Fiscal Year 2014/15 ZEISS Group

Annual Report of the ZEISS Group

Financial Highlights
(IFRSs)

	2014/15		2013/14		2012/13	
	€ m	%	€ m	%	€ m	%
Revenue	**4,511**	**100**	4,287	100	4,190	100
» Germany	547	12	515	12	513	12
» Other countries	3,964	88	3,772	88	3,677	88
Research and development expenses	**466**	**10**	448	10	414	10
EBIT	**369**	**8**	360	8	315	8
Consolidated profit/loss	**208**	**5**	190	4	175	4
Cash flows from operating activities	**396**		280		214	
Cash flows from investing activities	**-206**		-288		-98	
Cash flows from financing activities	**-25**		-86		72	
Total assets	**5,417**	**100**	5,056	100	4,916	100
Property, plant and equipment	**1,005**	**19**	1,013	20	977	20
Equity	**1,357**	**25**	1,249	25	1,234	25
Net liquidity	**374**		187		211	
Employees as of 30 September	**24,946**		24,817		24,623	
» Germany	10,895		10,773		10,804	
» Other countries	14,051		14,044		13,819	

More information at:
www.zeiss.com/annualreport

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SKYMASTER ZKP

International Year of Light

At the end of February the Deutsches Museum in Munich re-opened its planetarium featuring ZEISS technology. The first show took place during the official ceremony to mark the start of the International Year of Light in Germany.

Light is essential for human life. It was this that prompted the UNESCO General Conference to declare 2015 as the International Year of Light. The goal is to raise public awareness of the key role played by light in science and culture. Scientific findings about the workings of light have led to a deeper understanding of our planetary system, better treatment options in medicine and the invention of new means of communication.

As an innovation leader in the fields of optics and photonics, ZEISS conveys a clear message to the public: light is vital for science, technology, nature and culture. ZEISS shows how it has been harnessing light through future-oriented technologies for 170 years.

You can find more information at www.zeiss.com/iyol.

Foreword from the Executive Board

Ladies and Gentlemen,
Dear Friends of ZEISS,

Overall, ZEISS can look back on a successful 2014/15 fiscal year. Thanks to our broad portfolio we were able to continue the growth trajectory of the entire Group and increase our revenue and profit: revenue totaled €4.511b (prior year: €4.287b). This corresponds to an increase of 5 percent. Consolidated profit rose by 9 percent to €208m. In some markets and segments the fiscal year was very challenging. Two factors in particular impacted the company's business development – on the one hand, a healthy trend in our direct businesses, boosted by the still positive currency effects, and the strong headwind on the semiconductor market on the other.

Dr. Michael Kaschke

The following picture results in the individual segments: the Medical Technology segment grew substantially and successfully solidified and expanded its position on the healthcare market. The Research & Quality Technology segment grew overall: while the Microscopy business group remained below our expectations, the Industrial Metrology business group benefited from the positive trend on the automotive market, thanks in particular to its broad international footprint. The Vision Care / Consumer Optics segment posted an increase in revenue attributable, above all, to the successful launch of new products and is making a considerable contribution to the value added of ZEISS through an increase in its profitability. A downturn in business is evident in the Semiconductor Manufacturing Technology segment. This is due to overcapacity in the entire semiconductor market. Although there is still some delay in the use of Extreme Ultra Violet (EUV) lithography in microchip production, we still see enormous growth opportunities on the basis of this future-oriented technology.

2014/15 saw several highlights for ZEISS: the UNESCO General Conference declared 2015 as the International Year of Light in order to draw the public's attention to the importance of light in science and culture. ZEISS played an active role in numerous associated events such as the official opening in the Deutsches Museum in Munich and the *Highlights of Physics* science festival, and organized another *Microscopy Day*.

All markets of ZEISS offer major potential. To leverage this potential, we will continue to focus on our innovative strength. In recent years ZEISS has heavily invested in innovations and the portfolio in order to optimally meet the needs of our customers. For the future, we expect a surge in demand for new solutions in the field of healthcare and Industry 4.0. We have laid the necessary foundations to ensure that we play a leading role in the markets of the future. To meet this goal, we will continue to sharpen our customer focus and increase productivity and efficiency in all areas.

Our success would not have been possible without the commitment and expertise of our ZEISS employees and the trust of our business partners and customers. Also on behalf of my colleagues on the Executive Board, I would like to extend my thanks to everyone for this.

Oberkochen, December 2015

Dr. Michael Kaschke
President and Chief Executive Officer

Report of the Supervisory Board (excerpt)

Dr. Dieter Kurz

Ladies and Gentlemen,

In fiscal year 2014/15 the Supervisory Board oversaw and advised the Executive Board in accordance with the duties entrusted to supervisory boards by law, the articles of association and rules of internal procedure. The Executive Board provided us with written and verbal information about the business situation and development, the current earnings situation, the risk situation, risk management, short-term and long-term planning, investments and organizational measures. I was also in close contact with the Executive Board and received information about the development of the business situation and important business transactions. The Supervisory Board was involved in all decisions of importance for ZEISS and passed the resolutions required by law, the articles of association and rules of internal procedure. Our decisions were based on the reports and decisions proposed by the Executive Board which we subjected to in-depth scrutiny.

The Executive Board's proposal to pay a dividend of €12.5m from net income to the sole stockholder, the Carl Zeiss Foundation (Carl Zeiss Stiftung), was approved.

The Supervisory Board thanks the members of the Executive Board and all employees of the ZEISS Group for their achievements in the successful 2014/15 fiscal year.

Oberkochen, December 2015
On behalf of the Supervisory Board

D. Kurz

Dr. Dieter Kurz
Chairman of the Supervisory Board

You can find the complete report of the Supervisory Board on page 18.

Carl Zeiss AG Executive Board

Dr. sc. nat. Michael Kaschke
President and Chief Executive Officer

Member of the Executive Board responsible for:
» Research & Quality Technology
» Strategic Corporate Development
» Corporate Communications
» Corporate Legal & Patents
» Corporate Human Resources
» the sales and service companies in Australia, China, India, Southeast Asia, Brazil, Mexico and South Africa

Joined ZEISS in 1992, Member of the Executive Board since 2000, President and Chief Executive Officer since 2011

Dr. rer. nat. Hermann Gerlinger

Member of the Executive Board responsible for:
» Semiconductor Manufacturing Technology (President & Chief Executive Officer, Carl Zeiss SMT GmbH)
» Corporate Research & Technology
» Corporate Security
» the sales and service company in South Korea

Joined ZEISS in 1984, Member of the Executive Board since 2006

Dr. rer. pol. Matthias Metz[1]

Member of the Executive Board responsible for:
» Vision Care[1]/Consumer Optics[2] (President and Chief Executive Officer of Carl Zeiss Vision International GmbH[2])
» the sales and service companies in Austria, Belgium, Italy, the Netherlands and Switzerland

Joined ZEISS as a Member of the Executive Board in 2015

[1] Since 1 July 2015
[2] From 1 October 2015

Dr. rer. nat. Ludwin Monz

Member of the Executive Board responsible for:
» Medical Technology (President and Chief Executive Officer of Carl Zeiss Meditec AG)
» Corporate Quality Management
» the sales and service companies in France, the United Kingdom, Spain and Turkey

Joined ZEISS in 1994, Member of the Executive Board since 2014

Thomas Spitzenpfeil

Member of the Executive Board responsible for:
» Vision Care[3]/Consumer Optics[4]
» Corporate Finance & Controlling
» Corporate Information Technology
» Corporate Auditing & Risk Management
» Financial Services
» Consolidation & Accounting Center
» Business Services & Infrastructure
» Shared Production Unit
» the sales and service companies in the USA (holding company), Canada, Japan (holding company), Czech Republic, Nordics and Poland

Joined ZEISS as a Member of the Executive Board in 2010

[3] Until 30 June 2015
[4] Until 30 September 2015

Sites

ZEISS is represented in over 40 countries and employs around 25,000 people worldwide. The ZEISS Group operates more than 30 manufacturing sites, over 50 sales and service locations and about 25 research and development centers. The company is headquartered in Oberkochen in southwestern Germany.

More information at:
www.zeiss.com/annualreport/sites

Production site
Sales & service site
Research & development site

Fiscal Year Highlights in the International Year of Light

ZEISS has been writing success stories with new technologies ever since the company was founded. Light has always played a key role in its business, whether in the form of projection systems for planetariums, light microscopes for research, optical measuring systems, vision care products for better vision, or powerful camera lenses and binoculars. During the International Year of Light organized by UNESCO, ZEISS has organized and supported numerous initiatives. And with its new products, solutions and other highlights, ZEISS is as committed as ever to showing people the importance of light.

ZEISS supports the *Free Lunch Fund*
108,560 hot meals, free visual devices, and a selection of small gifts for children growing up in poverty – the ZEISS Better Vision campaign certainly had a busy year! The donations from ZEISS go toward helping the *Free Lunch Fund* organization.

October

November

December

New customer center opened
To further sharpen its focus on customer requirements, ZEISS opened its new Industrial Metrology Customer Center in Oberkochen. By moving the application and software development areas closer together at the heart of the Customer Center, ZEISS has further increased the speed of the product development process.

ZEISS VR ONE virtual reality headset
ZEISS launched its mobile virtual reality headset ZEISS VR ONE. Users can combine the ZEISS VR ONE with their smartphone to navigate the virtual world. By using their smartphone's camera, they can also enjoy the opportunities offered by augmented reality.

1.7x

higher resolution

ZEISS LSM 800 confocal microscope with Airyscan
This compact system enables users to create multidimensional 3D images for biomedical research. With its highly sensitive GaAsP detector technology and fast linear scanning, ZEISS LSM 800 provides superior image quality and offers enhanced productivity and throughput for the flexible examination of living cells. The optional Airyscan module delivers 1.7 times higher resolution and higher sensitivity than traditional confocal microscopes.

Official opening of planetarium near Prague
The new planetarium in the Czech city of Hradec Králové, which is equipped with ZEISS technology, opened its doors at the beginning of the year. The modern planetarium features a 12-meter dome and seats 100 people.

INTERNATIONAL YEAR OF LIGHT 2015

More than
100
partners are supporting the initiative worldwide

Around
700
events in Germany alone

International Year of Light
At the end of February the Deutsches Museum in Munich re-opened its planetarium. The first show took place during the official ceremony to mark the start of the International Year of Light in Germany. ZEISS equipped the new dome with a ZEISS Skymaster ZKP4 opto-mechanical projector, six ZEISS VELVET digital projectors, and a ZEISS powerdome computer system.

January

February

March

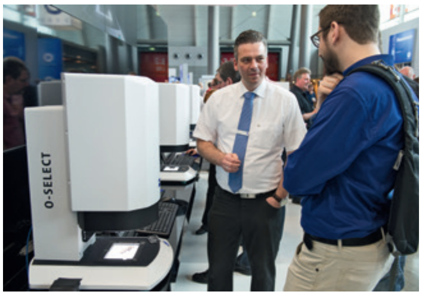
ZEISS strengthens its presence in the Arab world
ZEISS opened its new office in Dubai, entering into a partnership with the Dubai branch of the Moorfields Eye Hospital to provide targeted training to ophthalmologists in the region. The hospital also serves as a reference center for ophthalmic solutions from ZEISS. Light plays a key role in ophthalmology, for example by helping to correct defective vision quickly and gently using laser surgery.

64%
less glare

ZEISS DriveSafe lenses – the perfect solution for drivers
ZEISS introduced DriveSafe eyeglass lenses, combining an optimized design with a special coating to help drivers cope with difficult light conditions. The special ZEISS DuraVision® DriveSafe coating reduces distracting glare by up to 64 percent.

ZEISS takes center stage at the Oscars®
Multiple movies filmed with ZEISS lenses received one or more Oscars® at the 87th Academy Awards ceremony. *Birdman*, which won categories including Best Picture and Best Cinematography, used ARRI/ZEISS Master Prime lenses for many of its sequences. ZEISS cine lenses are renowned for their incredible speed.

New standard in visual field testing
ZEISS presented the next generation in visual field testing and analysis in Coronado (California, USA): the ZEISS Humphrey® HFA3 Field Analyzer offers doctors two outstanding benefits. It replaces the lengthy, error-prone manual process of trial lens correction and simultaneously optimizes the examination workflow.



Measure reliably at the push of a button
Implementing and automating the complex interaction of optics and illumination in the form of a cutting-edge metrology solution makes a measurement traceable, reproducible and therefore reliable. Thanks to its high level of automation, the new optical ZEISS O-SELECT measuring system for 2D parts makes this all possible.

