

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 € 59.1 million in fiscal year 2014/2015 (prior year: € 86.1 million). The following major effects should be taken into account in period under review:

- » Distribution costs increased by € 6.4 million compared with the prior year; however, the corresponding cost ratio of 16.6% in the prior fiscal year decreased to 16.0% in the reporting period. The absolute increase is mainly the result of higher brand licensing expenses, as well as sales-related costs, e.g. commission expenses and transport costs. In addition, selling expenses include project costs for the construction and development of an IT system to improve customer relations.
- » Administrative expenses increased by € 3.2 million year-on-year. This increase is primarily attributable to expenses related to the planning and implementation of cost-cutting measures in the Ophthalmic Systems SBU. The administrative expense ratio is the same as the prior year, at 5.4%.
- » Research and development costs increased by 15.2% year-on-year. This increase is due to the investments in a strategic research project in ophthalmology, which was announced in the outlook for this fiscal year. Relative to sales, investment in research and development increased slightly compared with the prior year, resulting in a ratio of 12.1% of sales in the reporting year (prior year: 11.7%).
- » Other operating income rose by € 0.7 million year-on-year and mainly consists of exchange rate gains (€ 24.4 million; prior year: € 16.9 million), prior-period income from the reversal of provisions (€ 4.6 million, prior year: € 10.6 million) costs charged to Group companies (€ 9.0 million, prior year: € 10.4 million).
- » In addition to exchange rate losses (€ 36.6 million; prior year: € 20.1 million) other operating expenses include expenses for the development of the distribution activities of growing business fields in the USA (€ 6.6 million, prior year: € 5.3 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 and interest on loans issued to subsidiaries. The item "Interest and similar expenses" includes interest expenses for pension provisions of € 11.7 million (prior year: € 2.1 million), incurred as a result of the adjustment of the reference interest rate; this item in the fiscal year also still includes interest expenses for backpayments of taxes, of € 0.1 million (prior year: € 0.7 million). In the prior year, the item included a credit for overpaid performance-related compensation of € 1.9 million; this no longer exists since reporting year 2014/15.

- » Write-downs of financial assets in the amount of € 16.0 million relate to a loan granted to the subsidiary Carl Zeiss Meditec Iberia S.A. Due to the difficult economic environment at present in the local Spanish market, this subsidiary was unable to achieve its financial targets in the past fiscal year 2014/15. Carl Zeiss Meditec AG continues to assume that the Spanish subsidiary will fulfill all of its financial obligations to Carl Zeiss Meditec AG in the long term.
- » 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 € 33.4 million (prior year: € 57.1 million).

Key ratios relating to results of operations

Table 5: Key ratios relating to results of operations in fiscal year 2014/15, in percent

Key ratio	Definition	2014/15	2013/14	Change from prior year
Return on sales	<u>Net income for the year</u> Sales	5.1 %	9.7 %	-4.6 % pts
EBIT	Earnings before interest and taxes	€ 83.5 million	€ 88.1 million	-5.2 %
EBIT return	<u>EBIT</u> Sales	12.8 %	15.0 %	-2.2 % pts
Gross margin	<u>Gross profit on sales</u> Sales	47.0 %	46.5 %	+0.5 % 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 maximizing earnings, so that funds can be accessed quickly if, for example, acquisition opportunities arise. 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 ratio of borrowed capital to equity increased to 15.2% as of 30 September 2015 (30 September 2014: 13.7%).

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.

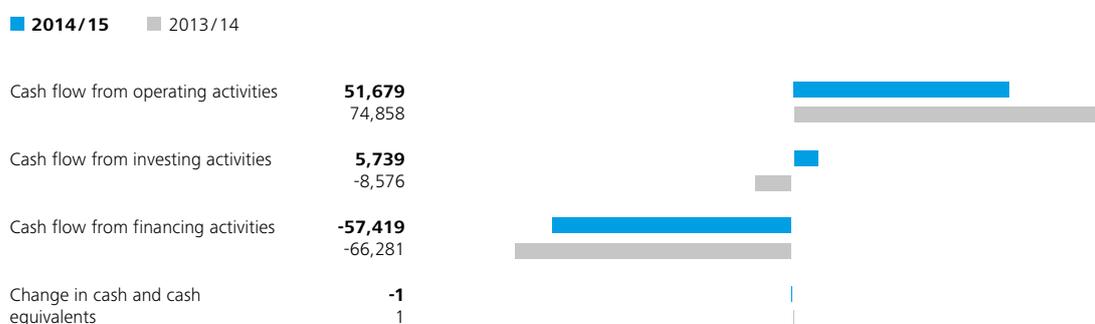
As Carl Zeiss Meditec has enough cash funds at its disposal to finance its operating and strategic objectives, changes in interest rates and credit conditions are not currently having any material effect on the Company's financial position.

Cash flow statement

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

Changes in individual items in the income statement and the 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 2015. As a result, the statements in the analysis of the financial position may differ from the presentation of net assets based on the balance sheet.

Fig. 2: Summary of key ratios in the statement of cash flows (figures in '000)



Cash flow from operating activities amounted to € 51.7 million in fiscal year 2014/15 (prior year: € 74.9 million). In addition to net income, the increase in liabilities also had a positive effect. In contrast, the decrease in provisions and the increase in inventories and receivables had a negative impact on cash flows from operating activities.

Cash flows from investing activities amounted to € 5.7 million in the period under review (prior year: € -8.6 million). This is mainly attributable to the purchases of tangible assets (€ -3.8 million, prior year: € -5.6 million) and intangible assets to a value of € -3.9 million (prior year: € -4.3 million). The repayment of loans by subsidiaries had a positive effect.

Cash flows from financing activities led to a cash outflow of € -57.4 million in reporting year 2014/15 (prior year: € -66.3 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 of € 32.5 million (prior year: € 36.6 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

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

In terms of the production of devices and systems, the Company mainly confines itself to the integration of individual components to create system solutions. For this reason, the ratio of tangible assets to total assets, and investments in 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 € 5.6 million to € 3.8 million. Aside from the addition of a technology license and a technology patent, intangible assets also include the addition of IT software. The so-called capex ratio – the ratio of total investments in tangible and intangible assets to sales – decreased from 1.7 % in the prior year to 1.2 % in the fiscal year under review. 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 2015	30 September 2014	Change from prior 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	€ 206.1 million	€ 181.2 million	+13.7 %
Ratio of inventories to current assets	$\frac{\text{Total inventories}}{\text{Current assets}}$	22.1 %	23.1 %	-1.0 % pts
Net working capital	Current assets \cdot / cash and cash equivalents \cdot / treasury receivables from Group treasury of Carl Zeiss AG \cdot / short-term liabilities	€ 153.9 million	€ 157.6 million	-2.3 %
Working capital ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	605.2 %	884.4 %	-279.2 % pts

2.6 Net assets

Presentation of net assets

Pursuant to German commercial law (HGB), Carl Zeiss Meditec's total assets amounted to € 963.0 million as of 30 September 2015. Compared with the prior year (€ 949.0 million) this corresponds to an increase of 1.5 %.

The increase in inventories to € 95.5 million (prior year: € 88.1 million) is mainly attributable to stockpiling of inventories for new products and stockpiling of finished goods for top-selling products, which need to be available to customer on short notice (particularly consumables, such as intraocular lenses or contact lenses for refractive surgery). Trade receivables increased from € 26.7 million as of 30 September 2014 to € 30.5 million as of 30 September 2015. Receivables from affiliated companies amounted to € 295.9 million as of the balance sheet date 30 September 2015 (prior year: € 261.0 million). This increase is attributable firstly to receivables from the Group treasury of the Carl Zeiss Group, which increased from € 181.2 million in the prior year to € 206.1 million in the reporting year, and, secondly, to the increase in trade receivables from affiliated companies, which rose from € 76.3 million in the prior year to € 86.9 million.

There was no significant change in the item "Shares in affiliated companies" compare with the prior year. "Shares in affiliated companies" include 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: € 12.6 million) and Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany (investment book value: € 52.1 million).

Loans to affiliated companies decreased by € 12.8 million year-on-year, from € 119.3 million to € 106.5 million as of 30 September 2015. It should be noted that loans to affiliated companies actually increased due to a loan extended to Carl Zeiss Meditec Inc., in the amount of € 15.5 million, and the restructuring of the loan to Aaren Scientific Inc., in the amount of € 11.0 million, net. In turn, loans were repaid by Atlantic S.A.S. (€ 20.0 million) and Carl Zeiss Meditec Vertriebsgesellschaft mbH (€ 3.0 million). As the subsidiary Carl Zeiss Meditec Iberia S.A. was unable to meet its financial targets in the past fiscal year 2014/15, due to the currently difficult economic environment in the local Spanish market, part of the loan granted to this subsidiary had to be written off. Carl Zeiss Meditec AG continues to assume that the Spanish subsidiary will fulfill all of its financial obligations to Carl Zeiss Meditec AG in the long term. More details on this can be found in the Notes to these annual financial statements in note 6 "Fixed assets".

