

Annual financial statements
of Carl Zeiss Meditec AG (HGB)
Fiscal year 2015/16



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Combined management report

The management report of Carl Zeiss Meditec AG and the Group management report have been combined pursuant to Section 315 (3) HGB, in conjunction with Section 298 (3) HGB, and published in the 2015/16 Annual Report.

The annual financial statements and combined management report for Carl Zeiss Meditec AG and the Group for fiscal year 2015/16 are submitted to the operator of the Bundesanzeiger (Federal Gazette) and published in the Bundesanzeiger.

Both are also available for inspection on Carl Zeiss Meditec AG's website at <http://www.zeiss.com/meditec-ag/investor-relations>.

Balance sheet (HGB)

as of 30 September 2016

	30 Sep 2016	30 Sep 2015
	€k	€k
ASSETS		
A. Fixed assets		
I. Intangible assets		
1. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	77,126	80,957
2. Goodwill	66,007	73,341
	143,133	154,298
II. Tangible assets		
1. Land, land rights and buildings, including buildings on third-party land	2,637	2,543
2. Technical equipment and machinery	4,276	5,101
3. Other equipment, furniture and fixtures	10,784	8,912
4. Payments on account and assets under construction	296	693
	17,993	17,249
III. Financial assets		
1. Shares in affiliated companies	251,948	251,948
2. Loans to affiliates	82,454	106,549
3. Investments	2	2
4. Other loans	743	956
	335,147	359,455
	496,273	531,002
B. Current assets		
I. Inventories		
1. Raw materials, consumables and supplies	45,875	46,992
2. Unfinished goods	16,792	11,456
3. Finished goods and merchandise	35,595	38,426
4. Advances paid	214	378
5. Payments received on account of orders	(2,391)	(1,763)
	96,085	95,489
II. Receivables and other assets		
1. Trade receivables	33,216	30,515
2. Receivables from affiliated companies	359,960	295,928
3. Receivables from investments	107	147
4. Other assets	11,031	9,099
	404,314	335,689
III. Cash-in-hand and bank balances	73	3
	500,472	431,181
C. Deferred income	701	774
D. Asset-side difference arising from asset offsetting	10,022	-
Total ASSETS	1,007,468	962,957

Balance sheet (HGB)

as of 30 September 2016

EQUITY AND LIABILITIES		
A. Equity		
I. Subscribed capital	81,310	81,310
II. Capital reserves	646,454	646,454
III. Sales reserves		
Other sales reserves	2,940	2,940
IV. Net retained profits	115,564	103,714
	846,268	834,418
B. Special reserve for investment subsidies	81	104
C. Provisions		
1. Provisions for pensions and similar obligations	1,603	4,343
2. Tax provisions	12,626	2,915
3. Sundry other provisions	56,534	37,837
	70,763	45,095
D. Liabilities		
1. Trade payables	37,348	29,657
2. Liabilities to affiliated companies	45,450	38,138
3. Liabilities to other investees and investors	628	168
4. Other liabilities	3,391	3,278
	86,817	71,241
E. Deferred income	2,167	1,200
F. Deferred tax liabilities	1,372	10,899
Total EQUITY AND LIABILITIES	1,007,468	962,957

Income statement

for fiscal years 2015/16 and 2014/15 (HGB)

	Note	2015/16		2014/15		Change in %
		€ k	€ k	€ k	€ k	
Sales	(21)	689,643		651,110		5.9%
Cost of sales		(353,287)		(345,300)		2.3%
Gross profit on sales		336,356		305,810		10.0%
Sales and marketing expenses		(107,554)		(103,990)		3.4%
General and administrative expenses		(33,110)		(35,135)		-5.8%
R&D costs		(87,828)		(79,107)		
minus subsidies received		23	(87,805)	27	(79,080)	11.0%
Other operating income	(24)		32,554		39,105	-16.8%
Other operating expenses	(25)		(41,553)		(43,166)	-3.7%
Income from investments and long-term loans	(26)		2,505		2,797	-10.4%
Other interest and similar income	(26)		749		695	7.8%
Amortization of financial assets and investments classified as current assets	(26)		(20,500)		(16,000)	28.1%
Interest and similar expenses	(26)		(768)		(11,959)	-93.6%
Result from ordinary activities			80,874		59,077	36.9%
Extraordinary expenses			(6,970)		(748)	831.8%
Extraordinary result	(27)		(6,970)		(748)	831.8%
Income taxes	(28)		(30,904)		(24,705)	25.1%
Profit after tax			43,000		33,624	27.9%
Other taxes	(29)		(253)		(274)	-7.7%
Net income for the year			42,747		33,350	28.2%
Retained profits brought forward from prior year			103,714		102,888	0.8%
Dividend			(30,897)		(32,524)	-5.0%
Net retained profits			115,564		103,714	11.4%

Notes to the financial statements

for fiscal year 2015/16

GENERAL INFORMATION AND EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1 Description of operations

Carl Zeiss Meditec AG, Jena (the "Company") is engaged in the development, manufacture and marketing of products and systems as well as the rendering 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.