Fewer than
20
nanometers

Smartphone sales rise
Worldwide smartphone sales hit 1.3 billion in 2014, and this figure is expected to climb to more than 1.44 billion in 2015. The majority of smartphones contain microchips which are produced with technology developed by the ZEISS Semiconductor Manufacturing Technology business group. Thanks to innovative EUV lithography using extreme ultraviolet light, ZEISS is now able to generate structures measuring fewer than 20 nanometers for the very first time.

Entering the 3D digitization market
With its acquisition of a majority interest in the company Steinbichler Optotechnik GmbH, ZEISS has accelerated its entry into the optical 3D digitization sector. Steinbichler Optotechnik GmbH is one of the world's leading providers of systems for digitization with optical 3D sensors and in surface inspection on car body and sheet metal parts.

April

Participation in the International Year of Light
As an active partner and sponsor of the International Year of Light, ZEISS has primarily supported activities for children and young people. These included optics-related events at the Goethe Gallery in Jena as well as the *SciFest* festival in Finland. This events focused on interactive experiments for children, young people and families. ZEISS provided sponsorship in the form of periscope building sets which allowed visitors to discover the key principles of optics through hands-on experience.

May

22,000
attendees

ZEISS wows the crowds in New York
ZEISS took the opportunity of this year's *Vision Expo East (VEE)* show to present two of its innovations in the USA for the very first time – its Progressive Lens Portfolio and ZEISS DuraVision coatings. With more than 22,000 attendees from 90 countries, the VEE is regarded as the premier show for eyeglass lens and frame manufacturers.

June

ZEISS sets standards for outdoor binoculars
ZEISS took the opportunity of the *Outdoor* fair in Friedrichshafen (Germany) to present its ZEISS TERRA range of binoculars, which are aimed at fans of the great outdoors. One of the highlights was ZEISS TERRA ED pocket, a small and compact pair of binoculars which offers the best optical performance in its class.

***Highlights of Physics* festival**
The *Highlights of Physics* science festival in the International Year of Light was held under the theme of Light Games in Jena, the City of Light. There were different presentations related to optics and photonics. The contributions from ZEISS included microscopy workshops for high school students.

New full-frame SLR lenses
The new ZEISS Milvus family of manual focus lenses comprises six focal lengths with ZE or ZF.2 mounts for DSLR cameras. The lenses offer high and consistent image quality across all focal lengths, even in challenging light conditions. This makes ZEISS Milvus lenses a great choice for both current and future high-performance digital cameras.

July

August

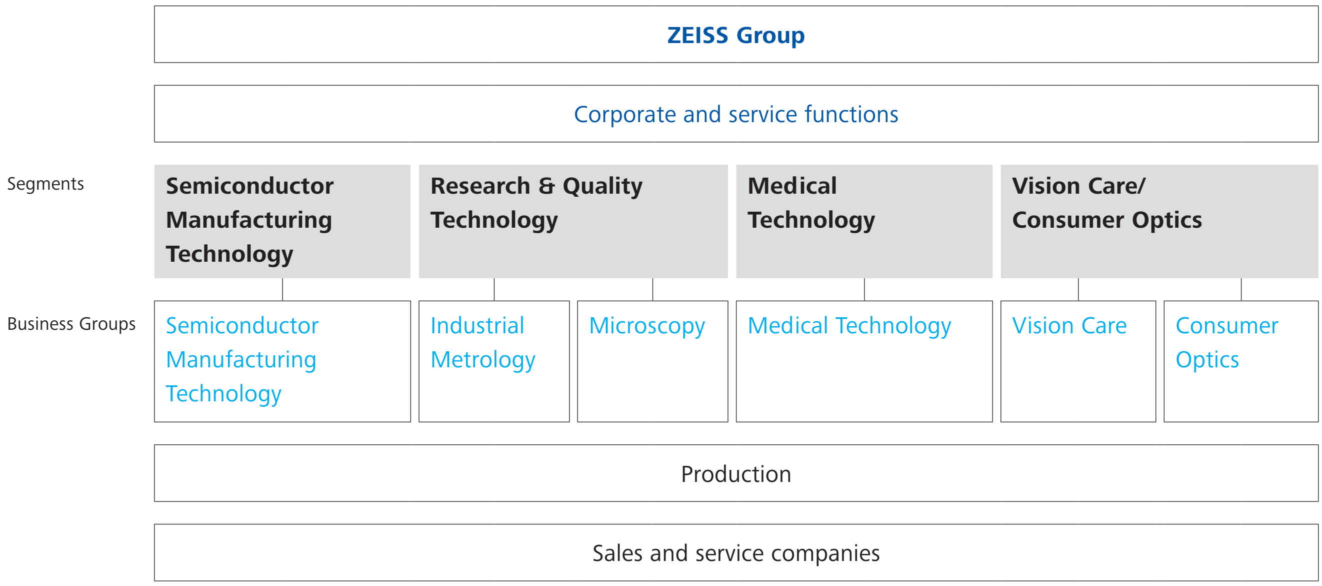
September

Resolution in the sub-nanometer range
In 2015 the company launched the ZEISS GeminiSEM offering sub-nanometer resolution and high detection efficiency, even in variable pressure mode. With its novel optical design and better resolution, especially at low voltage, users receive razor-sharp images fast and with minimum sample damage.

New ZEISS China headquarters opens in Shanghai
ZEISS celebrated the opening of its new China headquarters in Shanghai. This strategically important site in a key growth market includes centralized sales and service and other corporate functions as well as the Medical Technology, Microscopy and Industrial Metrology business groups. The new building also houses the Shanghai Innovation Center, the Group's first corporate innovation, research and development center outside of Germany.

Organizational Structure

ZEISS is an internationally leading technology enterprise operating in the fields of optics and optoelectronics. The company has been contributing to technological progress for 170 years. The broad portfolio of the ZEISS Group encompasses six business groups and various strategic business units in four segments.



Semiconductor Manufacturing Technology
Today, a large proportion of all microchips is produced with ZEISS technologies. As the market leader in lithography optics, ZEISS is playing a pivotal role in the age of microelectonics by constantly enabling new microchips with increasing performance and compactness.

Research & Quality Technology
ZEISS guarantees the required quality standards in applications where maximum precision is a must: with metrology solutions and microscopes for materials inspection. In research, microscopes from ZEISS assist in making even the smallest structures and processes visible.

Medical Technology
With its products and solutions for ophthalmology, neurosurgery and ENT surgery, ZEISS helps drive progress in medicine and assists doctors all over the world in enhancing their patients' quality of life.

Vision Care/ Consumer Optics
As one of the world's leading manufacturers of eyeglass lenses, ZEISS stands for maximum visual comfort. The movie and camera lenses, planetariums, binoculars and spotting scopes from ZEISS offer their users outstanding optical quality.

Ownership Structure

The Carl Zeiss Foundation (Carl Zeiss Stiftung) is the sole shareholder of Carl Zeiss AG. This special ownership structure ensures stability: the Foundation's constitution prohibits the sale of shares, e.g. through an initial public offering. The shares are not therefore listed on any stock exchange.

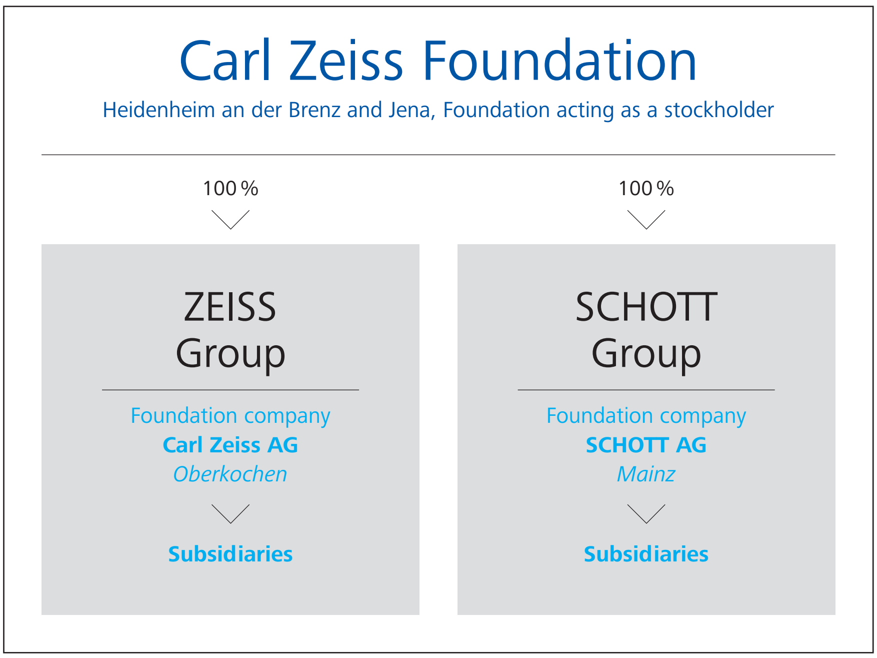
In 1889 the physicist and entrepreneur Ernst Abbe created the Carl Zeiss Foundation to which Carl Zeiss AG and SCHOTT AG belong. The objectives of the foundation stipulated by Abbe remain valid to this very day:

» safeguarding the future and responsible management of the two foundation enterprises
» fulfilling its special responsibility toward employees
» meeting its responsibility toward society through the commitment of its member companies to non-profit activities in their surrounding regions
» promoting science

With this unique corporate model, the Carl Zeiss Foundation and its two member enterprises wrote industrial and social history.
The Foundation uses the dividends generated by Carl Zeiss AG and SCHOTT AG to promote science – in particular the natural and engineering sciences, mathematics and information technology at universities in the German federal states of Baden-Württemberg, Rhineland-Palatinate and Thuringia.

In 2015 the Carl Zeiss Foundation was awarded the title of *Science Foundation of the Year*. The German University Foundation and the Dr. Jürgen Rembold Foundation confer this award to honor the outstanding achievements of foundations focused on the promotion of science.

Structure of the Carl Zeiss Foundation



More information at:
www.carl-zeiss-stiftung-125jahre.de/english

Responsibility

8,800,000

euros have been invested on average by ZEISS in technical environmental protection measures every year – for the past ten fiscal years

90%

of all ZEISS production facilities have been certified to the environmental management standard ISO 14001

115

social and cultural projects, initiatives and facilities at the sites were supported by the Carl Zeiss Promotion Fund with a total of around 500,000 euros in fiscal year 2014/15

The new facility of the Medical Technology business group in Oberkochen received the Gold Award of the German Society for Sustainable Building (DGNB) in December 2014

Responsibility has a long tradition at ZEISS. As a company operating under the umbrella of the Carl Zeiss Foundation, the ZEISS Group has been implementing the stipulations on social responsibility anchored in the Foundation's constitution for over 125 years. These include profitable growth, responsibilities towards employees, commitment to the interests of society and the promotion of science and education.

ZEISS endeavors to take into account the relevant dimensions of sustainability – not only on the home market in Germany, but anywhere in the world where the company operates. Environmental protection and social responsibility at ZEISS set standards that impact the value chain. Sustainability at ZEISS encompasses not only the development, design, production, packaging and shipment of all products, but also process enhancement and the introduction of new systems.

More information at:
www.zeiss.com/responsibility

ZEISS acts in line with ethical standards and adheres to local laws in all of its business activities. Trust in the responsible, law-abiding and morally correct behavior of all ZEISS employees is vital to the image of ZEISS.

Transparent sustainability management

The ZEISS Group communicates its sustainability policy openly and transparently and provides regular information about current sustainability projects and the ZEISS stance on this issue on its web page www.zeiss.com/responsibility. ZEISS welcomes and actively supports dialog with all interested parties. An online platform is available for this purpose.

Improved energy efficiency

ZEISS monitors its energy consumption and improves its energy efficiency on an ongoing basis. In 2015 ZEISS sites in the European Union were certified to the globally recognized energy management standard ISO 50001.

Carl Zeiss Promotion Fund

ZEISS founded the Carl Zeiss Promotion Fund to mark the 20th anniversary of the reunification of the company in the east and west of Germany. Since then, ZEISS has been promoting social projects, initiatives and facilities at its main sites. In fiscal year 2014/15, 115 projects were sponsored with a sum totaling around 500,000 euros. One example of a sponsored project is *explorhino*, a workshop of young researchers at Aalen University. The goal is to arouse interest in young people for technology and natural sciences. *explorhino* accompanies children from kindergarten to graduation with a series of experiment modules.