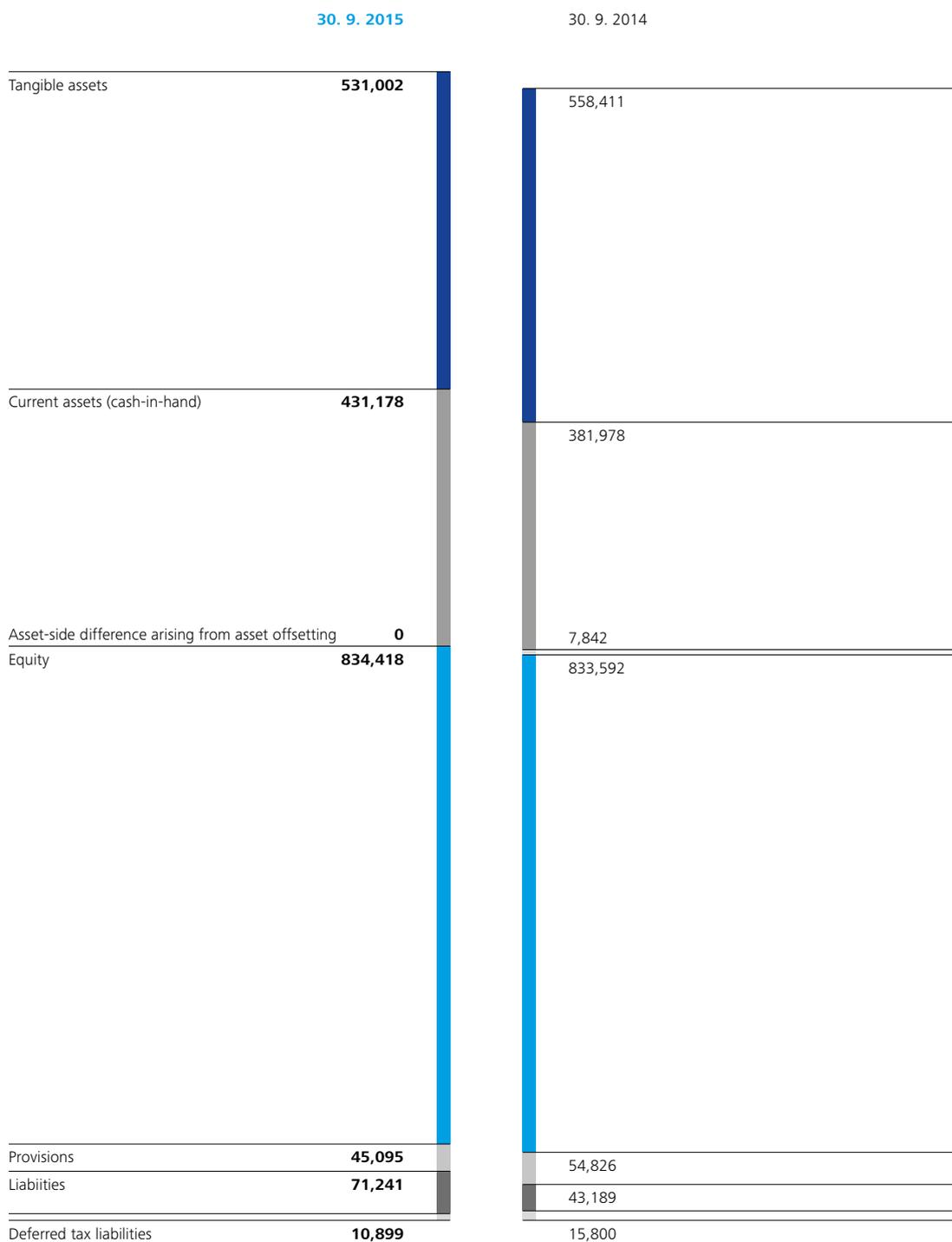
Cash and cash equivalents consist exclusively of cash-in-hand. Term deposit balances are deposited with the Group treasury of the Carl Zeiss Group and are recognized under "Receivables from affiliated companies".

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 net income for the year of € 33.4 million (see also Note "2.4 Results of operations" for further details). The dividend of € 32.5 million had the reverse effect.

Provisions decreased compared with the prior year, to € 45.1 million (prior year: € 54.8 million). This is mainly due to a reduction in other receivables for foreign exchange transactions carried as liabilities, which are the result of exchange rate fluctuations during the fiscal year under review. 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 2015 and 2014.

Fig. 3: Balance sheet structure of Carl Zeiss Meditec AG as of 30 September 2015 and 2014 (Figures in € '000)



Key ratios relating to net assets

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

Table 7: Key ratios relating to net assets

Key ratio	Definition	30 September 2015	30 September 2014	Change from prior year
Equity ratio	$\frac{\text{Equity}}{\text{Total assets}}$	86.7 %	87.8 %	-1.1 % pts
Debt ratio	$\frac{\text{Total borrowed capital (excluding deferred income)}}{\text{Equity}}$	15.2 %	13.7 %	+1.5 % pts
Liquidity ratio A	$\frac{\text{Equity}}{\text{Fixed assets}}$	157.1 %	149.3 %	+7.8 % pts
Liquidity ratio B	$\frac{\text{Equity + long-term borrowed capital}}{\text{Fixed assets}}$	158.0 %	149.3 %	+8.7 % pts
Liquidity ratio for medium-term and long-term assets	$\frac{\text{Equity + medium-term and long-term borrowed capital}}{\text{Fixed assets + receivables due in > 1 year}}$	157.3 %	148.8 %	+8.5 % pts

Orders on hand

Orders on hand increased to € 88.4 million as of 30 September 2015 and were thus € 17.0 million higher than the prior year's level of € 71.4 million. The Company believes that the trend for customers to place orders at short notice will continue unabated.

2.7 Events of particular significance

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

3 NON-FINANCIAL PERFORMANCE INDICATORS

3.1 Employees

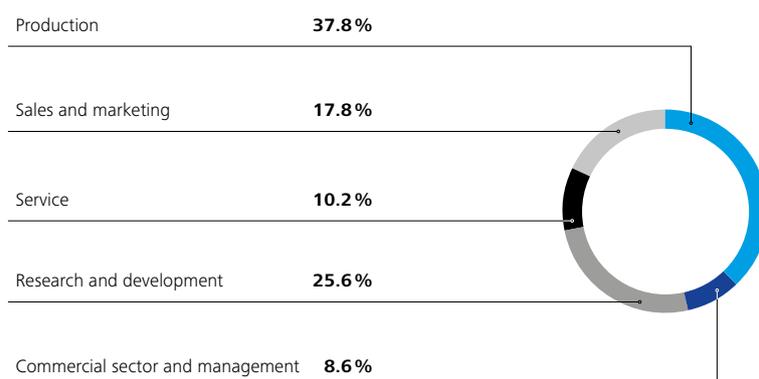
Development of the workforce

As of 30 September 2015, Carl Zeiss Meditec AG had 1,170 employees. This figure does not include Management Board members. There were also 6 trainees. In the previous year, the Company had 1,163 employees, plus 11 trainees. Neither of the above figures include partially retired employees.

On average, the Company had 1,174 employees in fiscal year 2014/2015 (prior year: 1,144 employees). In addition, the Company had an average of 7 trainees in the reporting period (prior year: 9 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):

Fig. 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 AG's global success. That is why the sustainable development and targeted support of the potential of all employees is the primary task of human resources management at the Company. The focus of this is on employee training and management development. Employees can choose from a wide range of courses offered in the internal ZEISS qualification program. In addition, ZEISS supports measures for vocational training and qualification opportunities outside working hours. The Company considers this a sound basis for ensuring long-term economic success. The Company aims to 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, mostly on a monthly or quarterly basis. 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).

In the area of laser systems for refractive surgery, inventories are kept for consumables for the planned sales volume for three months, in order to ensure uninterrupted supplies for customers who cannot use their equipment without such consumables. The customers are served from the safety stock according to the first-in-first-out principle.

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

3.3 Research & development

Objectives and focus of research and development

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

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

In fiscal year 2014/15 research and development expenses increased by 15.3% to € 79.1 million (prior year: € 68.6 million). The R&D ratio increased to 12.1% (prior year: 11.7%) and was therefore within the target range of around 12% of sales. To a certain extent, research and development services are procured from Carl Zeiss AG, Oberkochen, and its subsidiaries. In fiscal year 2014/15 the expenses incurred for this amounted to around 20% of the overall research and development expenses of € 79.1 million.

In the reporting period, the Company had an average of 301 research and development employees (prior year: 295). This corresponds to 25.6% 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.

SL 220 Slit Lamp

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

Retina Workplace

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

Visuconnect 500

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

OPMI LUMERA® 300

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

1Chip HD camera

This digital camera for the OPMI PROergo® delivers particularly sharp, high-contrast overview images of the oral cavity and detailed, high-resolution images of the root canal. It can also be easily integrated in the workflow: physicians can save videos and still images to a USB storage medium or a network drive on the handle of the surgical microscope.

Brands and patents

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

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

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

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

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

Structure and amount of remuneration paid to the Management Board

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

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

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

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

This program offers a remuneration component with a long-term incentive, which allows the members of the Management Board to achieve an additional annual income after a three-year period. This amounts to 50% of the individual short-term variable remuneration for the fiscal year that precedes the beginning of the term of an LTI tranche, plus interest. This is based on the 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 was made in December 2014. The next payment is expected upon fulfillment of the payment requirements for December 2015.