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 absorbing company, merged a number of subsidiaries by assuming the assets of the transferor 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 Company's commercial register on 1 June 2011.

3 Development of share capital and capital reserves in fiscal year 2015/16

Authorized capital

The Annual General Meeting on 6 April 2016 resolved to eliminate the existing authorized capital and to authorize the Management Board, with the consent of the Supervisory Board, to increase the share capital by up to €40,654,805.00 against cash and/or contributions in kind by issuing new no-par value bearer shares until 5 April 2021 (Authorized Capital).

Based on this resolution of the Annual General Meeting on 6 April 2016 the Management Board is also 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, for which the subscription rights are excluded, are equivalent to no more than 10% of the share capital, neither on the date the increase becomes effective, nor on the date this authorization is exercised, and the issuing price of the new shares is not significantly lower than the market price of shares of the same type and structure already publicly quoted. Sales of own shares on the basis of other authorizations pursuant to Section 186 (3) sentence 4 AktG must be taken into account in the restriction to 10% of the share capital;
- » for capital increases against contributions in kind to grant shares for the purpose of acquiring companies, parts of companies or interests in companies.

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

This resolution was entered in the Company's commercial register on 21 April 2016.

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 existing 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 own shares is excluded – or
- » to use them within the scope of mergers with companies or to purchase companies, parts of companies or shares in companies – noting that the right of shareholders to subscribe to 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 Company did not make use of these authorizations during fiscal year 2015/16.

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

The figures in the annual financial statements of Carl Zeiss Meditec AG for the fiscal year ending on 30 September 2016 are stated in thousands of euros (€k) – 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), as they apply in the EU. 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 made available for inspection on Carl Zeiss Meditec AG's website at <http://www.zeiss.com/meditec-ag/investor-relations>.

The following accounting and valuation methods were again applied for the preparation of the annual financial statements.

5 Information and explanatory 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. Write-downs to the lower of cost or market are performed where impairments are expected to be permanent. Internally generated intangible assets are not recognized.

The goodwill arising from the merger transactions on 1 October 2010 is amortized in accordance with the expected useful life. This is more than 5 years, provided that the purchased assets can be expected to make a positive contribution to earnings over a longer period. The estimated useful life of the 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 to be 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 2016, no use had been made of the option to capitalize development costs.

Tangible assets

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 shall be made to the straight-line method in the year in which the straight-line method results in higher annual depreciation amounts for the first time. The other assets are depreciated on a straight-line basis. Low-value assets up to a value of €410.00 are written off in full in the year of acquisition. Additions to tangible assets are depreciated pro rata temporis.

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

Financial assets

Under financial assets shares in affiliated companies are recognized at cost and loans to affiliated companies are recognized at nominal value. 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 Prof. Dr. Klaus Heubeck's 2005 G mortality tables.

As of 30 September 2016 measurement is based on the following accounting principles:

» Discount rate pursuant to the German Regulation on the Discounting of Provisions (<i>Rückstellungsabzinsungsverordnung</i>):	4.08% p.a.
» Pension growth:	1.75% p.a.
» Salary growth:	2.75% p.a.
» Fluctuation factor:	2.00% p.a.

In the prior years the difference arising from the first-time application of the BilMoG pursuant to Section 67 (1), Sentence 1 Introductory Act to the German Commercial Code (EGHGB) was added in increments of one fifteenth. Contrary to the previously applied 1/15 rule, the remainder of the asset-side difference (€6,970k) was immediately recognized as an expense under extraordinary expenses in fiscal year 2015/16.

The assets that are withheld from access to all other creditors and that are exclusively used to fulfill liabilities arising from pension commitments or similar long-term commitments (plan assets in the sense of Section 246 (2) Sentence 2 HGB), are recognized at fair value and offset against the relevant pension or other long-term commitments.

If there is no active market that can be used as a basis for calculating the fair value, the fair value is determined using the following valuation methods: present value method and option pricing model.

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. Long-term provisions are measured at their net present value using the discount rates appropriate for the term in accordance with the German Regulation on the Discounting of Provisions (*Rückstellungsabzinsungsverordnung*).

Liabilities

Liabilities are stated at their respective amounts payable.