Sponsorship of *Jugend forscht*

ZEISS has sponsored *Jugend forscht*, Germany's most famous young scientists competition since 1998. As the sponsoring company, ZEISS organizes regional competitions and organizes and finances them on site. The regional heats organized by ZEISS in the areas around Oberkochen and Jena offer children and young people a platform for presenting their scientific work. In 2015 these two heats boasted a total of 104 submissions from around 200 participants.

With the Carl Zeiss Promotion Fund the company is continuing a tradition that dates back to the creation of the Carl Zeiss Foundation in 1889

Images from the regional heats of the *Jugend forscht* young scientist competition in the Ostalb region around Oberkochen (top) and Jena (bottom)

Report of the Supervisory Board

Dr. Dieter Kurz

Ladies and Gentlemen,

In fiscal year 2014/15 the Supervisory Board oversaw and advised the Executive Board in accordance with the duties entrusted to supervisory boards by law, the articles of association and rules of internal procedure. The Executive Board provided us with written and verbal information about the business situation and development, the current earnings situation, the risk situation, risk management, short-term and long-term planning, investments and organizational measures. I was also in close contact with the Executive Board and received information about the development of the business situation and important business transactions. The Supervisory Board was involved in all decisions of importance for ZEISS and passed the resolutions required by law, the articles of association and rules of internal procedure. Our decisions were based on the reports and decisions proposed by the Executive Board which we subjected to in-depth scrutiny.

The Supervisory Board convened on three occasions during fiscal year 2014/15. We addressed the following major issues: the Supervisory Board approved the acquisition of shares in the company Steinbichler Optotechnik GmbH by Carl Zeiss Industrielle Messtechnik GmbH. It also approved the divestiture of the company Optiswiss AG. The Supervisory Board examined the implementation of a law in Germany governing the equal participation of women and men in leading positions. The following resolution was passed: the goal for the composition of the Supervisory Board in the period through 30 June 2017 is the current status quo, i.e. two women among the 16 members. The Executive Board presented a comprehensive program (Accelerate to Win) for increasing competitiveness at ZEISS to the Supervisory Board. The program is aimed at increasing revenue and cutting costs. Accelerate to Win includes, for example, a reorganization of value chain structures at ZEISS and a blueprint for the future of the Microscopy business group. The Supervisory Board approved the structural changes in the Microscopy business group. In addition, the Supervisory Board approved an amendment to the pension statute and the introduction of a new pension plan from 1 October 2015. These innovations ensure that the company pension plan remains attractive, while simultaneously reducing the burden on the company. A further important issue for the Supervisory Board was the appointment of Dr. Matthias Metz as a Member of the Executive Board until 30 June 2018. On the Executive Board Dr. Metz heads the segment Vision Care/Consumer Optics. We are pleased that Dr. Metz has agreed to take on this task.

The Audit Committee met three times. It evaluated the efficacy of risk management and discussed the subjects of compliance, internal audits, the internal control system, accounting and the key issues of the annual audit and the annual financial statements.

The Chairman’s Committee also convened three times. During the meetings there were in-depth discussions about subjects such as target setting and the remuneration of the Executive Board. Preparations were made for resolutions to be passed by the Supervisory Board on these issues. In addition, the Chairman’s Committee addressed the first conclusions drawn from the Strategy Meeting in spring 2015, in particular concerning the subjects of employment and value chain structure.

In the Supervisory Board meetings the Chairmen of the Audit and Chairman's Committees reported regularly about the work of the committees. The Mediation Committee did not convene in the past fiscal year.

Fiscal year 2014/15 saw a change to the composition of the Supervisory Board: Dr. Michael Claus left the committee on 31 December 2014. He is succeeded by Angelika Franzke, Chairwoman of the Employee Representative Council of Carl Zeiss AG. I thank Dr. Claus for his work and commitment on the Supervisory Board.

The auditing firm Ernst & Young GmbH, Stuttgart, has audited the consolidated financial statements of Carl Zeiss AG, including the Management Report, for fiscal year 2014/15 prepared pursuant to Sec. 315a (3) of the German Commercial Code (HGB) in accordance with International Financial Reporting Standards (IFRS) and issued an unqualified auditor's report in each case. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, also audited the dependent company report prepared by the Executive Board.

All members of the Supervisory Board received the independent auditor's documents and audit reports in good time. We closely examined the documents and discussed them in detail at the meeting of the Audit Committee on 9 December 2015 and at the Supervisory Board meeting held on 10 December 2015. The independent auditor attended both meetings, presented the major results of the audit, provided supplementary information and answered questions. The Chairman of the Audit Committee reported in the plenary assembly about the result of the examination of the consolidated financial statements by the Audit Committee. After examining the documents, the Supervisory Board endorsed the results obtained by the independent auditor and approved the financial statements prepared by the Executive Board. The Carl Zeiss AG financial statements were thereby adopted, effective 30 September 2015. Pursuant to Sec. 312 German Stock Corporations Act (AktG), the Executive Board has prepared the above-mentioned dependent company report for the period from 1 October 2014 to 30 September 2015. The independent auditors have issued the following opinion on the findings of their audit: "Based on our audit, which was carried out in accordance with professional standards, we confirm that:
1. the actual disclosures contained in the report are correct and
2. the payments made by the Company in the legal transactions listed in the report were not unreasonably high."

The Supervisory Board agreed with the results of the audit presented by the independent auditors. Following the final result of the review by the Supervisory Board, there were no objections to the Executive Board's concluding statement in the dependent company report.

The Executive Board's proposal to pay a dividend of €12.5m from net income to the sole stockholder, the Carl Zeiss Foundation, was approved.

The Supervisory Board thanks the members of the Executive Board and all employees of the ZEISS Group for their achievements in the successful 2014/15 fiscal year.

Oberkochen, December 2015
On behalf of the Supervisory Board

Dr. Dieter Kurz
Chairman of the Supervisory Board

Supervisory Board of Carl Zeiss AG
(as of 30 September 2015)

Supervisory Board of Carl Zeiss AG

Dr. Dieter Kurz
Chairman
Lindau, Chairman of the Foundation Council of the Carl Zeiss Stiftung, Heidenheim an der Brenz and Jena

Manfred Wicht[1]
Deputy Chairman
Königsbronn, Chairman of the Group Employee Representative Council of Carl Zeiss AG, Oberkochen

Hariolf Abele[1]
Aalen, software development engineer at Carl Zeiss Industrielle Messtechnik GmbH, Oberkochen

Prof. Dr. Martin Allespach[1]
Weinheim, Director and Head of the European Academy of Labour at the University of Frankfurt am Main, Frankfurt am Main

Dr. Klaus Dieterich
Stuttgart, former President of Corporate Research and Development, Robert Bosch GmbH, Stuttgart

Angelika Franzke[1]
Oberkochen, Chairwoman of the Employee Representative Council of Carl Zeiss AG, Oberkochen

Roland Hamm[1]
Aalen, First Authorized Representative of IG Metall union, Administration Office, Aalen

Dr. Joachim Heppner[1]
Oberkochen, Chairman of the Employee Representative Council, Carl Zeiss SMT GmbH, Oberkochen

Dr.-Ing. Mathias Kammüller
Gerlingen, Managing Partner of TRUMPF GmbH + Co. KG, Ditzingen

Dr. Joachim Kreuzburg
Hanover, CEO and Chairman of the Executive Board of Sartorius AG, Göttingen

Eva-Maria Menzel[1]
Jena, Deputy Chairwoman of the Employee Representative Council at Jena site of Carl Zeiss Jena GmbH, Jena, and Carl Zeiss AG, Oberkochen

Prof. Dr. Jürgen Mlynek
Berlin, formerly President of the Helmholtz Association of German National Research Centers, Berlin

Dr. Lothar Steinebach
Leverkusen, former Member of the Management Board of Henkel AG & Co. KGaA, Düsseldorf

Prof. Dr. Dr. h. c. Günter Stock
Berlin, President of the Berlin-Brandenburg Academy of Sciences and Humanities, Berlin

Wilhelm Ulrich[1]
Aalen, Head of Optics department (Corporate Research & Technology) of Carl Zeiss AG, Oberkochen

Dr. Eberhard Veit
Göppingen, Chairman of the Management Board of Festo AG & Co. KG, Esslingen

Committees of the Supervisory Board

Chairman's Committee
Dr. Dieter Kurz (Chairman)
Dr. Klaus Dieterich
Roland Hamm[1]
Manfred Wicht[1]

Audit Committee
Dr. Lothar Steinebach (Chairman)
Hariolf Abele[1]
Dr. Dieter Kurz
Wilhelm Ulrich[1]

Mediation Committee
Dr. Dieter Kurz (Chairman)
Dr.-Ing. Mathias Kammüller
Eva-Maria Menzel[1]
Manfred Wicht[1]

[1] Employee representative

Corporate Governance

For ZEISS, acting lawfully and responsibly and managing the company in a transparent manner that is focused on the company's long-term success are basic principles of corporate policy.

With its corporate governance structure, ZEISS ensures that legal provisions, the constitution of the Carl Zeiss Foundation and the company's internal directives are observed in line with compliance stipulations.

The Code of Conduct is a core element of the compliance management system of the ZEISS Group. This summarizes the rudiments and principles of action that form the basis of responsible conduct. The Code of Conduct is binding upon all employees and is published on the company's website.

Group Management Report

Group Management Report

THE ZEISS GROUP

Business activity

ZEISS is an internationally leading technology enterprise operating in the optics and optoelectronics industries. The Group emerged from a workshop for precision mechanics and optics established by company founder Carl Zeiss in Jena (Thuringia) in 1846. Today, ZEISS is headquartered in Oberkochen (Baden-Württemberg).

With its business groups, ZEISS plays an active part in advancing leading-edge technology and drives forward the world of optics and other related fields with its solutions. The Group comprises 4 segments.

Semiconductor Manufacturing Technology
With its product portfolio, the Semiconductor Manufacturing Technology segment covers a variety of key processes in the production of microchips. ZEISS develops and manufactures lithography optics, optical systems for semiconductor manufacturing equipment as well as systems and solutions for manufacturing defect-free photomasks. The technologies from ZEISS enable further miniaturization of semiconductor structures, making microchips smaller, more powerful, energy efficient and cost-effective.

Research & Quality Technology
The Research & Quality Technology segment comprises business with industrial metrology and microscope systems: ZEISS develops and produces bridge-type, horizontal-arm and production measuring machines, form, contour and surface measuring machines, computer tomographs for industrial quality assurance and software solutions.

The Group also covers the entire spectrum of microscopy: light, ion, electron and X-ray microscopes are used in the life sciences and materials research, as well as for industrial quality assurance.

The Research & Quality Technology segment comprises the Industrial Metrology and Microscopy business groups.

Medical Technology
The Medical Technology segment develops, manufactures, markets and sells diagnostic and therapy systems, as well as implants and consumables in the field of ophthalmology. In addition, ZEISS offers visualization systems for microsurgery – for example, neurosurgery and ENT surgery, dentistry and gynecology. The product portfolio also includes future-oriented technologies such as intraoperative radiotherapy. ZEISS aspires to improve the diagnosis and treatment of diseases by constantly enhancing its innovative products. As a solutions provider, the company plays an active part in the increasing digitization and systems integration in the medical sector and creates the conditions needed for efficient processes and effective patient data management at its customers. The segment’s activities are pooled primarily in the TecDAX-listed entity Carl Zeiss Meditec AG, in which Carl Zeiss AG has a 65.1% shareholding.

Vision Care / Consumer Optics

The Vision Care/Consumer Optics segment pools the eyeglass business of the Vision Care business group and the business with planetariums, camera and cine lenses, binoculars, hunting optics and spotting scopes of the Consumer Optics business group. ZEISS develops, produces and sells solutions for the entire eyeglass value chain. Alongside eyeglass lenses, this includes devices for eye examination, digital consultation and measurement applications as well as services for eye care professionals. ZEISS is one of the world’s largest manufacturers of eyeglass lenses.

Global presence

The ZEISS Group is represented in more than 40 countries and has over 50 sales and service locations, more than 30 manufacturing sites and about 25 research and development centers around the globe.

Group structure

Carl Zeiss AG is the strategic management holding company that manages the ZEISS Group. It develops the corporate business activities and portfolio and provides central management and service functions. The sole owner of the company is the Carl Zeiss Foundation (Carl Zeiss Stiftung).