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

Table 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						
	Fiscal year	Fixed remuneration	Remuneration in kind ⁷	Variable remuneration ⁸	Total remuneration paid directly	LTIP	Total remuneration pursuant to Section 314 (1) No. 6a) HGB
Dr. Ludwin Monz	2014/15	300.0	9.8	252.0	561.8	131.9	693.7
	2013/14	300.0	15.4	283.5	598.9	–	598.9
Dr. Christian Müller	2014/15	240.0	18.4	128.3	386.7	93.5	480.2
	2013/14	222.5	17.1	171.3	410.9	–	410.9
Thomas Simmerer	2014/15	246.0	17.1	131.3	494.4	96.9	491.3
	2013/14	231.1	17.2	185.4	433.7	–	433.7

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

⁷ 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.

⁸ Variable remunerations include both the formation of a provision for the bonus for the current fiscal year and payments for the bonus for the prior year, insofar as this differs from the prior year's figure.

Pension scheme for members of the Management Board

The appropriation to the pension provisions or pension funds should be stated annually with respect to the retirement benefit commitments for the members of the Management Board. Pursuant to the HGB, an amount of € 73 thousand was appropriated for Management Board member Dr. Christian Müller in fiscal year 2014/15, and an amount of € 44 thousand was appropriated for Management Board member Thomas Simmerer.

In connection with the additional appointment of Dr. Monz as a member of the Executive Board of Carl Zeiss AG, effective 1 January 2014, Carl Zeiss AG became responsible for the pension commitment to Dr. Monz, both for the past and for the future. The pension provision set up to date at Carl Zeiss Meditec AG has accordingly been transferred to Carl Zeiss AG. The proportionate service cost arising from the annual appropriation to the pension provision for Dr. Monz's function as President and CEO of Carl Zeiss Meditec AG shall from now on be passed on to Carl Zeiss Meditec AG. Pursuant to the HGB, the cost of the annual appropriation to the pension provision for Management Board member Dr. Ludwin Monz, amounting to € 146 thousand, was passed on to Carl Zeiss AG by Carl Zeiss Meditec AG.

Projected unit credits for pensions for other former members of the Management Board of Carl Zeiss Meditec AG amounted to € 535 thousand (prior year: € 459 thousand).

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

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

Table 9: Value of benefits granted for the fiscal year – Dr. Ludwin Monz

Dr. Ludwin Monz President and CEO Member of the Management Board since 8 October 2007			Minimum	Maximum
	2014/15	2013/14	achievable value	achievable value
	'000 €	'000 €	'000 €	'000 €
Value of benefits granted				
1. Fixed remuneration	300	300	300	300
2. Fringe benefits	9.8	15.4	9.8	9.8
3. Total	309.8	315.4	309.8	309.8
4. Single-year variable compensation (VCS)	270	265.6	0	486
5. Multi-year variable compensation (LTI)	368.3	379.4	0	609.7
LTI tranche 1 - 10/2011 - 09/2014		132		
LTI tranche 2 - 10/2012 - 09/2015	144.2	129.3	0	167.1
LTI tranche 3 - 10/2013 - 09/2016	133.5	118.1	0	180.7
LTI tranche 4 - 10/2014 - 09/2017	90.6		0	261.9
6. Total	948.1	960.4	309.8	1,405.60
7. Pension cost	145.9	96	145.9	145.9
8. Total remuneration	1,094.00	1,056.40	455.7	1,551.5

Table 10: Allocation amount in/for the fiscal year – Dr. Ludwin Monz**Dr. Ludwin Monz**

President and CEO

Member of the Management Board since 8 October 2007

	2014/15	2013/14
	'000 €	'000 €
Allocation amount for the fiscal year		
1. Fixed remuneration	300	300
2. Fringe benefits	9.8	15.4
3. Total	309.8	315.4
4. Single-year variable compensation (VCS)	236.2	236.3
5. Multi-year variable compensation (LTI)	132	0
LTI tranche 1 - 10/2011 - 09/2014	132	0
6. Other	0	0
7. Total	678	551.7
8. Pension cost	145.9	96
9. Total remuneration	823.9	647.7

Table 11: Value of benefits granted for the fiscal year – Dr. Christian Müller**Dr. Christian Müller**

CFO

Member of the Management Board since 15 Dec 2009

			Minimum achievable value	Maximum achievable value
	2014/15	2013/14	2014/15	2014/15
	'000 €	'000 €	'000 €	'000 €
Value of benefits granted				
1. Fixed remuneration	240	222.5	240	240
2. Fringe benefits	18.4	17.1	18.4	18.4
3. Total	258.4	239.6	258.4	258.4
Single-year variable compensation (VCS)	160	144	0	224
Multi-year variable compensation (LTI)	278.4	289.2	0	368.7
LTI tranche 1 - 10/2011 - 09/2014		93.5		
LTI tranche 2 - 10/2012 - 09/2015	116.8	104.8	0	135.4
LTI tranche 3 - 10/2013 - 09/2016	102.7	90.9	0	139.1
LTI tranche 4 - 10/2014 - 09/2017	58.9		0	94.2
6. Total	696.8	672.8	258.4	851.1
7. Pension cost	73	45	73	73
8. Total remuneration	769.8	717.8	331.4	924.1

Table 12: Allocation amount in/for the fiscal year – Dr. Christian Müller**Dr. Christian Müller**

CFO

Member of the Management Board since 15 Dec 2009

	2014/15	2013/14
Allocation amount for the fiscal year	'000 €	'000 €
1. Fixed remuneration	240	222.5
2. Fringe benefits	18.4	17.1
3. Total	258.4	239.6
4. Single-year variable compensation (VCS)	117.8	181.8
5. Multi-year variable compensation (LTI)	93.5	0
LTI tranche 1 - 10/2011 - 09/2014	93.5	0
6. Other	0	0
7. Total	469.7	421.4
8. Pension cost	73	45
9. Total remuneration	542.7	466.4

Table 13: Value of benefits granted for the fiscal year – Thomas Simmerer**Thomas Simmerer**

Chief sales officer

Member of the Management Board since 1 Apr 11

			Minimum achievable value	Maximum achievable value
	2014/15	2013/14	2014/15	2014/15
Value of benefits granted	'000 €	'000 €	'000 €	'000 €
1. Fixed remuneration	246	231.1	246	246
2. Fringe benefits	17.1	17.2	17.1	17.1
3. Total	263.1	248.3	263.1	263.1
4. Single-year variable compensation (VCS)	164	149.6	0	229.6
5. Multi-year variable compensation (LTI)	286.8	297.9	0	381
LTI tranche 1 - 10/2011 - 09/2014		96.9		
LTI tranche 2 - 10/2012 - 09/2015	114.7	102.8	0	132.9
LTI tranche 3 - 10/2013 - 09/2016	110.9	98.2	0	150.2
LTI tranche 4 - 10/2014 - 09/2017	61.2		0	97.9
6. Total	714	695.9	263.1	873.8
7. Pension cost	44	32	44	44
8. Total remuneration	758	727.9	307.1	917.8

Table 14: Allocation amount in/for the fiscal year – Thomas Simmerer**Thomas Simmerer**

Chief sales officer

Member of the Management Board since 1 Apr 11

	2014/15	2013/14
Allocation amount for the fiscal year	'000 €	'000 €
1. Fixed remuneration	246	231.1
2. Fringe benefits	17.1	17.2
3. Total	263.1	248.3
4. Single-year variable compensation (VCS)	122.4	196.4
5. Multi-year variable compensation (LTI)	96.9	0
LTI tranche 1 - 10/2011 - 09/2014	96.9	0
6. Other	0	0
7. Total	482.5	444.7
8. Pension cost	44	32
9. Total remuneration	526.5	476.7

Departure of members of the Management Board

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

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

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

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

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

Table 15: 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

	Fiscal year	Basic remuneration	Committees	Remuneration for earnings per share	Total remuneration
		'000 €	'000 €	'000 €	'000 €
Prof. Dr. Michael Kaschke (Chairman)	2014/15	60.0	5.0	-	65.0
	2013/14	47.3	5.0	28.5	80.8
Dr. Markus Guthoff (Deputy Chairman)	2014/15	60.0	-	-	60.0
	2013/14	35.5	7.6	21.1	64.2
Thomas Spitzenpfeil	2014/15	30.0	5.0	-	35.0 ⁹
	2013/14	23.7	5.0	15.8	44.5 ⁹
Dr. Carla Kriwet (since 19 Nov 14)	2014/15	26.0	-	-	26.0
	2013/14	-	-	-	-
Cornelia Grandy	2014/15	30.0	-	-	30.0
	2013/14	23.7	-	12.6	36.3
Jörg Heinrich	2014/15	30.0	5.0	-	35.0
	2013/14	23.7	5.0	15.8	44.5
Dr. Wolfgang Reim, Chairman (until 4 Mar 14)	2014/15	-	-	-	-
	2013/14	8.4	4.2	12.7	25.3

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

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

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

⁹ Mr. Thomas Spitzenpfeil waived his entitlement to remuneration by notices of waivers for fiscal year 2014/15 as in the prior year.