Foreign currency translation

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

Deferred taxes

Deferred taxes are calculated, pursuant to Section 274 HGB, in accordance with the balance sheet-orientated method (temporary concept). Deferred tax assets are offset against deferred tax liabilities. After offsetting, the Company still has an overhang of deferred tax liabilities. Deferred taxes are measured based on the company-specific tax rate of 29.87%, in the amount of €1,372k (prior year: tax rate: 29.87%, in the amount of €10,899k).

Deferred taxes relate to the balance sheet items listed below:

Balance sheet item	30 Sep 2016	
	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	

Amounts excluded from distribution

As of the balance sheet date there is a payout block in the amount of €14,513k (prior year: €4,415k) pursuant to Section 268 (8) HGB, arising both from the fair valuation of plan assets in the amount of €8,812k (prior year: €6,295k), less deferred tax liabilities attributable thereto of €2,632k (prior year: €1,880k), and from the difference in the recognition of pension commitments in the amount of €11,882k, less deferred tax liabilities attributable thereto of €3,549k, due to additional application of Section 253 (6) for the first time in this fiscal year. This is offset by sufficient reserves, and therefore there is no blocking effect as a result of the payout block for the net income for fiscal year 2015/16.

Derivative financial instruments

As a company with global operations, Carl Zeiss Meditec is exposed to the effects of exchange rate fluctuations and enters into currency forward contracts to hedge against its currency risks based on planned transactions in foreign currencies as hedges for peaks of receivables and liabilities. 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\$ 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. A provision for contingent losses was set up in the amount of €15,129k (nominal value: €317,621k) for currency forward contracts with a negative market value in the same amount. An amount of €7,201k thereof related to a derivative to hedge against a planned dividend distribution of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan in JPY. The currency forward contracts with a positive market value amount to €3,470k (nominal value: €137,734k).

NOTES TO INDIVIDUAL ITEMS IN THE BALANCE SHEET

6 Fixed assets

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

Tangible assets in the fiscal year relate in particular to tools (€3,726k), production facilities and test equipment (€539k), as well as the assumption of service and study equipment into fixed assets (€485k).

The declines in loans to affiliated companies mainly relate to the settlement of a loan granted to Atlantic S.A.S. in fiscal year 2013/14 (€12,500k) and the write-down of a loan to the subsidiary Carl Zeiss Meditec Iberia S.A., in the amount of €13,000k. Due to the currently difficult economic and political environment in the local Spanish market, this subsidiary was unable to achieve its financial targets in the past fiscal year 2015/16. In principle, however, Carl Zeiss Meditec AG continues to work on the going concern assumption.

Other loans include a disposal in connection with the payment of €213k to the contractual trust arrangement for accrued flexitime.

	Acquisition and production costs						Accumulated depreciation and amortization						Net book value	
	1 Oct 2015	Additions	Evaluation	Reclassifications	Disposals	30 Sep 2016	1 Oct 2015	Depreciation and amortization in the fiscal year	Disposals	Reclassifications	Reversal of impairment losses	30 Sep 2016	30 Sep 2016	1 Oct 2015
	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
Purchased concessions, industrial property rights and similar rights and assets, and licenses in such rights and assets	142,354	7,162	-	-	-	149,516	61,397	10,994	-	(1)	-	72,390	77,126	80,957
Goodwill	110,012	-	-	-	-	110,012	36,671	7,334	-	-	-	44,005	66,007	73,341
	252,366	7,162	-	-	-	259,528	98,068	18,328	-	(1)	-	116,395	143,133	154,298
Tangible assets														
Land, land rights and buildings, including buildings on third-party land	4,828	31	-	-	119	4,740	2,285	317	115	-	384	2,103	2,637	2,543
Technical equipment and machinery	12,197	318	-	-	265	12,250	7,096	1,080	202	-	-	7,974	4,276	5,101
Other equipment, furniture and fixtures	32,618	4,824	-	671	600	37,513	23,706	3,512	489	-	-	26,728	10,784	8,912
Payments on account and assets under construction	693	274	-	(671)	-	296	-	-	-	-	-	-	296	693
	50,336	5,447		-	984	54,799	33,087	4,909	806	-	384	36,805	17,993	17,249
Financial assets														
Shares in affiliated companies	251,948	-	-	-	-	251,948	-	-	-	-	-	-	251,948	251,948
Loans to affiliates	122,549	8,174	17	-	19,286	111,454	16,000	13,000				29,000	82,454	106,549
Investments	2	-	-	-	-	2	-	-	-	-	-	-	2	2
Other loans	956	-	-	-	213	743	-	-	-	-	-	-	743	956
	375,455	8,174	17	-	19,499	364,147	16,000	13,000	-	-	-	29,000	335,147	359,455
	678,157	20,783	17	-	20,483	678,474	147,155	36,237	806	(1)	384	182,200	496,273	531,002

7 Inventories

Inventories (€96,085k; prior year: €95,489k) include cumulative depreciation, amortization and write-downs totaling €18,965k (prior year: €16,394k).