Group strategy

ZEISS has a broad and balanced business portfolio focusing on attractive future-oriented markets of optics, precision mechanics and optoelectronics. The objective of portfolio management is the sustainable business success of the ZEISS Group. This objective and the need to procure equity within the scope of internal financing require systematic strategy implementation geared to continuously enhancing value added.

The ZEISS mission statement is: “As the pioneer of science in optics, we continue to challenge the limits of our imagination. With our passion for excellence, we create value for our customers and inspire the world in new ways.” This statement encapsulates the Group’s fundamental objectives: ZEISS aims to leverage its customer focus to consolidate and expand its position as a global technology leader.

To achieve its objectives, ZEISS relies on the commitment and expertise of its employees, its innovative strength, its culture of innovation and its strong brand. Moreover, the Group is constantly working on increasing its international business activities.

The Carl Zeiss Agenda 2016 strategic program launched in 2011 defines the direction for the development of the Group. The program aims to make ZEISS even more modern, global and dynamic. In this context, continually enhancing customer service and leveraging opportunities presented by digitization play an important role.

Corporate management

The ZEISS Group is managed using financial and non-financial key indicators. These are summarized in a balanced scorecard. For ZEISS, Economic Value Added (EVA®) and Free Cash Flow (FCF) are the most important financial indicators. Customer and employee satisfaction, innovation excellence and process quality are other performance indicators.

REPORT ON ECONOMIC POSITION

Macroeconomic and segment-specific environment

Macroeconomic environment
During the reporting period, the global economic growth was considerably lower than forecast. The rapidly developing economies in Asia, such as India and China, continued to grow at above-average rates, even if growth in China cooled down considerably. The Latin American market saw weaker growth, and Brazil experienced a recession. The market growth of the industrial nations in fiscal year 2014/15 was moderate. In the USA and in the euro zone, the upswing was somewhat smaller, and in Japan significantly smaller than expected.

Development in the growth markets – particularly in China and in Brazil – as well as the euro crisis and the situation in the Middle East were key political and economic issues that negatively impacted the investing activities of industry and the public sector.

Segment-specific environment
Semiconductor Manufacturing Technology
The market for semiconductors, which are primarily deployed in mobile devices such as smartphones and tablets, but also networks and servers for application areas such as the Internet of Things, grew during the reporting period, albeit not as strongly as in the prior year. Demand in the market for semiconductor manufacturing equipment was likewise lower than in the prior year, with the investment behavior of microchip manufacturers being characterized by increasing uncertainty.

Research & Quality Technology
In the market for industrial metrology, the positive trend at global level continued in 2014/15. The automotive and the associated supplier industry were the key driver. The market developed positively in Germany and the USA in particular, while the pace of growth in the rapidly developing economies slackened.

During the reporting period, the microscopy market grew slightly. Asian countries increased their spending on research and teaching in 2014/15. In Europe and the USA, by contrast, investment in research was hesitant. The market for industrial microscopic developed steadily.

Medical Technology
The market for medical technology again saw stable growth. The growth drivers here are megatrends such as demographic development and population growth. The pace of growth picked up for ZEISS due to positive currency effects.

Vision Care / Consumer Optics
Global market growth in the vision care market remains stable. The main growth drivers were the good market development in the rapidly developing economies as well as innovations for eye care professionals and consumers. However, the global market continues to be characterized by high price pressure and ongoing consolidation.

The market for camera lenses saw stable development in fiscal year 2014/15. A fierce price war left its mark on the market for binoculars. The specialty markets for hunting optics, nature observation and planetariums stagnated.

Overall statement on the economic situation of the Group as of fiscal year-end

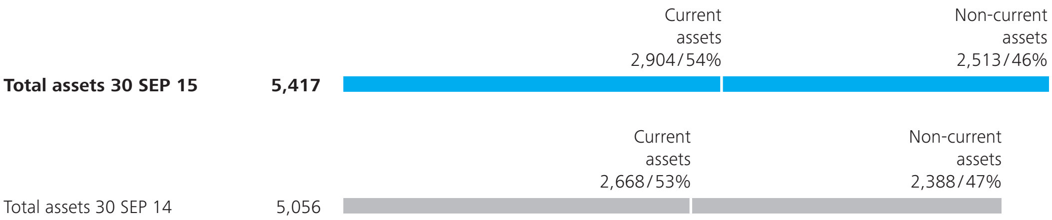
In fiscal year 2014/15, the economic environment was challenging. Nevertheless, ZEISS was able to continue the stable development of the prior years during the reporting period.
The Group recorded revenue of €4,511m in the reporting period (prior year: €4,287m). Adjusted for currency effects, consolidated revenue was at the prior-year level. This is primarily attributable to decreased revenue in the Semiconductor Manufacturing Technology segment. At €369m, EBIT exceeded the prior-year figure of €360m.

The development that had been forecast in the prior year was thus achieved, with the important currencies for ZEISS having a positive effect on revenue and earnings.

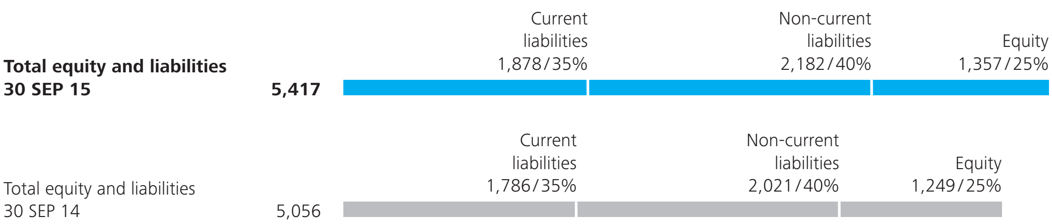
Net assets

Total assets increased by €361m to €5,417m in the reporting period. With regard to assets, this resulted mainly from the development of receivables, deferred tax assets, and cash and cash equivalents. In terms of equity and liabilities, the main effect was from the change in the provisions for pensions and equity.

Structure of the statement of financial position – assets in € m/as a % of total assets



Structure of the statement of financial position – equity and liabilities in € m/as a % of total equity and liabilities



Intangible assets

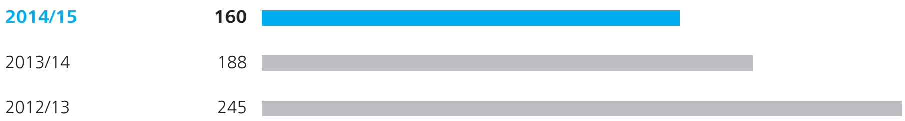
Intangible assets of €795m (prior year: €777m) mainly contain goodwill of €582m (prior year: €553m). The increase of €18m is mainly in connection with the acquisition of Carl Zeiss Optotechnik GmbH, Neubeuern (Bavaria) (formerly: Steinbichler Optotechnik GmbH, Neubeuern).

The impairment tests performed in the reporting period did not give rise to the need to recognize any impairment losses on goodwill.

Property, plant and equipment

In fiscal year 2014/15, ZEISS invested a total of €160m in property, plant and equipment (prior year: €188m), mainly in modernization measures relating to production plants and in furniture and fixtures. Moreover, the international company locations were further expanded and modernized. Depreciation in the reporting period amounted to €150m (prior year: €152m).

Capital expenditures on property, plant and equipment in € m



Other non-current assets

Other non-current assets amounted to €137m (prior year: €119m) and mainly pertained to assets for securing flextime credits via a contractual trust arrangement (CTA), investments as well as securities.

Working capital

Inventories came to €1,081m as of the reporting date and are therefore at the prior-year level (€1,080m). At €923m, current trade receivables were higher than the prior-year figure (€874m). The increase relates to the cut-off date and is consistent with the increase in business volume in the instrument business compared to the prior year.

Trade payables came to €228m as of the reporting date (prior year: €214m). Advances received increased by €32m to €494m in fiscal year 2014/15 (prior year: €462m).
Other current assets amounted to €154m (prior year: €134m). The change mainly results from input tax refund claims at the end of the fiscal year, which were higher than in the prior year.

In the reporting period, current provisions increased by €15m to €332m and essentially comprise provisions for personnel-related and sales-related obligations, provisions for income taxes, and provisions in connection with required structural adjustments.

The increase of €85m in other current non-financial liabilities to €1,170m (prior year: €1,085m) also includes higher advances received.

Equity at a sound level

Equity amounted to €1,357m as of the reporting date (prior year: €1,249m). The consolidated profit of €208m generated in the reporting period increased equity, and the development of exchange rates in the reporting period also had a positive effect of €40m. Countereffects mainly resulted from the remeasurement of defined benefit plans through other comprehensive income, which reduced equity by €117m, and from the dividends paid of €19m.
The equity ratio improved in comparison to the prior year and at 25.1% is at the prior-year level (prior year: 24.7%).

Pension obligations
In fiscal year 2005/06, the financing of the pension obligations in Germany was restructured for the most part in the form of a contractual trust arrangement (CTA). The German entities transferred capital to cover pension obligations toward employees at that time to a dedicated trust, thus clearly separating the funds for operations from those for the pension obligations. This has increased the transparency and international comparability of the Group's financial reporting. The legally independent trust invests the assets transferred to it on the basis of an appropriate long-term investment strategy. The pension obligations of the corresponding entities remain unchanged.

The CTA assets in Germany, which are separated from operating funds, increased in the reporting period to €740m (prior year: €730m). This is attributable to transfers to the CTA of €31m, with the development of the value of the existing plan assets having an opposite effect. Benefit obligations in Germany again rose significantly on account of the interest rate under IFRS, which fell further to 2.35% in fiscal year 2014/15 (prior year: 2.70%). Due to the cut-off date, this resulted in a correspondingly lower funded status of the pension obligations of 58% (prior year: 63%). The Group also has pension obligations toward employees of foreign subsidiaries. In accordance with IAS 19, the pension obligations reported in the statement of financial position correspond to the actual obligations as of the reporting date and therefore correspond to the present value of benefit obligations after deducting the fair value of plan assets as of the reporting date. Provisions for pensions are reported at an amount of €1,483m (prior year: €1,333m) in the consolidated statement of financial position. This is equivalent to 27% of total assets (prior year: 26%).

Financial liabilities
At €536m (prior year: €556m), financial liabilities were almost at the prior-year level. This amount essentially comprises promissory notes and loans arranged with the European Investment Bank and the Kreditanstalt für Wiederaufbau.

Profit participation
ZEISS employees participated in the company's profit for fiscal year 2014/15. The Group issued profit participation certificates with a total (nominal) volume of €2m to employees in Germany. The non-transferable certificates have an annual return, the level of which depends on the Group's return on sales. The profit participation certificates have a term of 5 years, after which they are repaid. In addition, employees in Germany received a bonus of up to €800 gross, paid in October 2015 after the end of the reporting period. Employees at the majority of entities outside Germany also participated in the profit for fiscal year 2014/15 on the basis of the respective country-specific regulations.

Financial position

Sound liquidity base despite high investment volume and allocation to plan assets
In the reporting period, the financial position was again mainly characterized by purchases of property, plant and equipment, above all for modernization measures at production plants and in furniture and fixtures in all regions. In addition, there were cash outflows totaling €37m for allocations to plan assets in Germany and abroad.

The cash outflows from investing activities were completely covered by the cash inflows from operating activities.

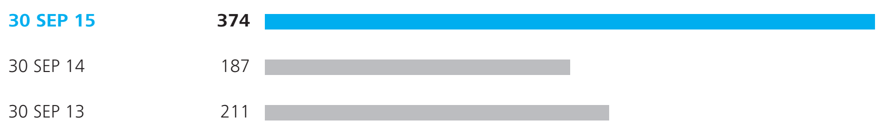
Cash flows from operating activities improved by €116m to €396m in the reporting period (prior year: €280m) and were largely determined by the profit for the year. Cash inflows from advances received also had a positive effect.

Cash flows from investing activities came to minus €206m in the reporting period (prior year: minus €288m); this includes a year-on-year decrease in investments in property, plant and equipment and intangible assets of €40m to minus €187m (prior year: minus €227m).

Cash flows from financing activities amounted to minus €25m (prior year: minus €86m), with loans payable of €18m being repaid and dividend payments of €19m being made, as planned. These were partially offset by proceeds of €11m in connection with loans.

Financial resources[1] came to €776m as of the end of the reporting period (prior year: €590m). Loans payable were at the prior-year level, which resulted in net liquidity[2] of €374m (prior year: €187m).