5 REPORT ON RISKS AND OPPORTUNITIES

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

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

5.1. Risk management

The central risk management system at Carl Zeiss Meditec AG stipulates uniform rules and processes for early detection, assessment and management of risks. Risk management coordinators within the Company are responsible for applying the policies and procedures. The management detects and manages operating and strategic risks. Overall responsibility lies with the Management Board, which regularly assesses risks and their management at Company level together with the Risk Manager. While the Management Board examines the appropriateness of the risk management system, the Supervisory Board's Audit Committee monitors the effectiveness of the risk management system.

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

Risk reporting system

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

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

Internal control system

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

The **accounting-related part** of the internal control system is a system structured 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.

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.

5.2 Significant risks

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

Innovation risks

The business success and reputation of the Company are heavily dependent on the rapid development of innovative products and solutions. New trends and current findings from science and research can give rise to technology shifts, new customer requirements, and also make new business models necessary.

Should the 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 the Company's products being completely superseded by alternative technologies, procedures or treatment methods, thus reducing demand for certain products, which could result in losses in sales and earnings. The potential impact these risks could have on earnings equates to an amount in the low single-digit million euro range.

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

Personnel risks

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

Procurement and production risks

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

To a very large extent Carl Zeiss Meditec uses components from external suppliers to manufacture its products in all business segments. The increase in the prices of commodities, energy and materials, the growing complexity of purchased parts and the limited number of suppliers (single source) for some technologies could have negative implications for the production, sales and the quality of the Company's products. The Company continues to work on stabilizing supply chains and reducing the dependence on individual suppliers in order, among other things, to keep the associated economic impact low. The Company systematically leverages opportunities that arise from bundling procurement activities. Furthermore, Carl Zeiss Meditec selects its sup-

pliers 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.

The Carl Zeiss Meditec Group and the 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

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

Information technology risks

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

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 only exists, 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 fiscal year.

As a result of the merger on 1 October 2010 Carl Zeiss Meditec reported net goodwill totaling € 73.3 million in its balance sheet as of 30 September 2015. 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 during the current fiscal 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 interested parties. 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 fiscal year 2014/15, loans to an affiliated company were partially written down. This relates to a loan granted to the subsidiary Carl Zeiss Meditec Iberia S.A. Due to the difficult economic environment at present in the local Spanish market, this subsidiary was unable to achieve its financial targets in the past fiscal year 2014/15. Carl Zeiss Meditec AG continues to assume that the Spanish subsidiary will fulfill all of its financial obligations to Carl Zeiss Meditec AG in the long term.

In fiscal year 2014/15, the Carl Zeiss Meditec AG subsidiary Carl Zeiss Meditec Inc., Dublin, USA concluded a cooperation agreement with Oraya Therapeutics Inc., which includes certain financial obligations. Although some progress was made in the course of the year in commercializing Oraya's therapy, there were significant deviations from the original business plan, thus indicating the need for a correction of the carrying amount. Should there be any further delay in the market cultivation and market penetration of Oraya's product, the possibility of further adverse effects cannot be ruled out.

Legal risks, patents and intellectual property

The competitiveness of the Company depends on the protection of its technological innovations against exploitation of these innovations by third parties. Violations of intellectual property and patent protection may compromise the Company's technological lead and thus its competitive advantage in all business segments. The expiry of property rights, particularly patents, as well as the geographical limitation of property rights could, 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 safeguards its technologies and products by means of a comprehensive industrial property rights strategy. If ZEISS patent and brand rights are infringed by third parties, the Company takes legal steps to counter the associated high economic risk. This being said, the probability of such cases occurring is low. When developing new products and technologies, the Company systematically checks whether the rights of a third party could be affected, develops non-protected solutions, if necessary, and acquires the requisite licenses and rights, or seeks other solutions by legal contract. Overall, management in the area of patents and intellectual property does not expect such risks to have any material effects on the Company's net assets, financial position or results of operations.

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

There is no pending litigation that poses any risk to the continued existence of the Company at present. Should it be necessary, adequate provisions will be set up as a precaution.

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

Financial risks

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

The Company has categorized its financial risks as low. The basis for this categorization is the sound financing structure with an equity ratio of 86.7 %, the large reserve of cash and cash equivalents, and a strong cash flow from operating activities. Cash and cash equivalents are kept in reserve at Carl Zeiss Meditec and its subsidiaries based on a rolling monthly cash forecast within a fixed planning period, and are managed as part of a Group-wide ZEISS cash pool.

The financial risks also include liquidity risks, price fluctuation risks for financial instruments and risks associated with fluctuations in cash flows. These risks and their management are monitored within the scope of financial risk management.

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, macro-economic 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 Group'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 Group limits its sales risks. Any residual risks that remain move within the single-digit million euro range.

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 the health care and reimbursement policies in Germany or abroad may lead to the denial or reduction of reimbursements, which could decrease the demand for the Company's products. In the case of new products, for which reimbursement cannot yet be predicted with certainty, demand may be significantly curbed by the economic situation of consumers.

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

Collectively, the above issues may impact the 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.

Product approval and political environment

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 Group's numerous registrations will still exist or be renewed in the future. This may lead to sales losses and, in the case of delayed product launches, to competitive disadvantages. Furthermore, registration requirements could become more stringent.

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

Certified quality management: A vital part of early risk detection is the Company'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.

Product liability risk

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

The Company covers itself against potential product liability claims by taking out product liability insurance. The possibility cannot be entirely excluded that Carl Zeiss Meditec'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.

Infrastructure risks

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

The Company's headquarters, with major research and development departments and other key corporate functions, are located in Germany, a region with a low risk of natural disasters. A second major production site is located in the Greater San Francisco area in the USA, a region with a heightened risk of earthquakes. 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). For this reason the Company does not expect any material adverse effects on its net assets, financial position or results of operations.

Risks relating to the 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 willful actions, or that there is a delay in publishing these. The accounting would not present a true and fair view of the Company in this case. Deviations are classified as significant if they could individually or collectively influence the economic decisions taken by the recipients of the financial statements based on the financial statements.

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.

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

Price fluctuation risks can essentially not be ruled out. However, Carl Zeiss Meditec counters these risks by focusing on product innovations and optimizing 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.

All cash and cash equivalents, including the balances at the Group treasury of Carl Zeiss AG, are deposited at banks. Should it come to a loss of individual banks – due in particular to the euro and debt crisis – the balances existing there may be endangered. 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 via the Group treasury of Carl Zeiss AG.

Carl Zeiss Meditec's financial situation can be considered stable. As of the balance sheet date 30 September 2015, total cash and cash equivalents, mainly carried as receivables from the Group treasury of Carl Zeiss AG, amount to € 206.1 million. The Company also generated cash flow from operating activities of € 51.7 million in the period under review. There are therefore no liquidity risks at the present time.

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, the Company 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

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

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.

Other shares or shares with special rights that grant supervisory powers do not exist. Nor are there restrictions on behalf of Carl Zeiss Meditec AG concerning the voting rights or transfer of shares. Furthermore, the Management Board is not aware of any other agreements concluded, for example, between individual shareholders. Carl Zeiss Meditec AG is aware of the following direct and indirect holdings in the capital of Carl Zeiss Meditec AG that exceed ten percent of the voting rights. Carl Zeiss AG, Oberkochen, Germany, holds, both directly and indirectly, a total of 65.05 % of the voting rights in Carl Zeiss Meditec AG. This corresponds to 52,893,270 no-par value shares. These include 7.47 % of the voting rights or 6,074,256 no-par value shares in Carl Zeiss Meditec AG, which Carl Zeiss AG holds indirectly via its wholly owned subsidiary Carl Zeiss Inc., Thornwood, USA.

Employees of Carl Zeiss Meditec AG or its affiliated companies pursuant to Section 15 et seqq. AktG, who participated Carl Zeiss Meditec AG's share capital in prior 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 the Articles of Association of Carl Zeiss Meditec AG, the Supervisory Board is authorized to resolve amendments to the Articles of Association that only affect the version. This complies with Section 179 (1) Sentence 2 AktG.

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

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

- » to balance out fractional amounts.
- » if the capital increase is effected against cash contributions and the new shares, for which the subscription rights are excluded, are equivalent to no more than 10% of the share capital, neither on the date 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 equity interests in a company.

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

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

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

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

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

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

7 SUPPLEMENTARY REPORT

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

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

8 OUTLOOK

Corporate strategy

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

Innovation

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

Integrated solutions

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

Customer focus

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

Future conditions for business development

Macroeconomic environment¹⁰

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

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

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

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

Future situation in the medical technology industry

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

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

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

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

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

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

¹⁰ International Monetary Fund, "World Economic Outlook (WEO)", 9 July 2015, Washington D.C.

a) Ophthalmic Systems strategic business unit

During the past fiscal year, the sales trend in the Ophthalmic Systems SBU was positive, although a part of the sales increase was due to positive currency effects. We anticipate further growth in 2015/16. Both the products already established on the market for diagnosing and treating ophthalmic diseases, as well as other innovations launched in the course of the past fiscal year shall contribute to this growth. When designing efficient solutions for our customers, system networking and integrated data management play a key role, e.g. our data management system, FORUM®. Another example is in the area of refractive lasers, where the ReLEx® SMILE procedure has established itself as the third generation of laser vision correction. Compared with previous procedures, ReLEx® SMILE stands out by being considerably less invasive and offering very good predictability of correction. To date, over 300,000 eyes worldwide have been successfully treated using this minimally invasive method.