8 Trade receivables

Trade receivables amount to €33,216k as of the balance sheet date (prior year: €30,515k), including cumulative specific and global valuation allowances totaling €2,722k (prior year: €1,770k). Discounted trade receivables amounting to €2,566k (prior year: €1,866k) are due in more than one year.

9 Receivables from/liabilities to affiliated companies

The balances disclosed under receivables from affiliated companies comprise trade receivables (€92,789k; prior year: €86,907k), receivables from the Group treasury of the ZEISS Group of €236,376k (prior year: €206,075k) and other receivables (€30,794k; prior year: €2,681k). Other receivables include a write-down of short-term receivables from the subsidiary Carl Zeiss Meditec Iberia S.A., in the amount of €7,500k. As of the balance sheet date there were no receivables due after more than one year (prior year: €265k).

Receivables from shareholders amounted to €1,991k (prior year: €1,386k).

Liabilities to affiliated companies consist of trade payables of €43,398k (prior year: €35,424k), and other liabilities of €2,053k (prior year: €2,714k).

Liabilities to shareholders amount to €9,622k (prior year: €5,702k).

10 Other assets

Other assets amount to €11,031k as of the balance sheet date (prior year: €9,099k). These mainly include other domestic receivables amounting to €10,230k (prior year: €8,725k), most of which are receivables from tax authorities from advance VAT returns, receivables for payments on account in the amount of €444k (prior year: €223k) and for creditors with debit balances in the amount of €288k (prior year: €125k).

11 Cash-in-hand and bank balances

Cash refers solely to bank balances. Term deposit balances are deposited with the Group treasury of the ZEISS Group and are recognized under "Receivables from affiliated companies".

12 Prepaid expenses

The other prepaid expenses include rent in the amount of €332k, vacation pay of €361k and other prepaid expenses totaling €8k.

13 Asset-side difference arising from asset offsetting

The asset-side difference arises from the offsetting, in accordance with Section 246 (2) Sentence 2 HGB, of provisions for pensions with the CTA plan assets, which serve exclusively to fulfill pension commitments and are withheld from access to all other creditors. As of 30 September 2016 there is therefore an asset-side difference in the amount of €10,022k. The remaining provision for pensions thus amounts to €1,603k.

14 Equity

Subscribed capital

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

Capital reserves

As of 30 September 2016 capital reserves still amounted to €646,454k.

Sales reserves

As of 30 September 2016 revenue reserves still amounted to €2,940k

Net retained profits

Based on Carl Zeiss Meditec AG's net income for the year of €42,747k, taking into consideration the retained profits brought forward from the previous year of €103,714k, and less the dividend payment of €30,897k, net retained profits amounted to €115,564k as of 30 September 2016.

15 Special reserve for investment subsidies

The special reserve for investment subsidies includes investment grants and subsidies carried as liabilities in the amount of €81k

16 Provisions

Provisions for pensions and similar obligations

The assets that have been transferred in trust to Carl Zeiss Pensions-Treuhand e.V., Oberkochen, as part of a CTA are therefore earmarked assets for the fulfillment of pension commitments to active employees of the Company, are plan assets in the sense of Section 246 (2) Sentence 2 HGB and are therefore offset at fair value against the respective pension commitments.

Information on offsetting pursuant to Section 246 (2) Sentence 2 HGB:

	<u>2015/16</u>
	€k
Amount payable for pensions and similar obligations	71,359
Acquisition costs for plan assets	70,965
Fair value of plan assets	79,777
Offset expenses	(2,544)
Offset income	2,897

The difference between the recognition of pension provisions with a 10-year average market interest rate and the recognition of pension provisions with a 7-year average market interest rate amounts to €11,882k, less €3,549k in associated deferred tax liabilities.

The disclosures on the settlement amount for pension commitments and on plan assets also include the values of the obligations arising from deferred compensation and the relevant claims from reinsurance policies. The corresponding personnel expenses are included under pension costs; the interest expenses of the obligations, the current income from the plan assets and the income or expenses arising from changes in the fair value of the plan assets are carried under interest income.

Tax provisions

This item includes corporation and trade tax.

Sundry other provisions**Partial retirement arrangements**

The amount payable for provisions for partial retirement arrangements is €670k as of 30 September 2016. The fair value of the CTA plan assets against which these provisions are offset is €470k. The resulting interest expenses amount to €15k.