Net liquidity in € m



The financial position offers a sound base on which to realize the ZEISS Group’s long-term growth strategy.

In addition, the Group has an extensive range of instruments at its disposal for raising external financing to fund its business operations. These include above all promissory notes totaling €200m. The terms to maturity of the promissory notes began in December 2013 and May 2014 and break down as follows:

» €105m with a term of 5 years
» €67.5m with a term of 7 years
» €27.5m with a term of 10 years

Of this amount, a total of €102m is subject to floating interest rates and €98m is subject to fixed interest rates. In addition, a new revolving credit facility with a total volume of €500m and a term of 5 years was concluded between Carl Zeiss AG and a syndicate of banks in the prior year. The credit facility includes an option for prolongation on 2 occasions, by 1 year in each case. This option was exercised for the first time in the reporting period. The facility, which serves as a strategic liquidity reserve for the ZEISS Group, was drawn for the first time in the reporting period (BRL 35m). The loans arranged in 2011/12 with the European Investment Bank (€150m) and Kreditanstalt für Wiederaufbau (€45m) remain in place. The latter loan is subject to fixed interest rates and is being repaid on a quarterly basis over the period from 31 March 2014 until 30 December 2021. The residual carrying amount totaled €35m as of the end of the reporting period. The bullet loan from the European Investment Bank is subject to floating interest rates and has a term to maturity of 5 years.

[1] Cash and cash equivalents plus securities and fixed-term deposits
[2] Financial resources less loans payable

Goals and principles of financial management

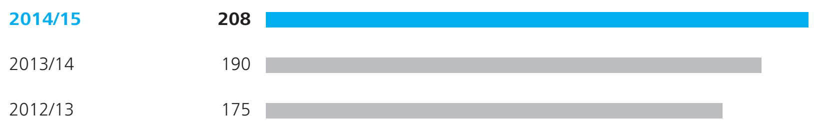
ZEISS has a global financial management system that incorporates all subsidiaries and is coordinated centrally at group level. This also includes monitoring and managing currency risks. The primary objective is to secure and effectively manage the liquidity of the Group. In addition, ZEISS strives to continuously improve its financial strength and minimize financial risks. Investments are made exclusively in securities with solid investment grade ratings. For ZEISS, the operations of the segments, with which the financial activities and strategic orientation are aligned, are the main source of liquidity. The Group has sufficient cash and cash equivalents and lines of credit to finance its operational and strategic objectives.

Results of operations

The income statement has been prepared using the cost of sales method that is widely used internationally.

The results of operations are characterized by increased revenue in comparison to the prior year, with the development of the currencies of importance to ZEISS playing a positive role. Thanks to the balanced corporate portfolio, the expected decrease in revenue in the Semiconductor Manufacturing Technology segment was almost fully offset. ZEISS achieved a consolidated profit totaling €208m (prior year: €190m).

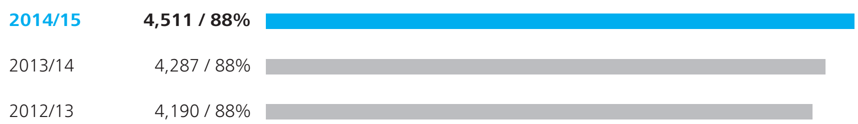
Consolidated profit/loss in € m



Revenue growth in a challenging market environment

In the reporting period, the ZEISS Group's revenue increased by 5% from €4,287m in the prior year to €4,511m, with the share of international revenue of 88% remaining unchanged at the very high level seen in prior years. Adjusted for currency effects, consolidated revenue was at the prior-year level.

Revenue in € m/international share as a %



Incoming orders came to €4,653m (prior year: €4,270m) and, adjusted for currency effects, an increase in incoming orders was recorded in virtually all segments. The increase of 9% (adjusted for currency effects: 3%) is attributable in particular to high demand in the Research & Quality Technology and Medical Technology segments. The cooling down of the investment environment in the equipment industry for semiconductor factories was reflected in a decrease in incoming orders in the Semiconductor Manufacturing Technology segment.

Consolidated revenue by segment

Revenue by segment	2014/15	2013/14	Change compared to prior year as a %	
	€ m	€ m		Adjusted for currency effects
Semiconductor Manufacturing Technology	893	1,047	-15	-16
Research & Quality Technology	1,356	1,217	11	4
Medical Technology	1,211	1,047	16	8
Vision Care/Consumer Optics	1,007	946	7	0
Other	44	30	47	47
ZEISS Group	**4,511**	**4,287**	**5**	**0**

Semiconductor Manufacturing Technology

The Semiconductor Manufacturing Technology segment generated revenue of €893m. That is equivalent to a decrease of 15% (adjusted for currency effects: 16%) compared to the prior year (€1,047m).

The volatile semiconductor market saw weaker overall growth in fiscal year 2014/15, which was also felt in the equipment industry. Demand for optics for Deep Ultra-Violet (DUV) lithography systems weakened considerably – as expected following the strong prior year – particularly as inventory levels were optimized in the equipment industry. In addition, cost and competitive pressure increased. Business with components and modules for lithography lasers was unchanged. Revenue generated with systems and solutions for manufacturing defect-free photomasks exceeded the prior-year figure.

Use of the future-oriented technology – Extreme Ultra-Violet (EUV) lithography – in mass production of microchips was delayed. ZEISS has been working with its partners on this technology for almost 20 years. Important improvements to the light source are necessary before EUV systems can go into volume production. The strategic partner ASML and other development partners are working intensively on this with support from ZEISS.

As of 30 September 2015, the segment had 2,836 employees worldwide (prior year: 2,898).

Research & Quality Technology

In fiscal year 2014/15, the segment increased its revenue by 11% (adjusted for currency effects: 4%) from €1,217m in the prior year to €1,356m.

Demand for metrology solutions from the Industrial Metrology business group developed steadily during the reporting period. The business group reported significant revenue growth above all in North America and APAC. Business in the European markets was robust. Increases in comparison to prior years were also recorded in the rapidly developing economies. Demand for services again grew in all regions and business groups. With the acquisition of the majority shareholding in Carl Zeiss Optotechnik GmbH, Neubeuern (Bavaria) (formerly: Steinbichler Optotechnik GmbH, Neubeuern), which ZEISS completed in August 2015, the Industrial Metrology business group has strengthened and accelerated its entry into optical 3D digitization.

Following a sluggish start, business with microscopy systems for research and teaching saw increasingly encouraging development during the reporting period due to the introduction of new light microscopy solutions. The industrial market continued to develop positively. The Microscopy business group benefited here from increasing investments in industrial research and production. By contrast, the area of materials analysis in the oil and gas industry was negatively impacted by the fall in the price of oil.

The services business developed very positively. The business group was particularly successful in North America and China. Earnings were buoyed by positive currency effects.

In fiscal year 2014/15, the business group launched a comprehensive program designed to increase its competitiveness. The aim is to achieve savings in cost of materials and non-personnel expenses as well as by means of personnel-related measures. This will also call for structural measures. A further aim is to significantly increase sales efficiency and customer satisfaction, putting the sales and service organization on a more customer-oriented footing. Implementation of the first personnel adjustment measures within the scope of a voluntary program has already begun at the German locations.

As of 30 September 2015, the segment had 5,869 employees worldwide (prior year: 5,753).

Medical Technology

The Medical Technology segment completed the fiscal year with a revenue increase of 16% (adjusted for currency effects: 8%) and benefited from a favorable currency development. Revenue rose to €1,211m (prior year: €1,047m).

Irrespective of the currency effects, all business regions contributed almost equally to the segment’s growth. In the region of Europe, Middle East and Africa (EMEA), business development of individual markets was extremely diverse. The highest contributions to growth came from the core markets of Germany and the United Kingdom. The Americas region benefited in particular from the development of the US dollar/euro exchange rate, reporting double-digit revenue growth as a result. In the Asia/Pacific (APAC) region, revenue in Japan developed negatively in comparison to an exceptionally strong prior year. At the same time, the countries of China and India achieved high revenue growth rates.

As of 30 September 2015, the segment had 4,144 employees worldwide (prior year: 4,160). Due to different bases of consolidation, the figures for the Medical Technology segment deviate from those published for Carl Zeiss Meditec AG.

Vision Care / Consumer Optics

The Vision Care/Consumer Optics segment closed the reporting period with revenue of €1,007m (prior year: €946m). This means that revenue was 7% higher than the prior-year figure. Adjusted for currency effects, revenue is at the prior-year level.

In all regions, growth was achieved in particular with ZEISS brand eyeglass lenses and product innovations. In the EMEA region, the Vision Care business group reported a considerable increase in revenue. Following the termination of business with a major French customer in the past fiscal year, business increased again during the reporting period thanks to the signing of numerous agreements with independent eye care professionals. The business group also developed positively in the rapidly growing economies, in particular in China and India. An investment in Switzerland was sold, as a result of which sales and marketing in this country were also focused entirely on the ZEISS brand. In the USA, progress was made in business development. However, this largest market continues to be a challenge. The American Environmental Protection Agency (EPA) has initiated investigations to determine whether individual manufacturing sites in the USA are consistently complying with requirements relating to waste water treatment.

The business of the Consumer Optics business group was characterized in all areas by fierce competition and high price pressure. New products such as full-frame autofocus lenses were successfully positioned in the market. Entry into the outdoor market unlocked additional growth potential. Business in the US market did not meet expectations.

As of 30 September 2015, the segment had 9,076 employees worldwide (prior year: 9,033).

Consolidated revenue by region

Revenue by region and cooperation partners	**2014/15**	2013/14	Change compared to prior year as a %	
	€ m	€ m		Adjusted for currency effects
EMEA	1,552	1,452	7	6
» thereof Germany	547	514	6	6
Americas	1,215	1,039	17	2
APAC	953	830	15	6
Cooperation partners	791	966	-18	-18
ZEISS Group	**4,511**	**4,287**	**5**	**0**

In the economic region of EMEA, ZEISS reported an increase in revenue of 7% (adjusted for currency effects: 6%) to €1,552m (prior year: €1,452m), with revenue in Germany increasing by 6% to €547m (prior year: €514m).

Business in the Americas region increased slightly. Revenue came to €1,215m, 17% (adjusted for currency effects: 2%) higher than in the prior year (€1,039m). The development of the US dollar had a positive effect in fiscal year 2014/15.

Revenue in the APAC region increased by 15% compared to the prior year (adjusted for currency effects: 6%) to €953m (prior year: €830m). The highest growth rates were achieved by India and, despite a weakening in the market compared to the prior year, also by China.

Business with cooperation partners decreased significantly in comparison to the prior year, falling by 18% to €791m (prior year: €966m). The main contributory factor was the cooling down in investment behavior in the semiconductor sector.

Functional costs

Cost of sales increased by €88m in comparison to the prior year and came to €2,431m (prior year: €2,343m). Gross profit improved by €136m from €1,944m to €2,080m in the reporting period. ZEISS pursues the goal of systematically increasing its competitiveness. In this connection, initiatives were launched that led to corresponding productivity enhancements. In the reporting period, these resulted in a further increase in the gross margin to 46% (prior year: 45%).

Sales and marketing expenses in fiscal year 2014/15 came to €929m (prior year: €840m), which is equivalent to a slight increase as a percentage of sales. General administrative expenses stood at €323m (prior year: €298m) and were at the prior-year level as a percentage of sales.

Research and development expenses came to €466m in the reporting period (prior year: €448m). As in the prior year, this represents 10% of revenue, testifying to the ZEISS Group's clear focus on innovation.

Development of earnings

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to €572m in the reporting period (prior year: €572m).

Earnings before interest and taxes (EBIT) of €369m (prior year: €360m) with an EBIT margin of 8% (prior year: 8%) were generated in the reporting period. Due to the higher gross profit compared to the prior year, it was possible to compensate for expenses for necessary structural adjustments. Overall, this resulted in profitability at the prior-year level.

	2014/15	2013/14	2012/13
	€ m	€ m	€ m
EBITDA	572	572	512
» EBITDA margin	13%	13%	12%
EBIT	369	360	315
» EBIT margin	8%	8%	8%

The financial result came to minus €105m in the reporting period (prior year: minus €90m). The share of profit/loss from investments accounted for using the equity method includes the impairment loss recognized for the entire carrying amount of Oraya Therapeutics Inc., Newark (USA).

The interest result improved in the reporting period by €17m to minus €49m (prior year: minus €66m). The other financial result decreased by €21m to minus €44m (prior year: minus €23m). This is essentially attributable to measurement effects in connection with hedge accounting, exchange rate effects and the write-down of a loan.