The Ophthalmic Systems SBU continues to be characterized by a strong competitive pressure, particularly for diagnostic instruments. A number of sales and cost-cutting measures were introduced in this area during the course of fiscal year 2014/15. Due to continuing product innovations, a positive performance of the products we launched in the past fiscal year in the retinal imaging business and glaucoma diagnosis as well as the encouraging development of the refractive laser business, we are nevertheless looking forward to the new fiscal year with cautious optimism, and are confident that we shall grow at least to the same extent as the underlying market. From a current perspective, and excluding currency effects, this corresponds to growth in the low to mid-single-digit percentage range. Although we do expect further improvement in our EBIT, the assumption is still that it will remain below average generated across all business segments of Carl Zeiss Meditec.

b) Surgical Ophthalmology strategic business unit

The Surgical Ophthalmology SBU continued to grow significantly in the past fiscal year. We expect this growth to continue in fiscal year 2015/16. To achieve this we need to exploit and exhaust any potential that remains in the markets in which we operate and further strengthen our market position through innovations. With the AT LISA® tri and AT LISA® tri toric, the Company offers the leading MICS-compliant trifocal intraocular lenses on the market. The CT LUCIA®, launched in September 2014, is the first intraocular lens in the standard segment to be manufactured at our new site in Ontario. We are aiming to attract new customer groups and increase our sales from existing customers through the expansion of our range of monofocal intraocular lenses.

Excluding currency effects, we are confident that we will once again grow faster than the underlying market in 2015/16, which is currently expected to grow in the mid-single-digit percentage range. The EBIT margin should remain at roughly the same level as the average generated across all business segments of Carl Zeiss Meditec.

c) Microsurgery strategic business unit

In the past fiscal year, the Microsurgery SBU achieved slight sales growth. Adjusted for currency effects, the prior year's level was more or less maintained. We therefore successfully defended our already exceptionally strong market position. Our surgical microscopes, the OPMI® Pentero® for neuro, spinal or plastic surgery, and the OPMI® VARIO, which is used in ENT surgery, for example, mean we are broadly diversified and are exploiting the associated market opportunities to an even greater degree by upgrading the products in terms of additional supporting applications.

We expect the Microsurgery SBU to continue to make significant contributions to earnings in future. We are confident that we shall grow to at least the same extent as the underlying market in the coming fiscal year. From a current perspective, and excluding currency effects, this corresponds to growth in the low-single-digit percentage range. The EBIT margin should also remain above the average generated across all business segments of Carl Zeiss Meditec.

Future selling markets

As a global Company, our 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 sales in all three of its strategically important business regions: **EMEA**, **Americas** and **APAC**. We see particularly promising business prospects in the APAC region, due to the rapid economic growth there. 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. 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

Carl Zeiss Meditec invests considerable funds in research and development projects. Efficient and targeted development processes play a key role in this. Upstream from this is the search for new technologies and market trends, in order to subsequently become established on the market with new solutions. The important thing is to consider the regional market conditions and the needs of our customers in the development process from the outset. We aim to invest around 12 % of sales in research and development in fiscal year 2015/16, which is about the same as in prior years.

Future investments

Investments are a basic requirement to be able to maintain our technology leadership in future, too. The investment ratio at Carl Zeiss Meditec has been largely constant in the past few years. The investments required to realize growth targets will not lead to a material change in the current investment ratio in the coming fiscal year. We aim to invest around 1 % to 3 % of sales in tangible assets in fiscal year 2015/16, which is about the same as in prior 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 € 0.38 per share for the past fiscal year. The dividend ratio would therefore amount to 49.6 % of the Carl Zeiss Meditec Group's consolidated net income pursuant to the IFRSs, which is almost on a par with the prior year's ratio (prior year: 43.4 %). The management also intends to allow shareholders to continue to participate fairly in the Company's success in future. The special dividend, an instrument that has been used several times in the past, may also be used again.

Future employee development

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

Future financial position

Interest income and expenses depend on changes in interest rates on the financial markets. At present, the Company does not expect any marked improvements in investment conditions in the next two years. Interest income and interest expenses are thus expected to remain around the prior year's level. As of 30 September 2015, short-term cash and cash equivalents of around € 206.1 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 2015/16 we aim to achieve operative cash flow in the high double-digit millions, based on active working capital management.

Future opportunities

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

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

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

Overall assertion on future development

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

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

Given the favorable conditions for market development in the medium and long term, and the Carl Zeiss Meditec Group's good strategic position, the Company's management assumes that sales will continue to grow in the coming fiscal year, provided that general economic conditions remain stable. We anticipate sales 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 sales with case-number-dependent products and services, since there is generally less fluctuation in these areas than in the capital goods business, for example. In fiscal year 2014/15 we achieved a share of 28%. From a current perspective, we expect a further increase in fiscal year 2015/16. In the medium term, we aim to increase this share of sales to over a third of consolidated sales by fiscal year 2018/19. Carl Zeiss Meditec AG will play its part in this.

At 12.8% in fiscal year 2014/15, the EBIT margin was around the prior year's level (15.0%). This decline is partly attributable to strategic investments in research and development. In fiscal year 2015/16 we expect the EBIT margin to return to the target corridor also forecast for the medium term, of 13.0% to 15.0%.

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

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

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

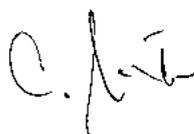
10 DECLARATION ON CORPORATE GOVERNANCE PURSUANT TO SECTION 289A HGB

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.zeiss.de/meditec-ag/ir.

Jena, 19 November 2015



Dr. Ludwin Monz
President and CEO



Dr. Christian Müller
Member of the
Management Board



Thomas Simmerer
Member of the
Management Board

Income statement

for fiscal years 2014/15 and 2013/14 (HGB)

	Note	2014/15		2013/14	
		'000 €	'000 €	'000 €	'000 €
Sales	(21)		651,110		587,488
Cost of sales			(345,300)		(314,195)
Gross profit on sales			305,810		273,293
Sales and marketing expenses			(103,990)		(97,642)
General and administrative expenses			(35,135)		(31,968)
R&D costs		(79,107)		(68,744)	
minus subsidies received		27	(79,080)	121	(68,623)
Other operating income	(24)		39,105		38,350
Other operating expenses	(25)		(43,166)		(25,354)
Income from investments and long-term loans	(26)		2,797		1,483
Other interest and similar income	(26)		695		1,412
Amortization of financial assets	(26)		(16,000)		-
Interest and similar expenses	(26)		(11,959)		(4,824)
Result from ordinary activities			59,077		86,127
Extraordinary expenses			(748)		(748)
Extraordinary result	(27)		(748)		(748)
Income taxes	(28)		(24,705)		(27,965)
Profit after tax			33,624		57,414
Other taxes	(29)		(274)		(279)
Net income for the year			33,350		57,135
Retained profits brought forward from previous year			102,888		82,342
Dividend			(32,524)		(36,589)
Net retained profits			103,714		102,888

The following notes are part of the audited single-entity financial statements.

Balance sheet

as of 30 September 2015 (HGB)

	Note	30 Sep 2015		30 Sep 2014	
		'000 €	'000 €	'000 €	'000 €
ASSETS					
Fixed assets	(6)				
Intangible assets					
Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets		80,957		86,783	
Goodwill		73,341	154,298	80,675	167,458
Tangible assets					
Land, land rights and buildings including buildings on third-party land		2,543		2,847	
Technical equipment and machinery		5,101		4,621	
Other equipment, furniture and fixtures		8,912		9,815	
Payments on account and assets under construction		693	17,249	1,573	18,856
Financial assets					
Shares in affiliated companies		251,948		251,893	
Loans to affiliates		106,549		119,342	
Investments		2		2	
Other loans		956	359,455	860	372,097
			531,002		558,411
Current assets					
Inventories	(7)				
Raw materials, consumables and supplies		46,992		42,571	
Unfinished goods		11,456		11,970	
Finished goods and merchandise		38,426		34,534	
Advances paid		378		215	
Payments received on account of orders		-1,763	95,489	-1,159	88,131
Receivables and other assets					
Trade receivables	(8)	30,515		26,662	
Receivables from affiliated companies	(9)	295,928		261,022	
Receivables from investments		147		186	
Other assets	(10)	9,099	335,689	5,977	293,847
Cash-in-hand and bank balances	(11)		3		4
			431,181		381,982
Deferred income	(12)		774		805
Asset-side difference arising from asset offsetting	(13)		0		7,842
			962,957		949,040

	Note	30 Sep 15		30 Sep 14	
		'000 €	'000 €	'000 €	'000 €
EQUITY AND LIABILITIES					
Equity	(14)				
Subscribed capital		81,310		81,310	
Capital reserves		646,454		646,454	
Sales reserves					
Other sales reserves		2,940		2,940	
Net retained profits		103,714	834,418	102,888	833,592
Special reserve for investment subsidies	(15)		104		218
Provisions	(16)				
Provisions for pensions and similar obligations		4,343		0	
Tax provisions		2,915		3,227	
Sundry other provisions		37,837	45,095	51,599	54,826
Liabilities	(17)				
Trade payables		29,657		19,739	
Liabilities to affiliated companies	(9)	38,138		20,883	
Liabilities to other investees and investors		168		119	
Other liabilities		3,278	71,241	2,448	43,189
Deferred income	(18)		1,200		1,415
Deferred tax liabilities	(19)		10,899		15,800
			962,957		949,040

The following notes are part of the audited single-entity financial statements.