Miscellaneous other provisions

- » Currency forward contracts (€15,129k, prior year: €2,810k)
- » Outstanding invoices (€14,982k, prior year: €8,882k)
- » Other provisions relating to personnel (€9,538k, prior year: €10,160k)
- » Warranties (€3,558k, prior year: €4,481k)
- » Special payments to employees (€3,160k, prior year: €1,873k)
- » Losses on supply and purchase commitments (€2,191k, prior year: €1,189k)
- » Litigation risks (€1,498k; prior year: €2,302k)

17 Liabilities

Liabilities of Carl Zeiss Meditec AG relate to unsecured liabilities of €86,817k (prior year: €71,241k), thereof €630k (prior year: €0k) due in more than one year.

Trade payables

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

Other liabilities

Other liabilities mainly consist of import sales tax payable of €1,255k (prior year: €1,768k), as well as liabilities from withheld wage and church tax of €1,799k (prior year: €1,416k).

Maturity structure of liabilities

	30 Sep 2016			30 Sep 2015		
	Total	thereof due within one year	thereof due in 1 to 5 years	Total	thereof due within one year	thereof due in 1 to 5 years
	€k	€k	€k	€k	€k	€k
Trade payables	37,348	36,719	629	29,657	29,657	-
Liabilities to affiliated companies	45,450	45,450	-	38,138	38,138	-
Other liabilities, including liabilities to other investees and investors	4,019	4,019	-	3,446	3,446	-
thereof from taxes	2,948	2,948	-	3,184	3,184	-
thereof for social security	-	-	-	-	-	-

18 Deferred income

This item relates to deferred income for service and maintenance contracts extending beyond the end of the fiscal year.

19 Deferred tax liabilities

Deferred tax liabilities amount to €1,372k (prior year: €10,899k).

20 Contingent liabilities and other financial commitments

Contingent liabilities

As of the balance sheet date there were limited guarantees with a total value of €28,656k (prior year: €36,043k), thereof in favor of affiliated companies, €28,656k (prior year: €36,043k).

Utilization of this liability is considered unlikely, since this item consists exclusively of intragroup contingent liabilities. Equity investments are tested regularly for impairment – and revalued, if necessary – particularly within the scope of preparing the annual financial statements. These tests did not identify any risks that jeopardize the continuation of operations of the equity investments.

Off-balance-sheet transactions/Other financial commitments

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

Rental agreements give rise to the following financial obligations:

	<u>30 Sep 2016</u>
	€k
due 2016/17	6,996
thereof to affiliated companies	4,876
due 2017/18 to 2020/21	19,377
thereof to affiliated companies	11,151
due after 2020/21	11,947
thereof to affiliated companies	3,423

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 and Berlin.

The following financial commitments exist due to leases:

	30 Sep 2016
	€k
due 2016/17	1,261
thereof to affiliated companies	600
due 2017/18 to 2020/21	2,022
thereof to affiliated companies	1,350
due after 2020/21	-
thereof to affiliated companies	-

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 €1,905k (prior year: €1,485k).

NOTES TO INDIVIDUAL ITEMS IN THE INCOME STATEMENT

21 Sales

	2015/16	2014/15
	€k	€k
Sales by region		
Germany	52,729	52,990
Europe, Middle East and Africa	201,703	211,179
Asia/Pacific region	290,289	237,839
Americas	144,922	149,102
Total	689,643	651,110

	2015/16	2014/15
	€k	€k
Sales by business unit		
Microsurgery SBU	218,351	215,126
Ophthalmic Devices SBU	471,292	435,984
Ophthalmic Systems	219,532	194,849
Surgical Ophthalmology	251,760	241,135
Total	689,643	651,110

22 Cost of materials

	2015/16	2014/15
	€k	€k
A) Cost of raw materials, consumables and supplies, and of purchased merchandise	322,967	303,202
b) Cost of purchased services	2,120	1,573
Total	325,087	304,775

23 Personnel expenses

	2015/16	2014/15
	€k	€k
a) Wages and salaries	92,320	86,745
b) Social security, post-employment and other employee benefit costs	14,832	16,659
thereof in respect of post-employment benefits	1,253	3,711
Total	107,152	103,404

24 Other operating income

The other operating income of €32,554k (prior year: €39,105k) includes income from currency translation of €17,503k (prior year: €22,366k), prior-period income from the reversal of provisions of €5,216k (prior year: €4,607k), on-charging to Group companies of €9,630k (prior year: €11,634k), investment subsidies/grants of €104k (prior year: €193k), as well as accounting profits from the disposal of assets of €101k (prior year: €305k).

25 Other operating expenses

This item includes costs of foreign currency translation amounting to €30,984k (prior year: €36,613k) and expenses for the development of distribution activities of growing business areas in the USA amounting to €10,569k (prior year: €6,553k).