The tax expense for fiscal year 2014/15 totaled €56m (prior year: €81m), which resulted in a group tax rate of 21% (prior year: 30%). This development is linked to an increase in the deferred tax assets recognized on unused tax losses due to improved business developments.
The consolidated profit thus came to €208m in the reporting period (prior year: €190m).

Economic value added generated

ZEISS measures value added generated using the Economic Value Added (EVA®) indicator. This is the internal measure of the company's success. In fiscal year 2014/15, EVA® amounted to €115m (prior year: €109m). ZEISS therefore once again achieved considerable value added and continued the positive development of the prior years. EVA® is calculated as the operating profit after taxes less cost of capital. The internal interest rate used to determine costs of capital ranges between 6.5 and 10%, depending on the business involved.

NON-FINANCIAL KEY PERFORMANCE INDICATORS

Employees

The total headcount of the ZEISS Group increased as of 30 September 2015 by 129 worldwide to 24,946 (prior year: 24,817). The number of employees increased most in the APAC region, where it rose by 264 to 4,227 (prior year: 3,963).

Around 56% (prior year: 57%) of the ZEISS workforce – equivalent to 14,051 employees (prior year: 14,044) – works outside Germany.

Education and training is a high priority at ZEISS. As of the reporting date, the Group had 433 apprentices and trainees in Germany (prior year: 474).

The focal points of HR policy at ZEISS are employee training and leadership development. The Group invested more than €4m to this end in Germany alone. Employees can select a large number of courses in the internal qualification program. In addition, ZEISS supports off-the-job training and personnel development measures.

Research and development

Optical technologies are key technologies of the future. Their technological and scientific applications will increasingly penetrate all areas of life. For 170 years, ZEISS has been synonymous with innovation. The specific ownership structure of ZEISS ensures the scope required to enable investments in new developments and solutions in the long term.

The Group's research and development departments have a total of 2,648 employees – 11% of the workforce – working on new solutions and technologies for the optics industry (prior year: 2,758 employees, 11%). The Group annually spends around 10% of revenue on its research and development activities. In fiscal year 2014/15, the associated expenditure came to €466m – equivalent to 10% of revenue (prior year: €448m, 10% of revenue).

ZEISS cooperates with global networks of renowned universities and research institutes on the development of new technologies and solutions.

ZEISS invests in innovations and solutions, and secures its innovative advantage by means of patents. As of the reporting date, ZEISS held 7,071 patents worldwide (prior year: 6,643). In the reporting period, the Group applied for new patents for 413 inventions (prior year: 415).

Responsibility

ZEISS plays an active role in society. The Group supports educational measures and scientific projects and institutions as well as selected social and cultural initiatives at company locations.

ZEISS attaches great importance to the sustainable and sparing use of resources and environmental protection. Sustainability is a key consideration – from the development and manufacture to the packaging and shipment, through to disposal of its products. The Group has also defined corresponding requirements for its suppliers.

All the major manufacturing sites in Germany and some international subsidiaries are certified to the international environmental management standard ISO 14001. ZEISS spent around €11m on environmental protection measures over the past year.

ZEISS promotes the health and performance of its employees with a health management system as well as through comprehensive occupational health and safety measures. Many of the ZEISS entities in Germany now have an occupational health and safety management system in accordance with the international standard BS OHSAS 18001.

RISK AND OPPORTUNITY REPORT

Groups with global operations face a large number of entrepreneurial risks and opportunities that can have a sustained impact on planned results of operations. The assessment of opportunities and risks and conscientious handling of entrepreneurial uncertainty are an important part of corporate governance at ZEISS.

Risk management system

The central risk management system at ZEISS stipulates uniform rules and processes to detect, assess and manage risks at an early stage. The key objective is to minimize the negative effects of potential risks.

In the business groups, risk management coordinators apply the central policies and procedures. The management of the business groups and strategic business units detects and manages and reports on operating and strategic risks. Overall responsibility lies with the Group's Executive Board, which regularly assesses risks and opportunities and their management at group level. While the Executive Board examines the appropriateness of the risk management system, the Supervisory Board's Audit Committee monitors the effectiveness of the risk management system.

Internal control system
The internal control system (ICS) of ZEISS is based on the COSO Enterprise Risk Management Model (COSO ERM model). It integrates organizational, process-related and technical measures to ensure proper operating activities and correct reporting. This integrated enterprise risk management system covers strategic and operational risks, i.e. it does not merely monitor financial risks. For central processes, there are defined key risks and defined control mechanisms, which are evaluated with regard to their effectiveness.

The Group's Executive 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 internal control system as well as the financial reporting process.

Strategic and operational risks

ZEISS systematically analyzes and evaluates risks. Special emphasis is placed on potential economic effects and on probability of occurrence. In this way, the risks are quantified and classified. Due to the broad portfolio and the Group's global presence, the strategic and operational risks are spread broadly.

General risks and opportunities

ZEISS regularly checks for risks and opportunities that can arise from changes in markets and within the supplier and customer environment, consolidation within the industry and technological developments. In addition, ZEISS analyzes economic, legal and political developments or economic sanctions in the economic regions relevant for the Group and evaluates possible scenarios. Opportunities and risks that could arise from major natural disasters are also evaluated. The international orientation, sustainable operating policies and balanced ZEISS portfolio help spread the risk.

Innovation risks and opportunities

The results of operations and reputation of ZEISS are heavily dependent on the development of innovative products and solutions. New trends and current findings from science and research can give rise to abrupt technology shifts, new customer requirements, and also make new business models necessary. To utilize opportunities in this area at an early stage and to keep the probability of risks occurring and their economic impact low, ZEISS cooperates with research institutes, enters into targeted development partnerships and also makes targeted technology acquisitions.

Personnel risks and opportunities

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. These give rise to moderate economic risks. ZEISS counters these with a global recruitment strategy, which leads to a low probability of occurrence. In order to retain employees in the long term, the Group offers various employee benefits depending on the location – these include, for example, offers for health promotion or child care.

Risks and opportunities in procurement and production

ZEISS ensures compliance with national and international standards, laws and regulations by means of an integrated management system that addresses the issues of quality, environmental protection, occupational health and safety, and energy management.

The increase in the prices of commodities and materials, the growing complexity of purchased parts and the limited number of suppliers (single source) for some technologies give rise to a moderate procurement risk. ZEISS 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. ZEISS systematically leverages opportunities that arise from bundling procurement activities.

Risks and opportunities of information technology

ZEISS constantly examines and utilizes the opportunities of digitization in order to offer customers additional and enhanced services. At the same time, the Group constantly updates its existing information technology (IT) systems, and its IT protection and security systems. Some ZEISS IT systems are operated by external partners. For these service providers, the Group has defined high technical and legal standards regarding the hardware and software deployed as well as process monitoring and data security. ZEISS continuously monitors the implementation of and compliance with these standards. The probability of IT risks occurring is estimated to be low. However, the economic impact can be considerable.

Risks and opportunities from acquisitions

Acquisitions or investments offer ZEISS the opportunity to enlarge its competencies and technology portfolio or to increase its access to regional markets. ZEISS systematically checks the associated risks and opportunities. Due diligence reviews aimed at assessing the business development that can be expected are a key element prior to closing transactions. The economic impact and probability of occurrence are therefore low.

Goodwill totaling €582m from acquisitions is shown in the consolidated statement of financial position. This goodwill is subject to regular impairment tests. It cannot be ruled out that impairment losses on goodwill may need to be recognized on account of changes in economic conditions, business models or technologies.

Legal risks, patents and intellectual property

ZEISS safeguards its technologies and products through a comprehensive industrial property rights strategy. If ZEISS patent and brand rights are infringed by third parties, the Group takes legal steps in order to counter the associated high economic risk. The probability of such cases occurring is low.

When developing new products and technologies, ZEISS 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. Due to the complexity of possible industrial rights and the increased activity of institutional patent assertion entities there is a moderate risk of litigation with a moderate economic risk. Appropriate provision is made in the statement of financial position for any claims arising from unclear patent situations.

There is no pending litigation that poses any risk to the continued existence of ZEISS at present. ZEISS appealed a penalty notice issued to Carl Zeiss Vision GmbH by Germany’s Federal Cartel Office in fiscal 2009/10. This litigation is continuing.

ZEISS 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 Group’s reputation, ZEISS has established a corporate-wide compliance organization.

Financial risks and opportunities
The overall financial risks of the ZEISS Group are classified as moderate. The measures listed result in a low probability of occurrence.

The financial activities and the associated opportunities and risks of the ZEISS Group are managed centrally. The Group uses defined risk strategies to minimize risks resulting from changes in exchange rates, interest rates or the value of assets. Furthermore, the Group is generally exposed to credit and liquidity risks. On account of its global orientation, the ZEISS Group is exposed to risks from exchange rate fluctuations in its operations and the financial results and cash flows reported. Interest rate risk arises from fluctuations in market interest rates.

The ZEISS Group exclusively uses derivative financial instruments to hedge interest rate and currency risks. For this purpose, it enters into interest rate swaps and standard currency options and forward exchange contracts. These cover the underlying goods and services transactions of group entities and non-derivative financial transactions (hedged transactions).

Credit risk stems from an adverse development in the economic conditions of the company’s borrowers or counterparties. On the one hand, this gives rise to the risk of default, in full or in part, on contractually agreed payments or performance and, on the other, potentially a need to recognize credit-risk-related impairment losses on financial instruments. The maximum credit risk position of the ZEISS Group as of the end of the reporting period is equivalent to the carrying amount of the financial instruments disclosed as financial assets and the guarantees issued to non-consolidated group entities.

The liquidity risk of the ZEISS Group represents the risk that Carl Zeiss AG or a subsidiary may not be able to meet its financial obligations (e.g. to repay financial liabilities or make interest payments). ZEISS has sufficient liquidity reserves in the form of cash and lines of credit. The Group’s investment strategy is conservative: the focus here is on security and short-term availability. In addition, ZEISS ensures that the investments are broadly diversified.

Risks of default are limited by choosing counterparties with excellent credit ratings given by external rating agencies. Concentration risks are limited and managed by generally entering into transactions with various banks.

In the context of pension obligations, high risks arise from the increasing life expectancy of the beneficiaries, from general interest rate developments and from the obligation to regularly adjust the amount of the pensions paid. The existing pension agreements could give rise to risks with regard to equity. The provisions negatively impact the statement of financial position and could therefore restrict scope for strategic action. In light of this, the pension rules were revised during the reporting period and adapted to the changed conditions on the financial market. By doing this, ZEISS is countering the risks that could arise in particular from the development of interest rates. The new pension rules will come into effect as of the beginning of fiscal year 2015/16.

ZEISS has transferred the funds to cover pension obligations toward active employees in Germany to a contractual trust arrangement (CTA).

Market risks and opportunities

The broad and balanced ZEISS business portfolio helps spread risk. The economic risk arising from the differing development of the segments is classified as moderate with a moderate probability of occurrence. In order to further reduce both the probability of occurrence and the economic risk, ZEISS has launched programs designed to increase competitiveness in individual areas.

The volatility and increasing consolidation of the semiconductor sector entails risks and opportunities for the Semiconductor Manufacturing Technology segment, to which ZEISS adapts in a flexible manner. In the reporting period, the business group responded to the changes in market and technological demands over the past years by optimizing its organizational structure. In particular, the profitable use of EUV lithography for volume production of semiconductor chips holds considerable opportunities and presents high inherent technological risks for the business group. ZEISS therefore collaborates closely with its strategic partner ASML and other development partners in order to jointly steer this future-oriented technology to success.

The Research & Quality Technology segment is exposed to risks arising from the Industrial Metrology business group’s dependence on the capital goods industry and particularly the automotive and the associated supplier industry. These are reduced by the development of new applications and by expanding the business group’s business with customer services. Opportunities arise for the business group from increasingly networked production processes (Industrial Internet), from its positioning as a one-stop provider as well as from the expansion of local value chains in the key economic regions.

The business development of the Microscopy business group depends heavily on government budgets for education and research, and on an innovative product portfolio. The business group is therefore enhancing its product portfolio in order to open up new markets and customer segments through industrial applications. Increasing industrial requirements, new materials and the growing scarcity of resources call for new analytical methods in microscopy and offer new sales opportunities for the business group. Megatrends such as the aging population are triggering additional growth opportunities in the area of microscopy for research and routine biomedical applications; for example, in pharmaceuticals research or in diagnosis of diseases.