Statement of changes in fixed assets

(gross)

	Acquisition and production costs					
	1 Oct 14	Additions	Transfer	Evaluation	Disposals	30 Sep 15
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Intangible assets						
Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	138,716	3,909	-	-	272	142,353
Goodwill	110,012	-	-	-	-	110,012
	248,728	3,909	-	-	272	252,365
Tangible assets						
Land, land rights and buildings including buildings on third-party land	4,713	115				4,828
Technical equipment and machinery	10,696	643	1,018		160	12,197
Other equipment, furniture and fixtures	31,952	2,487	370		2,191	32,618
Payments on account and assets under construction	1,573	534	(1,389)		25	693
	48,934	3,779	(1)	-	2,376	50,336
Financial assets						
Shares in affiliated companies	251,893	55				251,948
Loans to affiliates	119,342	26,491		(284)	23,000	122,549
Investments	2					2
Other loans	860	96				956
	372,097	26,642	-	(284)	23,000	375,455
	669,759	34,330	(1)	(284)	25,648	678,156

	Accumulated depreciation and amortization				Net book value		
	1 Oct 14	Depreciation and amortization within the fiscal year	Disposals	Transfer	30 Sep 15	30 Sep 15	1 Oct 14
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Intangible assets							
Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	51,933	9,735	272		61,396	80,957	86,783
Goodwill	29,337	7,334			36,671	73,341	80,675
	81,270	17,069	272	-	98,067	154,298	167,458
Tangible assets							
Land, land rights and buildings including buildings on third-party land	1,866	419			2,285	2,543	2,847
Technical equipment and machinery	6,075	1,120	98	(1)	7,096	5,101	4,621
Other equipment, furniture and fixtures	22,137	3,264	1,696	1	23,706	8,912	9,815
Payments on account and assets under construction	-				-	693	1,573
	30,078	4,803	1,794	-	33,087	17,249	18,856
Financial assets							
Shares in affiliated companies						251,948	251,893
Loans to affiliates		16,000			16,000	106,549	119,342
Investments					-	2	2
Other loans						956	860
	-	16,000	-	-	16,000	359,455	372,097
	111,348	37,872	2,066	-	147,154	531,002	558,411

The following notes are part of the audited single-entity financial statements.

Notes to the single-entity financial statements

for fiscal year 2014/15

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. Carl Zeiss Meditec AG's headquarters are located in 07745 Jena, Germany (Göschwitzer Straße 51-52), Germany's traditional center of excellence for optical and optical-related technologies. Additional operating facilities are located in Oberkochen, Berlin and Munich. The Company has major subsidiaries in the USA, France, Japan, Spain, the United Kingdom, Turkey and Germany. Together, these form the Carl Zeiss Meditec Group (the "Group").

The Company's customers are physicians in various fields and hospitals worldwide. Carl Zeiss Meditec AG is recorded in the commercial register of Jena Local Court under HRB 205623.

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

(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.

(3) Development of share capital and capital reserves in financial year 2014/15

Authorized capital

The General Meeting on 12 April 11 resolved to eliminate the existing authorized capital, which expired in fiscal 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).

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 equity interests in a company.

The Management Board was also authorized, with the consent of the Supervisory Board, to specify the further details of capital increases from Authorized 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 18 March 2015, the Management Board is authorized to purchase own shares until 17 March 2020 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.

The authorization resolved by the General Meeting on 4 March 2010 to purchase the own shares was restricted to the period until 3 March 2015.

In the past fiscal year 2014/15, the Company made no use of these authorizations.

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

The figures in the annual financial statements of Carl Zeiss Meditec for the fiscal year ending 30 September 2015 are stated in thousands of euro – 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 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.de/ir.

As before, the following accounting and valuation methods were applied for the preparation of annual financial statements.

(5) Information and notes on accounting and valuation methods

Fixed assets

Intangible assets

Purchased intangible assets are carried at cost less scheduled straight-line amortization in accordance with their expected useful life. Extraordinary write-downs to the lower of cost or market are performed where impairments are expected to be permanent. Self-constructed 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 useful operating 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 2015, 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 with a purchase price of up to € 410.00 are written off in full in the year of acquisition. Additions to tangible assets are depreciated pro rata temporis.

Extraordinary 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 2015 is based on the following accounting principles:

» Discount rate pursuant to the German Regulation on the Discounting of Provisions (<i>Rückstellungsabzinsungsverordnung</i>):	4.07 % 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 fulfillment 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 fulfill 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 judgment. Cost increases not expected to have an effect until the future, up until fulfillment 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 (*Rückstellungs-abzinsungsverordnung*).

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 as of 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-oriented 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 29.87%, in the amount of € 10,899 thousand (prior year: tax rate: 29.36%, in the amount of € 15,800 thousand).

Deferred taxes relate to the balance sheet items listed below:

	30 Sep 15	
Statement of financial position item	Deferred tax assets	Deferred tax liabilities
Intangible assets		X
Tangible assets		X
Valuation of receivables		X
Valuation of plan assets	X	
Valuation of pension provisions	X	
Valuation of other provisions	X	
Valuation of payables	X	

At the balance sheet date, the resulting amount in accordance with Section 268 (8) HGB is € 4,415 thousand (prior year: € 5,602 thousand), which is fully covered by free reserves (payout restriction).

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 in receivables and liabilities. A loan denominated in US dollars to a direct subsidiary domiciled in the USA was also hedged for the first time in fiscal year 2013/14. The aim of currency hedging is to fix prices on the basis of hedging rates, to protect against future unfavorable exchange rate fluctuations. These contracts generally span a period of twelve months; as an exception, the hedge on the US dollar 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. As of 30 September 2015 the Company had currency forward contracts with a nominal value of € 161,378 thousand for receivables and € 182,717 thousand for liabilities. A provision for contingent losses was set up in the amount of € 2,810 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 € 4,958 thousand.

NOTES TO INDIVIDUAL ITEMS IN THE BALANCE SHEET

(6) Fixed assets

Details on the development of individual fixed assets in fiscal year 2014/15 can be found 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 fiscal year relate in particular to production and test facilities (€ 1,555 thousand), tools (€ 977 thousand), And the transfer of service and study equipment to fixed assets (€ 688 thousand).

The disposals of loans to affiliated companies relate to the partial repayment of a group loan granted to Atlantic S.A.S in fiscal year 2013/14 (€ 20,000 thousand) and the settlement of the loan to Carl Zeiss Meditec Vertriebsgesellschaft mbH in the amount of € 3,000 thousand.

Loans to affiliated companies increased due to the issue of a loan to Carl Zeiss Meditec Inc., in the amount of € 15,460 thousand, as well as to the restructuring of the loan to Aaren Scientific Inc., in the amount of € 11,031 thousand. The negative amount recognized in the reporting column "Valuations" results from the valuation of these two loans on the balance sheet date, as these loans were issued in US dollars.

The write-downs of loans to affiliated companies in the fiscal year under review relate to a loan granted to the subsidiary Carl Zeiss Meditec Iberia S.A. Due to the challenging economic environment in the local Spanish market at present, this subsidiary was unable to meet its financial targets in the past fiscal year 2014/15. Carl Zeiss Meditec AG continues to assume that the Spanish subsidiary will fulfill all of its financial obligations to Carl Zeiss Meditec AG in the long term.

Other loans include an addition in connection with the payment of € 96 thousand to the contractual trust arrangement for accrued flexitime.

OTHER ASSET ITEMS

(7) Inventories

Inventories (€ 95,489 thousand, prior year: € 88,131 thousand) include cumulated valuation allowances totaling € 16,394 thousand (prior year: € 11,701 thousand).

(8) Trade receivables

Trade receivables amount to € 30,515 thousand as of the balance sheet date (prior year: € 26,662 thousand), including cumulated specific and global valuation allowances totaling € 1,770 thousand (prior year: € 11,701 thousand). Discounted trade receivables amounting to € 1,866 thousand (prior year: € 11,701 thousand) are due in more than one year.

(9) Receivables from / liabilities to affiliated companies

The reported balances of receivables from affiliated companies result from trade receivables and payables (€ 86,907 thousand, prior year: € 76,278 thousand), receivables from the Group treasury of the Carl Zeiss Group in the amount of € 206,975 thousand (prior year: € 181,180 Thousand), as well as other receivables (€ 2,681 thousand; prior year: € 2,654 thousand). This item also includes receivables due in more than one year amounting to € 265 thousand (prior year: € 910 thousand).

Receivables from shareholders amounted to € 1,386 thousand. (prior year: € 1,082 thousand).