26 Financial result

	2015/16	2014/15
	€k	€k
Income from investments and long-term loans	2,505	2,797
thereof from affiliated companies	2,505	2,797
Other interest and similar income	749	695
thereof from affiliated companies	157	426
Write-downs of long-term financial assets and securities classified as current assets	20,500	16,000
thereof from financial assets of affiliated companies	13,000	16,000
thereof from receivables from affiliated companies	7,500	-
Other interest and similar expenses	768	11,959
thereof from pension provisions	-	11,701
thereof from interest cost	151	120
thereof from back payment of taxes	554	61
thereof from other interest expense	63	77
	(18,014)	(24,467)

27 Extraordinary result

The extraordinary result is solely attributable to extraordinary expenses; at €6,970k (prior year: €748k), these relate exclusively to pension provisions, which were fully expensed this year, contrary to the previously applied 1/15 rule.

28 Taxes on income

Taxes on income are based entirely on the result from ordinary activities. This item also includes the income recognized from the change in deferred taxes, in the amount of €9,526k (prior year: €4,902k).

29 Other taxes

The item other taxes includes employee-related taxes amounting to €240k (prior year: €167k), vehicle tax of €22k (prior year: €23k) and property tax of €15k (prior year: €15k). It also includes foreign input tax of €51k (prior year: €69k) and the reimbursement of foreign input tax in the amount of €77k (prior year: €0k).

OTHER MANDATORY DISCLOSURES

30 Auditor's fees

	2015/16	2014/15
	€k	€k
a) Auditing of financial statements (annual financial statements and consolidated financial statements)	287	301*
b) Other auditing services	6	54
c) Tax advisory services	-	-
Total	293	355

* thereof for auditors in fiscal year 2014/15 €49k, in fiscal year 2015/16

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) of the following changes in voting rights:

Oppenheimer Funds, 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. The share of voting rights amounted to 2,446,168 as of 11 May 2015, based on the total of 81,309,610 voting shares – rounded to two decimal places – in other words, 3.01% of the voting rights are attributable to OppenheimerFunds, Inc. pursuant to Section 22 (1) Sentence 1, No. 6 WpHG. In addition, on 30 June 2016 Noerr LLP, Munich, Germany informed Carl Zeiss Meditec AG, Jena, Germany, pursuant to Section 21 (1) WpHG, that Oppenheimer International Small-Mid Company Fund, Centennial, Colorado USA exceeded the threshold of 3% of the voting rights in Carl Zeiss Meditec AG (ISIN DE0005313704, WKN: 531370) on 24 June 2016. On 26 June 2016 the share of voting rights amounted to 2,447,882 voting shares, based on the total of 81,309,610 voting shares - rounded to two decimal places - in other words, 3.01%.

32 Information on shareholdings

Composition and development

Name and registered office of the Company	Currency	Share of voting capital (in %)	Equity as of 30 Sep 16 translated at the closing rate* as of the balance sheet date	thereof profit/loss for fiscal year 2015/16 translated at average annual exchange rate*
Carl Zeiss Meditec Inc., Dublin, USA	USDk	100.00	178,234	-15,902
	€k		159,694	-14,320
Aaren Scientific Inc., Ontario, USA	USDk	100.00	5,599	2,132
	€k		5,017	1,920
Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany	€k	100.00	68,394	67
Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain	€k	100.00	5,966	269
Carl Zeiss Meditec Co. Ltd. Tokyo, Japan	JPYk	51.00	12,076,321	481,939
	€k		106,785	3,885
Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi A.S., Ankara, Turkey	TRYk	100.00	21,706	614
	€k		6,465	189
Carl Zeiss Meditec Vertriebsgesellschaft mbH, Oberkochen, Germany	€k	100.00	23,428	8,246
Atlantic S.A.S., Périgny/ La Rochelle, France	€k	100.00	89,078	2,635
HYALTECH Ltd., Livingston, United Kingdom	GBPk	100.00	9,056	1,495
	€k		10,518	1,911
France Chirurgie Instrumentation S.A.S., Paris, France	€k	100.00	8,380	1,633
Carl Zeiss Meditec France S.A.S., Marly-le-Roi, France	€k	100.00	6,819	1,226
Carl Zeiss Meditec S.A.S., Périgny/La Rochelle, France	€k	100.00	9,377	723
France Chirurgie Instrumentation SUD Ltd., Quatre Bornes, Mauritius	€k	100.00	2,080	286
France Chirurgie Instrumentation Ophthalmics Inc., Pembroke, USA	USDk	100.00	5,038	1,178
	€k		4,514	1,061
Oraya Therapeutics, Inc., Newark, USA	USDk	29.61	-2,422	-3,798
	€k		-2,170	-3,420
Hexavision S.A.R.L, Paris, France **	USDk	100.00		
	€k			

* The figures are based on the values calculated in accordance with the respective national accounting standards.