In the Medical Technology segment, political and regulatory decisions can have a long-term effect on the reimbursement of costs for medical treatment and thus on willingness to invest in new treatment systems. Cuts in public budgets can have similar consequences. Furthermore, new product launches can be delayed or even rejected due to changes in product approval requirements. Patients may be injured due to malfunctions or incorrect operation of medical devices. This can result in substantial litigation costs and cause long-term damage to the company’s reputation. The steadily rising world population and higher life expectancy, which is likely to lead to increased demand for medical technology, are giving rise to growth opportunities for the Medical Technology segment. Further growth potential is inherent in the rapidly developing economies due to the growing demand for basic medical care.

Within the Vision Care/Consumer Optics segment, the Vision Care business group is exposed to risks arising from fundamental changes in the market, ongoing consolidation in the industry and the concentration of customer structures. Other risks include the continued fall in the price of eyeglass lenses, as well as new competitors who use online sales channels or deploy new technologies to establish their own production capacity. Opportunities continue to be offered by the growing importance of the brand for consumers, freeform technology and the associated new business fields, optimization of the value chain, and new business models resulting from digitization.

The Consumer Optics business group is subject to risks in the market for cine lenses due to increasing competitive and price pressure. Opportunities can arise from new developments and from sector and technology trends in this market. In the market for camera lenses, there are risks due to an increasingly weak market for single-lens reflex cameras, which also results in opportunities in the market for mirrorless cameras. The licensing business depends on the attractiveness of the ZEISS brand for partners of the business group. ZEISS counters this risk by means of a consistent brand strategy.

Another risk is presented by product delays in Sports Optics, which could result in customers opting for a competitor. This could give rise to idle capacity at manufacturing sites.

Overall statement on the risks faced by the company

When this report was prepared, no risks were discernible that could jeopardize the ability of the ZEISS Group to continue as a going concern. There are no significant differences for the overall assessment compared to the prior year. The Executive Board believes that the Group has a solid foundation for further development and uses a systematic strategy and planning process to provide the resources required in order to leverage the opportunities.

SUBSEQUENT EVENTS

There were no significant events after the end of the fiscal year.

REPORT ON EXPECTED DEVELOPMENTS

Future conditions of business development

Moderate economic growth is currently still expected for fiscal year 2015/16. However, the growth indicators for the global economy show clear signs of a future weakening of the markets.

According to forecasts, the market growth of the industrial nations will see moderate development. In the USA, good labor market figures will fuel consumer demand and growth.

The high growth rates of the past will not be repeated in China. A “new normality”, with moderate growth rates and a process of transformation in industry, is expected in the world’s second-largest economy. The effects of this on national and global economic growth cannot be accurately predicted.

According to forecasts, the Indian economy will see above-average development. Brazil will emerge from recession with marginal growth.

Continuing political uncertainties in the euro zone, in Russia and Ukraine, as well as in the Middle East, could negatively impact growth.

Expected development of the markets and industries relevant for ZEISS

Semiconductor Manufacturing Technology

ZEISS expects demand for microchips to continue in fiscal year 2015/16, but with significantly slower growth in some cases. The main remaining growth drivers are constantly rising storage requirements due to the rapidly rising data volumes and increasing digitization in all areas of life. The classic growth drivers – PCs, tablets and smartphones – will see negative (PCs) or low positive (tablets and smartphones) development. The Group therefore expects the investment requirements of chip manufacturers as regards lithography technology to stagnate in fiscal year 2015/16.

Research & Quality Technology

The Group expects business development in industrial metrology to be stable overall. ZEISS expects cautious investment behavior for Europe and the Asian market – while there are positive indicators for business in North America. Moreover, ZEISS expects the business group's service business to continue to grow and also anticipates additional impetus from the expansion of the portfolio.

For the microscopy business, it is apparent that the public subsidies for research, which are on the whole restrictive, will result in stagnating global growth in the academic environment. Positive impetus is expected for the industrial application of microscopes. The Group expects that this robust market environment will remain in place for the Microscopy business group.

Medical Technology

Medical devices and medical equipment will remain an attractive business field in the healthcare sector. ZEISS expects that growth drivers in the market for the Medical Technology segment, such as demographic trends and population growth as well as rising demand from the rapidly developing economies, will continue to exist. They will be supplemented by new technologies and applications, particularly in the area of minimally invasive surgery, that will contribute to the dynamism of the industry. From the customer's perspective, a better cost-benefit balance of medical technology products and increasing digitization and systems integration are playing a key role in day-to-day work in doctors' offices and hospitals.

Vision Care / Consumer Optics

For the business of the Vision Care/Consumer Optics segment, ZEISS expects global growth to remain stable. Major drivers of the development of the markets for the Vision Care business group are demographic trends, increasing income in the rapidly developing economies and rising demand for individualized precision eyeglass lenses. The Group expects the increasing digitization in lens fitting and production, logistics, marketing and customer service to result in major changes. ZEISS expects the Consumer Optics business group to face tougher competition. In addition, the Group assumes that the US market will recover. With the size of the market for cine lenses set to remain constant, increased competitive pressure is expected due to the entry of new competitors from Asia.

Overall statement on anticipated development

When these consolidated financial statements for 2014/15 were prepared, slightly stronger global economic growth with differences between the various regions was becoming apparent. In light of the global economic development forecasts currently available, the Executive Board of Carl Zeiss AG regards the goals planned for fiscal year 2015/16 as challenging. In light of the initial signs of increasing market uncertainty, ZEISS expects less dynamic growth in the rapidly development economies in Latin America and Asia compared to prior years, with a slight decrease expected for China. Thanks to the solid positioning of the segments in their respective markets, which ZEISS established and expanded in the past, mainly through its innovative strength, the Group expects slight increases in revenue and EBIT margin for fiscal year 2015/16, despite stagnation in the Semiconductor Manufacturing Technology segment.

Consolidated Financial Statements

Consolidated Income Statement
for the period from 1 October 2014 to 30 September 2015

	Note	2014/15	2013/14
		€ k	€ k
Revenue	7	**4,510,862**	**4,287,237**
Cost of sales		2,431,247	2,343,321
Gross profit		**2,079,615**	**1,943,916**
» Sales and marketing expenses		928,611	840,448
» General administrative expenses		323,047	297,650
» Research and development expenses		466,495	447,792
» Other income	8	15,561	9,364
» Other expenses	9	7,828	7,784
Earnings before interest and taxes (EBIT)		**369,195**	**359,606**
» Share of profit/loss from investments accounted for using the equity method		-11,493	-235
» Interest income	10	7,475	11,033
» Interest expenses	10	56,451	77,148
» Other financial result	10	-44,563	-23,176
Financial result		**-105,032**	**-89,526**
Earnings before taxes (EBT)		**264,163**	**270,080**
» Income taxes	11	55,956	80,556
Consolidated profit/loss		**208,207**	**189,524**
» thereof profit/loss attributable to non-controlling interests		23,652	27,330
» thereof profit/loss attributable to the stockholder of the parent company		184,555	162,194

Consolidated Statement of Comprehensive Income
for the period from 1 October 2014 to 30 September 2015

	Note	2014/15	2013/14
		€ k	€ k
Consolidated profit/loss		**208,207**	**189,524**
» Exchange differences on translation of foreign subsidiaries		40,321	20,932
» Remeasurement of defined benefit plans		-159,631	-230,863
» Deferred income tax		42,511	61,864
Total gains/losses that will not be recycled through consolidated profit/loss		**-76,799**	**-148,067**
» Gains/losses from available-for-sale financial assets		-15,758	7,936
» Gains/losses from cash flow hedges		4,211	871
» Deferred income tax		9,879	-12,900
Total gains/losses that will be recycled through consolidated profit/loss		**-1,668**	**-4,093**
Other comprehensive income	22	**-78,467**	**-152,160**
Total comprehensive income		**129,740**	**37,364**
» thereof profit/loss attributable to non-controlling interests		27,586	26,762
» thereof profit/loss attributable to the stockholder of the parent company		102,154	10,602

Consolidated Statement of Financial Position
as of 30 September 2015

Assets	Note	30 SEP 15	30 SEP 14
		€ k	€ k
Non-current assets			
» Intangible assets	12	794,961	776,801
» Property, plant and equipment	13	1,004,726	1,012,562
» Investments accounted for using the equity method	14	0	0
» Trade and other receivables	17	27,258	29,458
» Other non-current financial assets	15	128,938	110,364
» Other non-current non-financial assets		8,355	8,138
» Deferred taxes	11	548,677	451,112
		2,512,915	**2,388,435**
Current assets			
» Inventories	16	1,080,689	1,079,757
» Trade and other receivables	17	923,495	873,558
» Other current financial assets	18	61,928	40,280
» Tax refund claims		14,003	14,773
» Other current non-financial assets	19	91,691	93,766
» Securities	20	93,052	82,255
» Cash and cash equivalents	21	638,876	483,333
		2,903,734	**2,667,722**
		5,416,649	**5,056,157**

Equity and liabilities	Note	30 SEP 15	30 SEP 14
		€ k	€ k
Equity	22		
» Issued capital		120,000	120,000
» Capital reserves		52,770	52,770
» Equity earned by the Group		1,493,731	1,317,938
» Other reserves		-557,217	-474,816
» Non-controlling interests		247,908	232,696
		1,357,192	**1,248,588**
Non-current liabilities			
» Provisions for pensions and similar obligations	23	1,482,746	1,333,095
» Other non-current provisions	24	168,629	155,792
» Non-current financial liabilities	25	426,629	424,434
» Other non-current non-financial liabilities	27	39,217	33,474
» Deferred taxes	11	64,267	74,501
		2,181,488	**2,021,296**
Current liabilities			
» Current provisions	24	332,075	316,963
» Current financial liabilities	25	109,892	131,353
» Trade payables	26	228,354	214,010
» Current income tax payables		37,377	38,485
» Other current non-financial liabilities	27	1,170,271	1,085,462
		1,877,969	**1,786,273**
		5,416,649	**5,056,157**

Consolidated Statement of Changes in Equity

for fiscal year 2014/15[1]

	Issued capital	Capital reserves	Equity earned by the Group	Other reserves from currency translation	Other reserves from the remeasurement of defined benefit plans	Other reserves from available-for-sale financial assets	Other reserves from cash flow hedges	Equity attributable to the stockholder of the parent company	Non-controlling interests	Consolidated equity
	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k
1 October 2013	**120,000**	**52,770**	**1,166,206**	**760**	**-320,807**	**6,032**	**-9,209**	**1,015,752**	**218,407**	**1,234,159**
Total comprehensive income	0	0	162,194	17,861	-165,360	-400	-3,693	10,602	26,762	37,364
Dividends	0	0	-11,000	0	0	0	0	-11,000	-13,655	-24,655
Change in basis of consolidation	0	0	0	0	0	0	0	0	1,182	1,182
Other changes	0	0	538	0	0	0	0	538	0	538
30 September 2014	**120,000**	**52,770**	**1,317,938**	**18,621**	**-486,167**	**5,632**	**-12,902**	**1,015,892**	**232,696**	**1,248,588**
Total comprehensive income	0	0	184,555	33,116	-113,849	-5,879	4,211	102,154	27,586	129,740
Dividends	0	0	-6,400	0	0	0	0	-6,400	-12,374	-18,774
Change in basis of consolidation	0	0	0	0	0	0	0	0	0	0
Other changes	0	0	-2,362	0	0	0	0	-2,362	0	-2,362
30 September 2015	**120,000**	**52,770**	**1,493,731**	**51,737**	**-600,016**	**-247**	**-8,691**	**1,109,284**	**247,908**	**1,357,192**

[1] For more information on the changes in equity, please refer to note 22 of the notes to the consolidated financial statements.