Liabilities to affiliated companies consist of trade payables of € 35,424 thousand (prior year: € 19,160 thousand), as well as other liabilities of € 2,714 thousand (prior year: € 1,723 thousand).

Liabilities to shareholders amount to € 5,702 thousand (prior year: € 4,692 thousand).

(10) Other assets

Other assets amount to € 9,099 thousand as of the balance sheet date (prior year: € 5,977 thousand). These primarily include other domestic receivables (€ 8,725 thousand, prior year: € 5,066 thousand), which mainly consist of receivables from the tax office from advance VAT payments (€ 223 thousand, prior year: € 117 thousand) and for creditors with debit balances (€ 125 thousand, prior year: € 227 thousand).

(11) Cash-in-hand and bank balances

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 € 353 thousand, vacation pay of € 354 thousand and other prepaid expenses totaling € 67 thousand.

(13) Asset-side difference arising from asset offsetting

In the prior year, this related to receivables from the CTA plan assets for pensions. As of 30 September 2015 we refer to section "(16) Provisions" under "Provisions for pensions and similar obligations".

(14) Equity**Subscribed capital**

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

Capital reserve

As of 30 September 2015 capital reserves still amounted to € 646,454 thousand.

Net retained profits

Due to Carl Zeiss Meditec AG's net income for the year of € 33,350 thousand, taking into consideration the profit carryforward of € 102,888 thousand from the prior year and after distribution of the dividend of € 32,524 thousand, net retained profits amount to € 103,714 thousand as of 30 September 2015 (prior year: 102,888 thousand). There is a dividend payout restriction of € 4,415 thousand (prior year: € 5,602 thousand).

The dividend payout restriction results from the capitalization of assets (plan assets) at fair value: € 6,295 thousand (prior year: € 7,930 thousand), less deferred tax liabilities € 1,880 thousand (prior year: € 2,328 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 € 104 thousand.

(16) Provisions

Provisions for pensions and similar obligations

The actuarial report for the assessment of pension obligations as of 30 September 2015 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 € 48,093 thousand (prior year: € 47,616 thousand). The fair value of the CTA plan assets against which the provision was offset, amounts to € 55,064 thousand (prior year: € 55,458 thousand); the acquisition costs amount to € 53,876 thousand as of 30 September 2015 (prior year: € 53,131 thousand).

The remaining reserve amounts to € 4,343 thousand. As of 30 September 2015 there is therefore no asset-side difference (prior year: € 7,842 thousand). The total appropriation of the difference not yet allocated by 30 September 2014 under BilMoG was € 7,718 thousand; by 30 September 2015 the figure was € 6,971 thousand. This amount is to be accumulated by no later than 31 December 2024.

Interest expenses for pension provisions (€ 10,434 thousand), income from plan assets (€ 368 thousand) and income from fair value adjustments (€ 1,635 thousand) are presented in the income statement on a net basis under the item "Interest and similar expenses" (€ 11,701 thousand).

Tax provisions

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

Sundry other provisions

Partial retirement arrangements

Gross provisions for partial retirement obligations amount to € 879 thousand as of 30 September 2015. The fair value of the CTA plan assets against which these provisions are offset is € 684 thousand. The resulting interest expenses amount to € 9 thousand.

The item also includes a provision for deferred compensation programs (postponed remuneration) in the amount of € 1,686 thousand (prior year: € 1,685 thousand). This is offset against the receivables in the same amount from Gerling Lebensversicherung AG and DBV-Winterthur Lebensversicherung AG.

Miscellaneous other provisions

- » Other provisions relating to personnel (€ 10,160 thousand, prior year: € 9,452 thousand)
- » Outstanding invoices (€ 8,882 thousand prior year: € 10,417 thousand)
- » Warranties (€ 4,481 thousand, prior year: € 6,601 thousand)
- » Currency forward contracts (€ 2,810 thousand, prior year: € 12,235 thousand)
- » Litigation risks (€ 2,302 thousand, prior year: € 2,241 thousand)
- » Special payments to employees (€ 1,873 thousand, prior year: € 1,817 thousand)

(17) Liabilities

Liabilities of Carl Zeiss Meditec AG relate to unsecured liabilities of € 71,241 thousand (prior year: € 43,189 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 (€ 1,768 thousand, prior year: € 985 thousand), as well as liabilities from withheld wage and church tax (€ 1,416 thousand, prior year: € 1,376 thousand).

Maturity structure of liabilities

	30 Sep 15		30 Sep 14	
	Total	thereof due within one year	Total	thereof due within one year
	'000 €	'000 €	'000 €	'000 €
Trade payables	29,657	29,657	19,739	19,739
Liabilities to affiliated companies	38,138	38,138	20,883	20,883
Other liabilities including liabilities to other investees and investors	3,446	3,446	2,567	2,567
thereof from taxes	3,184	3,184	2,361	2,361
thereof from social security	0	0	0	0

(18) Deferred income

This item is mainly deferred income for service and maintenance contracts extending beyond the fiscal year.

(19) Deferred tax liabilities

Deferred tax liabilities amount to € 10,899 thousand (prior year: € 15,800 thousand).

(20) Contingent liabilities and other financial commitments**Contingent liabilities**

As of the balance sheet date there were limited guarantees with a total value of € 36,043 thousand (prior year: € 8,022 thousand; thereof in favor of affiliated companies € 36,043 thousand (prior year: € 8,022 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, and revalued, if necessary. 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:

	<u>30 Sep 15</u>
	'000 €
due 2015/16	6,628
thereof to affiliates	4,818
due 2016/17 to 2019/20	19,034
thereof to affiliates	10,987
due after 2019/20	10,961
thereof to affiliates	5,617

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**:

	<u>30 Sep 15</u>
	'000 €
due 2015/16	1,182
thereof to affiliates	600
due 2016/17 to 2019/20	2,318
thereof to affiliates	1,950
due after 2019/20	0
thereof to affiliates	0

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 € 1,485 thousand (prior year: € 1,627 thousand).

NOTES TO INDIVIDUAL ITEMS IN THE INCOME STATEMENT

(21) Sales

	2014/15	2013/14
	'000 €	'000 €
Sales by region		
Germany	52,990	53,986
Europe, Middle East and Africa	211,179	198,484
Asia/Pacific	237,839	205,940
Americas	149,102	129,078
Total	651,110	587,488

	2014/15	2013/14
	'000 €	'000 €
Breakdown by business unit ¹		
Ophthalmic Systems	194,849	183,046
Surgical Ophthalmology	241,135	197,139
Microsurgery	215,126	207,303
Total	651,110	587,488

(22) Cost of materials

	2014/15	2013/14
	'000 €	'000 €
a) Cost of raw materials, consumables and supplies, and of purchased merchandise	303,202	281,140
b) Cost of purchased services	1,573	1,481
Total	304,775	282,621

(23) Personnel expenses

	2014/15	2013/14
	'000 €	'000 €
a) Wages and salaries	86,745	82,658
b) Social security and other pension costs thereof in respect of old-age pensions € 1,814 thousand (prior year: €1,615 thousand)	16,659	14,372
Total	103,404	97,030

¹ Previously, the allocation to the individual business units was based on market segments, whereby overlapping technological aspects dominated in particular cases. From this fiscal year onwards, allocation to the various SBUs is based on business fields and thus strictly on market segments. This means that all activities in the area of cataracts, such as intraocular lenses, consumables, surgical visualization solutions in the field of ophthalmic surgery, as well as the diagnostic devices which are used prior to cataract surgery, shall be allocated to the "Surgical Ophthalmology" strategic business unit. The "Microsurgery" SBU shall continue to comprise the activities of neuro, ear, nose and throat surgery, as well as the activities in the field of intraoperative radiation. The medical laser and diagnostic systems that do not specifically apply to the condition cataracts are allocated to the "Ophthalmic Systems" strategic business unit. The comparative values have been adjusted in line with the new structure.

(24) Other operating income

Other operating income (€ 39,105 thousand, prior year: € 38,350 thousand) consists of currency translation gains (€ 22,366 thousand, prior year: € 16,925 thousand), prior-period income from the reversal of provisions (€ 4,607 thousand, prior year: € 10,632 thousand) on-charging to Group companies (€ 11,634 thousand, prior year: € 10,402 thousand), investment grants and subsidies (€ 193 thousand, prior year: € 301 thousand) and accounting profits on asset disposals (€ 305 thousand, prior year: € 90 thousand).

(25) Other operating expenses

This item includes costs of foreign currency translation amounting to € 36,613 thousand (prior year: (prior year: € 20,098 thousand) and expenses for the development of distribution activities of growing business areas in the USA (€ 6,553 thousand, prior year: € 5,256 thousand).