** Aaren Scientific Inc. has a distribution company in France, which is, however, of secondary importance due to its suspended or very limited operations.

33 Information on employees

Number of employees

The Company had an average of 1,183 employees during fiscal year 2015/16 (prior year: 1,174 employees), plus 5 trainees (prior year: 7 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	467
Sales	314
Administration	96
Research and development	306
Total	1,183

As of the balance sheet date 30 September 2016 the Company had a workforce of 1,196, plus 5 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 2015/16 and entered in the commercial register:

Member of Management Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
<p>Dr. Ludwin Monz</p> <p>President and CEO of Carl Zeiss Meditec AG</p> <p>Physics graduate, MBA</p> <p>Area of responsibility: SBU "Ophthalmic Systems", strategic business development, Group functions Human Resources, Corporate Communications, MarCom, Digital</p> <p>Year of first appointment 2007</p> <p>In addition: Member of the Executive 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 Ltd., Cambridge, United Kingdom</p> <p>» Chairman of the Board of Directors of Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain</p> <p>» Chairman of the Board of Directors of Carl Zeiss S.p.A., Arese, Italy (until 1 December 2015)</p>	<p>» Member of the Board of the International Council of Ophthalmology Foundation, San Francisco, USA (until 27 September 2016)</p>
<p>Thomas Simmerer (until 30 September 2016)</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 (until 31 August 2016)</p> <p>» Chairman of the Board of Directors of Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain (until 30 September 2016)</p> <p>» Chairman of the Board of Directors of Carl Zeiss Meditec France S.A.S., Marly-le-Roi, France (until 30 September 2016)</p> <p>» Member of the Board of Directors of Carl Zeiss S.p.A., Arese, Italy (until 30 September 2016)</p> <p>» Member of the Board of Directors of Carl Zeiss GmbH, Vienna, Austria (until 30 September 2016)</p> <p>» Member of the Administrative Board of Carl Zeiss AG, Hombrechtikon, Switzerland (until 12 January 2016)</p> <p>» Member of the Board of Directors of Carl Zeiss de Mexico S.A. de C.V., Mexico City, Mexico (until 30 September 2016)</p>	<p>» Member of the Advisory Board of Ondal Holding GmbH, Hünfeld, Germany</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 Carl Zeiss Meditec Co. Ltd., Tokyo, Japan (since 1 September 2016)</p>	<p>» Member of the Board of Directors of Oraya Therapeutics, Inc., Newark, USA (in liquidation)</p>

Remuneration paid to the active members of the Management Board in fiscal year 2015/16

The total remuneration paid to the active members of the Management Board pursuant to Section 314 (1) No. 6a HGB amounted to €2,201k in fiscal year 2015/16 (prior year: €1,665k). Details of this remuneration are contained in the remuneration report in the consolidated management report.

Projected unit credits for pensions for former members of the Company's Management Board amounted to €557k (prior year: €535k).

Supervisory Board

The Supervisory Board of Carl Zeiss Meditec AG had the following members in fiscal year 2015/16:

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., Kwai Chung/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 (until 31 December 2015) » Chairman of the Supervisory Board of Carl Zeiss Industrielle Messtechnik GmbH, Oberkochen, Germany » Chairman of the Board of Directors of Carl Zeiss Inc., Thornwood, USA (since 4 May 2016) 	<ul style="list-style-type: none"> » Member of the Supervisory Board, Audit Committee of Henkel AG & Co. KGaA, Düsseldorf, Germany » Member of the Supervisory Board, Audit Committee of Deutsche Telekom AG, Bonn, Germany » Member of the Supervisory Board of Robert Bosch GmbH, Stuttgart, Germany (since 8 April 2016)
Dr. Markus Guthoff Deputy Chairman (until 6 April 2016) Member of the Supervisory Board since 2004 Member of the Managing Board (CFO) of ALBA Group plc & Co. KG, Berlin, Germany	<ul style="list-style-type: none"> » none 	<ul style="list-style-type: none"> » none
Thomas Spitzenpfeil Dipl.-Wirtsch.-Ing. Member of the Supervisory Board since 2011 Member of the 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., Slidrecht, Netherlands (until 30 September 2015) » Chairman of the Board of Directors - Carl Zeiss N.V.-S.A., Zaventem, Belgium (until 30 September 2015) » Chairman of the Administrative Board of Carl Zeiss AG., Feldbach, Switzerland » Chairman of the Board of Directors of Carl Zeiss AB, Stockholm, Sweden » Member of the internal Advisory Board of Carl Zeiss GmbH, Vienna, Austria (until 29 October 2015) » Chairman of the Board of Directors of Carl Zeiss Inc., Thornwood, USA (until 3 May 2016) » Member of the Board of Directors of Carl Zeiss Inc., Thornwood, USA (since 4 May 2016) » Chairman of the Board of Directors of Carl Zeiss A/S, Birkerød, Denmark (until 15 July 2016) » Chairman of the Board of Directors of Brock & Michelsen Invest A/S, Birkerød, Denmark (until 15 July 2016) » Chairman of the Board of Directors of Carl Zeiss Co., Ltd., Tokyo, Japan » Chairman of the Supervisory Board of Carl Zeiss Jena GmbH, Jena, Germany (since 1 October 2015) 	<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 Deputy Chairwoman (since 6 April 2016) Member of the Supervisory Board since 2014 Executive Vice President Philips Healthcare, Andover, USA	» 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
Cornelia Grandy*	» none	» none
Member of the Supervisory Board since 2011 Service engineer and deputy chairwoman of the General 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 (until 6 April 2016) Dr. Carla Kriwet (since 6 April 2014)
Audit Committee	Dr. Markus Guthoff, Chairman Jörg Heinrich Prof. Dr. Michael Kaschke (until 6 April 2016) Thomas Spitzenpfeil (since 6 April 2016)
Nominating Committee	Thomas Spitzenpfeil, Chairman Dr. Markus Guthoff Dr. Carla Kriwet (until 6 April 2016) Prof. Dr. Michael Kaschke (since 6 April 2016)

Remuneration of the active members of the Supervisory Board in fiscal year 2015/16

The remuneration of the active members of the Supervisory Board amounted to €255k for fiscal year 2015/16 (prior year: €251k). The itemized breakdown of the remuneration paid to the Supervisory Board can be found in the combined management report accompanying the annual financial statements 2015/16.

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 www.zeiss.com/meditecag/investor-relations. The statement also cited which recommendations the Company does not yet comply with.

36 Appropriation of profits for fiscal year 2015/16

Fiscal year 2015/16 closes with net income for the year of €42,746,858.13. The Management Board proposes utilizing the net retained profits of €115,563,715.21 for fiscal year 2015/16 as follows:

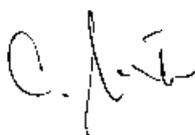
- » payment of a dividend of € 0.42 per no-par value share for 81,309,610 no-par-value shares:
€ 34,150,036.20
- » Carryforward of residual profit to new account: € 81,413,679.01

Jena, 24 November 2016
Carl Zeiss Meditec AG



Dr. Ludwin Monz

Chairman of the Management Board



Dr. Christian Müller

Member of the Management Board

Declaration by the legal representatives

pursuant to Section 297 (2) Sentence 4 HGB and
Section 315 (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 AG provide a true and fair view of the Company's net assets, financial position and results of operations, and the combined 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, 24 November 2016
Carl Zeiss Meditec AG



Dr. Ludwin Monz

Chairman of the Management Board



Dr. Christian Müller

Member of the Management Board

Audit opinion

We have issued the following audit opinion on the annual financial statements and the report on the position of the Company and the Group:

"We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the accounting and report on the position of the Company and the Group of Carl Zeiss Meditec AG, Jena, Germany, for the fiscal year from 1 October 2015 to 30 September 2016. The accounting and the preparation of the annual financial statements and the report on the position of the Company and the Group in accordance with German commercial law are the responsibility of the Company's legal representatives. Our duty is to express an opinion on the annual financial statements, together with the accounting and the report on the position of the Company and the Group, based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 German Commercial Code (*Handelsgesetzbuch*, HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, 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 report on the position of the Company and the Group are identified 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. Within the scope of the audit, the effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the accounting, the annual financial statements and the report on the position of the Company and the Group are primarily assessed on a random basis. The audit includes assessing the accounting principles applied and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the annual financial statements and the report on the position of the Company and the Group. We believe that our audit provides a reasonably reliable 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 report on the position of the Company and the Group is consistent with the annual financial statements and as a whole provides an accurate view of the Company's position and correctly presents the opportunities and risks of future development."

Eschborn/Frankfurt am Main, 24 November 2016

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Jäger
Auditor

Bätz
Auditor

Imprint/Disclaimer

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

Disclaimer

This report contains certain forward-looking statements concerning the development of Carl Zeiss Meditec AG. At the present time, 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 can therefore assume no liability for such a deviation. There are no plans to update the forward-looking statements for events that occur after the end of the reporting period.

Apparent addition discrepancies may arise throughout this interim report due to mathematical rounding.



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