(26) Financial result

	2014/15	2013/14
	'000 €	'000 €
Income from investments and long-term loans - thereof from affiliated companies € 2,797 thousand (prior year: € 1,483 thousand)	2,797	1,483
Other interest and similar income - thereof from affiliated companies € 426 thousand (prior year: € 637 thousand)	695	1,412
Amortization of financial assets - thereof from affiliated companies € 16,000 thousand (prior year € 0 thousand)	16,000	0
Other interest and similar expenses - thereof from pension provisions € 11,701 thousand (prior year: € 2,102 thousand) - thereof to affiliated companies € 0 thousand (prior year: € 1,898 thousand) - thereof from interest cost € 120 thousand (prior year: € 107 thousand) - thereof from tax arrears payments € 61 thousand (prior year: € 657 thousand) - thereof from other interest expenses € 77 thousand. (prior year: € 60 thousand)	11,959	4,824
	-24,467	-1,929

(27) Extraordinary result

The extraordinary result is solely attributable to extraordinary expenses; amounting to € 748 thousand (prior 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 also includes the income from the change in deferred taxes recognized in the amount of € 4,902 thousand.

(29) Other taxes

Contrary to the prior year, the item "Other taxes" is reported separately and is no longer included in functional costs. Other taxes include employee-related taxes (€ 167 thousand, prior year: € 131 thousand), foreign input tax (€ 69 thousand, prior year: € 125 thousand), vehicle tax (€ 23 thousand, prior year: € 23 thousand), and property tax (€ 15 thousand, prior year: € 0 thousand).

OTHER MANDATORY DISCLOSURES

(30) Auditor's fees

	2014/15	2013/14
	'000 €	'000 €
a) Auditing of financial statements (annual financial statements and consolidated financial statements)	301	259*
b) Other auditing services	54	0
c) Tax consultancy services	0	0
Total	355	259

* thereof for auditor for fiscal year 2013/14 € 42 thousand in fiscal year 2014/15.

(31) 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.

Pursuant to Section 21 (1) Sentence 1, Section 22 (1) WpHG, Noerr LLP, Munich, Germany, informed Carl Zeiss Meditec AG, Jena, Germany, on 13 May 2015, on behalf of its client, Massachusetts Mutual Life Insurance Company, in conformance with Section 21 (1) and Section 22 (1) WpHG of the following changes in voting rights:

» OppenheimerFunds, Inc., 225 Liberty Street, New York, New York, 10281, United States of America, exceeded the threshold of 3 % of the voting rights in Carl Zeiss Meditec AG (ISIN DE0005313704, WKN: 531370) on 11 May 2015. On 11 May 2015 the percentage of voting rights attributable to OppenheimerFunds, Inc. amounted to 3.01 % (corresponding to 2,446,168 shares of a total of 81,309,610 shares) – rounded to two decimal points – pursuant to Section 22 (1), Sentence 1, No. 6 WpHG.

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

(32) Information on shareholdings**Composition and development**

Name and registered office of the Company	Currency	Share of voting capital (in %)	Equity 30 Sep 15 translated at the market rate at the end of the reporting period ²	thereof gain / (loss) for financial year 2014/15 translated at average annual rate
Carl Zeiss Meditec Inc., Dublin, USA	'000 US\$ '000 €	100.0	194,152 173,303	5,569 4,849
Aaren Scientific Inc., Ontario, USA	'000 US\$ '000 €	100.0	3,467 3,095	-4,337 -3,776
Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany	'000 €	100.0	68,327	130
Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain	'000 €	100.0	5,144	-739
Carl Zeiss Meditec Co. Ltd. Tokyo, Japan	'000 JPY '000 €	51.0	11,665,421 86,609	913,513 6,676
Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi A.S., Ankara, Turkey	'000 TRY '000 €	100.0	22,195 6,547	3,481 1,187
Carl Zeiss Meditec Vertriebsgesellschaft mbH, Oberkochen, Germany	'000 €	100.0	15,182	2,985
Atlantic S.A.S., Périgny/ La Rochelle, France	'000 €	100.0	86,443	11,669
HYALTECH Ltd., Livingston, United Kingdom	'000 GBP '000 €	100.0	9,008 12,198	1,422 1,914
France Chirurgie Instrumentation S.A.S., Paris, France	'000 €	100.0	13,555	126
Carl Zeiss Meditec France S.A.S., Marly-le-Roi, France	'000 €	100.0	5,592	1,361
Carl Zeiss Meditec S.A.S., Périgny/La Rochelle, France	'000 €	100.0	14,528	612
France Chirurgie Instrumentation SUD Ltd., Quatre Bornes, Mauritius	'000 €	100.0	2,419	268
France Chirurgie Instrumentation Ophthalmics Inc., Pembroke, USA	'000 US\$ '000 €	100.0	4,541 4,053	882 768
Oraya Therapeutics, Inc., Newark, USA	'000 US\$ '000 €	22.05	-2,229 -1,990	-7,977 -6,945
Aaren Scientific S.L., Barcelona, Spain ³	'000 US\$ '000 €	100.0		
Hexavision S.A.R.L., Paris, France ³	'000 US\$ '000 €	100.0		

² The figures show the values recognized under the respective national accounting standards.

³ Aaren Scientific Inc. has smaller distribution companies in Spain and France, which are, however, of secondary importance, due to their suspended or very limited operations.

(33) Information on employees

Number of employees

The Company had an average of 1,174 employees during fiscal year 2014/15 (prior year: 1,144 employees), plus 7 trainees (prior year: 9 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:

	Number
Production	443
Service	120
Sales	209
Administration	101
Research and development	301
	1,174

As of the balance sheet date 30 September 2015 the Company had a workforce of 1,170, plus 6 trainees and two Management Board members directly employed by Carl Zeiss Meditec AG.

(34) 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 fiscal year 2014/15 and entered in the commercial register:

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

Remuneration paid to the active members of the Management Board in fiscal year 2014/15

The total remuneration paid to the active members of the Management Board pursuant to Section 314 (1) No. 6a HGB amounted to € 1,665 thousand in fiscal year 2014/15 (prior year: € 1,444 thousand). Details of this remuneration are contained in the remuneration report in the management report.

Projected unit credits for pensions for former members of the Company's Management Board amounted to € 535 thousand (prior year: € 459 thousand).

Supervisory Board

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

Member of Supervisory Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
Prof. Dr. Michael Kaschke Chairman 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 Executive 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 » Chairman of the Board of Directors of Carl Zeiss de Mexico S.A. de C.V., Mexico City, Mexico » Chairman of the Supervisory Board of Carl Zeiss Industrielle Messtechnik GmbH, Aalen, Germany 	<ul style="list-style-type: none"> » Member of the Supervisory Board, Audit Committee, of Henkel AG & Co. KGaA, Düsseldorf, Germany » Chairman of the Supervisory Board, Audit Committee, of Deutsche Telekom AG, Bonn, Germany (since 9 April 2015)
Dr. Markus Guthoff Deputy Chairman Member of the Supervisory Board since 2004 Member of the Management 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 Executive 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 internal Advisory Board of Carl Zeiss GmbH, Vienna, Austria » Chairman of the Board of Directors of Carl Zeiss Inc., Thornwood, USA » Chairman of the Board of Directors of Carl Zeiss A/S, Birkerød, Denmark » Chairman of the Board of Directors of Brock & Michelsen Invest A/S, Birkerød, Denmark » Chairman of the Board of Directors of Carl Zeiss Co., Ltd., Tokyo, Japan 	<ul style="list-style-type: none"> » none

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

* elected employee representatives

Committees of the Supervisory Board

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

Remuneration of the active members of the Supervisory Board in fiscal year 2014/15

The remuneration of the active members of the Supervisory Board totaled € 251 thousand for fiscal year 2014/15. (prior year: € 296 thousand). The itemized breakdown of the remuneration paid to the Supervisory Board can be found in the management report accompanying the annual financial statements 2014/15.

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

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

(35) 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 <http://www.zeiss.com/meditec-ag/ir>. The statement also cited which recommendations the Company does not yet comply with.

(36) Appropriation of profits for financial year 2014/15

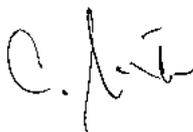
Fiscal year 2014/15 closed with a net income of € 33,350,698.82. The Management Board proposes utilizing the net retained profits of € 103,714,508.88 for fiscal year 2014/15 as follows:

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

Jena, 19 November 2015
Carl Zeiss Meditec AG



Dr. Ludwin Monz
President and CEO



Dr. Christian Müller
Member of the
Management Board



Thomas Simmerer
Member of the
Management Board

Declaration by the legal representatives

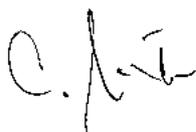
pursuant to Art. 297 Section 2 Sentence 4 HGB and
Art. 315 Section 1 Sentence 6 HGB

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements of Carl Zeiss Meditec give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, 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, 19 November 2015



Dr. Ludwin Monz
President and CEO



Dr. Christian Müller
Member of the
Management Board



Thomas Simmerer
Member of the
Management Board

Auditor's certificate

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, Germany, for the financial year from 1 October 2014 to 30 September 2015. The accounting and preparation of the annual financial statements and management report in accordance with German commercial provisions are the responsibility of the legal representatives of the company. 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 Art. 317 HGB ("*Handelsgesetzbuch*": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with the 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 the legal representatives, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonably secure basis for making our assessment.

Our audit led to no objections.

In our opinion, based on the findings of our audit, the 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 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, 19 November 2015
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft (Chartered Accountants)

Jäger
Wirtschaftsprüferin
(German Public Auditor)

Bätz
Wirtschaftsprüfer
(German Public Auditor)

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