Consolidated Statement of Cash Flows
for the period from 1 October 2014 to 30 September 2015

	2014/15	2013/14
	€ k	€ k
Consolidated profit/loss	208,207	189,524
Amortization, depreciation and impairment net of reversals of impairment losses	202,056	212,164
Share of profit/loss from investments accounted for using the equity method	11,493	235
Other material non-cash income and expenses	2,273	25,568
Changes in provisions for pensions and similar obligations	19,483	22,753
Amounts allocated to the contractual trust arrangement and other plan assets outside Germany	-36,697	-115,388
Changes in other provisions	25,542	-1,200
Gain/loss from the disposal of intangible assets and property, plant and equipment	1,234	3,401
Gain/loss from the disposal of affiliates	-9,410	0
Gain/loss from the disposal of current securities	228	-39
Changes in inventories	16,787	-33,595
Changes in trade receivables	-26,727	-27,928
Changes in deferred taxes	-50,954	-41,427
Changes in other assets	-38,267	52,498
Changes in trade payables	12,193	-24,628
Changes in current accruals	21,070	-26,828
Changes in advances received	26,806	61,680
Changes in other liabilities	10,949	-16,769
Cash flows from operating activities	**396,266**	**280,021**
Proceeds from the disposal of intangible assets and property, plant and equipment	27,334	11,840
Purchases of intangible assets and property, plant and equipment	-186,540	-226,770
Net cash outflow from investments in financial assets including fixed-term investments and securities maturing in > 90 days	-49,461	-10,942
Net cash inflow/outflow from the acquisition of shares in affiliates	2,409	-62,441
Cash flows from investing activities	**-206,258**	**-288,313**
Dividend paid to Carl Zeiss Stiftung	-6,400	-11,000
Payments to non-controlling interests	-12,374	-13,655
Proceeds from (financial) loans	10,908	117,500
Repayments of (financial) loans and bonds	-17,536	-179,129
Cash flows from financing activities	**-25,402**	**-86,284**
Changes in cash and cash equivalents	**164,606**	**-94,576**
Changes in cash and cash equivalents from exchange rate movements and changes in the basis of consolidation	-9,063	-4,045
Cash and cash equivalents as of 1 October	483,333	581,954
Cash and cash equivalents as of 30 September	**638,876**	**483,333**

Additional information on the statement of cash flows	2014/15	2013/14
	€ k	€ k
Payments of		
» Income tax[1]	94,170	99,699
» Interest[1]	18,483	27,294
» Dividends[2]	18,774	24,655
Proceeds from		
» Income tax[1]	10,277	14,540
» Interest[1]	7,298	9,967
» Dividends[2]	594	833

[1] Included in cash flows from operating activities
[2] Included in cash flows from financing activities

Notes to the Consolidated Financial Statements
for fiscal year 2014/15

BASIS OF PRESENTATION

1 General principles

Carl Zeiss AG is a non-listed stock corporation incorporated under German law, headquartered at Carl-Zeiss-Strasse 22, 73447 Oberkochen, Germany. The Carl Zeiss Foundation (Carl Zeiss Stiftung), Heidenheim an der Brenz and Jena, is the sole stockholder of Carl Zeiss AG.

The ZEISS Group develops and manufactures solutions for the semiconductor, automotive and mechanical engineering industries, for biomedical research and medical technology, as well as for eyeglass lenses, camera and cine lenses, binoculars and planetariums.

Carl Zeiss AG exercises the option afforded by Sec. 315a (3) German Commercial Code (HGB) which, based on the member state option set out in the EU Regulation dated 19 July 2002, also allows companies not geared to the capital market to prepare their consolidated financial statements in accordance with International Financial Reporting Standards with exempting effect.

The accompanying consolidated financial statements of Carl Zeiss AG, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the interpretations of the IFRS Interpretations Committee, as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB. All pronouncements of the International Accounting Standards Board (IASB) whose adoption is mandatory have been considered.

The consolidated financial statements are presented in euros (€). Unless otherwise specified, all amounts are stated in thousands of euros (€ k) and rounded in line with common business practice.

In order to improve clarity and transparency, individual items have been combined in the consolidated statement of financial position and the consolidated income statement and broken down and explained separately in these notes.

The consolidated financial statements and group management report prepared as of 30 September 2015 were authorized for issue to the Supervisory Board by the Executive Board on 4 December 2015.

2 Basis of consolidation

Subsidiaries, associates, joint ventures and special purpose entities are included in the consolidated financial statements. Subsidiaries and special purpose entities are entities that are controlled directly or indirectly and are consolidated in full. Control is the power to govern the financial and operating policies of another entity, directly or indirectly, such that the Group obtains benefits from the entity’s activities. Associates are entities over which Carl Zeiss AG exercises significant influence and that are neither subsidiaries nor joint ventures. Associates and joint ventures are accounted for in the consolidated financial statements using the equity method.

The consolidated financial statements contain 31 (prior year: 31) fully consolidated German entities (including Carl Zeiss AG) and 106 (prior year: 110) fully consolidated entities in other countries. The entities are generally included in the consolidated financial statements from the date on which control is obtained.

A special fund was included in the consolidated financial statements as a structured entity because the fund activities are defined by the investment strategy and Carl Zeiss Financial Services GmbH is solely entitled to the fund's earnings.

The entities included in consolidation and shareholdings are all contained in the list of shareholdings in accordance with Sec. 313 (2) HGB.

The number of fully consolidated entities changed as follows in the reporting period:

	Germany	Other countries	Total
1 October 2014	31	110	141
Disposals in the reporting period	2	4	6
Additions in the reporting period	2	0	2
30 September 2015	**31**	**106**	**137**

Disposals from the basis of consolidation

The following entities were removed from the basis of consolidation in the reporting period:

» Carl Zeiss Laser Optics GmbH, Oberkochen (Germany)
(merged as of 1 October 2014 into Carl Zeiss SMT GmbH, Oberkochen [Germany])
» Carl Zeiss SMS GmbH, Jena (Germany)
(merged as of 1 October 2014 into Carl Zeiss SMT GmbH, Oberkochen [Germany])
» Carl Zeiss SBE, LLC, Thornwood (USA)
(merged as of 1 October 2014 into Carl Zeiss Sports Optics, LLC, North-Chesterfield [USA])
» Optiswiss AG, Basel (Switzerland)
(sold as of 15 July 2015)
» Optiswiss France SARL, St. Louis (France)
(sold as of 15 July 2015)
» American Optical IP Corporation, San Diego (USA)

The disposals from the basis of consolidation did not have any significant impact on the net assets, financial position and results of operations of the ZEISS Group.

Additions to the basis of consolidation

The following entities were included in the consolidated financial statements for the first time:

» Carl Zeiss Spectroscopy GmbH, Jena (Germany)
(incorporated on 11 March 2015)
» Carl Zeiss Optotechnik GmbH, Neubeuern (Germany)
(from 31 July 2015)

The following entities were acquired in 2014/15:

Carl Zeiss Optotechnik GmbH, Neubeuern (Bavaria)

In July 2015, Carl Zeiss Industrielle Messtechnik GmbH, Oberkochen, acquired 60% of the shares in Steinbichler Optotechnik GmbH, Neubeuern (Bavaria). The entity has been operating under the name Carl Zeiss Optotechnik GmbH since September 2015. Within the Research & Quality Technology segment, the ZEISS Group has expanded its Industrial Metrology business group in the field of optical measuring technology and digitization, thus positioning itself as a solutions provider in the area of quality processes in car body production, through this acquisition.

The purchase price allocation in accordance with IFRS 3 was performed in the reporting period. Non-controlling interests are measured at the fair value of the assets acquired and liabilities assumed (full goodwill method).

The purchase price amounted to around €17m. Since the date of first-time consolidation, Carl Zeiss Optotechnik GmbH has made only an insignificant contribution to the ZEISS Group's revenue and profit/loss for the period.

3 Consolidation principles

The consolidated financial statements are based on the financial statements of the subsidiaries included in the Group as of 30 September 2015, which have been prepared according to uniform accounting policies.

Business combinations are accounted for using the purchase method pursuant to IFRS 3 *Business Combinations*.

The identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values as of the acquisition date regardless of the extent of any non-controlling interests. Non-controlling interests are measured either at the fair value (full goodwill method) or the proportionate share of fair value of the assets acquired and liabilities assumed (partial goodwill method).

The cost of the interests acquired is offset against the Group's proportionate share in the subsidiary's net assets measured at fair value. Any acquisition-related costs incurred are expensed. Any excess of cost over the Group's interest in the net fair value remaining after offsetting is recognized as goodwill under intangible assets. Any excess of the Group's interest in the net fair value over cost is recognized in profit or loss. For business combinations prior to 14 May 2002, the option set forth in IFRS 1.15 was exercised by including the previous GAAP accounting for these business combinations in the consolidated financial statements in accordance with IFRSs. Transactions under common control are accounted for by rolling forward the carrying amount.

The profit or loss of the subsidiaries acquired in the reporting period is included in the consolidated income statement based on their group affiliation, i.e. from the date on which the Group obtains control.

Subsidiaries are deconsolidated on the date on which Carl Zeiss AG loses control over the entity.

The shares in net assets that are attributable to non-controlling interests are reported under non-controlling interests within consolidated equity.

Joint ventures as defined by IFRS 11 *Joint Arrangements* are accounted for using the equity method.

When using the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures*, the interests are initially accounted for at cost in the statement of financial position and subsequently measured at amortized cost to reflect changes in the Group's share of the equity (net assets) after the acquisition date and impairment losses.

Intercompany receivables and liabilities between consolidated entities are netted.

Intercompany profits from intercompany trade are eliminated.

The income tax implications are considered in the course of consolidation by recognizing deferred taxes.

Internal revenue and other intercompany income are offset against the corresponding expenses in the consolidated income statement.

4 Summarized financial information of material subsidiaries with non-controlling interests

Carl Zeiss Meditec AG, Jena, with its consolidated subsidiaries, qualifies as a material subsidiary with non-controlling interests in the ZEISS Group. The non-controlling interests amount to 34.9%.

The summarized financial information presented in the following corresponds to the financial information in the published consolidated financial statements of Carl Zeiss Meditec AG:

	2014/15	2013/14
	€ k	€ k
Revenue	1,040,061	909,255
Consolidated profit/loss	65,561	79,157
Other comprehensive income	10,186	-3,655
Total comprehensive income	75,747	75,502

	30 SEP 15	30 SEP 14
	€ k	€ k
Non-current assets	362,992	343,255
Current assets	776,298	695,855
Non-current liabilities	98,450	84,800
Current liabilities	243,390	200,083
Equity	797,450	754,227

	2014/15	2013/14
	€ k	€ k
Cash flows from operating activities	56,744	63,105
Cash flows from investing activities	-35,173	-49,437
Cash flows from financing activities	-19,290	-7,523
Changes in cash and cash equivalents from exchange rate movements and changes in the basis of consolidation	33	-1,704
Changes in cash and cash equivalents	2,314	4,441

	2014/15	2013/14
	€ k	€ k
Consolidated profit/loss attributable to non-controlling interests	22,912	27,664
Total comprehensive income attributable to non-controlling interests	26,472	26,387
Dividends paid to non-controlling interests	11,367	12,787
Equity attributable to non-controlling interests	278,695	263,589

5 Currency translation

The consolidated financial statements are presented in euros. In the separate financial statements, foreign currency receivables and liabilities are valued at the exchange rate prevailing on the date of the transaction. Monetary items in foreign currencies are revalued at the mean closing rate, with exchange rate gains and losses being reported in the consolidated income statement under financial result.

Financial statements denominated in foreign currency of the subsidiaries included in the consolidation are translated into euros on the basis of the functional currency concept pursuant to IAS 21 *The Effects of Changes in Foreign Exchange Rates*. All assets and liabilities are translated using average closing rates, whereas equity is translated at historical rates. The income and expense items from the income statement are translated using annual average exchange rates. Any exchange differences arising are recognized through other comprehensive income within other reserves from currency translation.

The following key exchange rates for the consolidated financial statements as of 30 September 2015 and 2014 were used for currency translation:

		Closing rate		Average rate	
	€1 =	**30 SEP 15**	30 SEP 14	**2014/15**	2013/14
USA	US$	1.1203	1.2595	1.1485	1.3571
Japan	JPY	134.6900	138.1550	136.8381	138.8428
China	CNY	7.1206	7.7312	7.1451	8.3427

6 Accounting policies

The financial statements of the entities included in the consolidated financial statements have been prepared in accordance with the Group's accounting policies. Adjustments are made as necessary where the local GAAP financial statements of individual entities diverge from these policies. Where the reporting date of subsidiaries is different from the reporting date for the consolidated financial statements, interim financial statements are used.

New and revised financial reporting standards

The following financial reporting standards were adopted for the first time in the reporting period:

Date of issue	Standard/Interpretation	Amendment/new standard or interpretation
12 May 2011	IFRS 10 Consolidated Financial Statements	Accounting rules governing the preparation and presentation of consolidated financial statements and explanations regarding the control principle
12 May 2011	IFRS 11 Joint Arrangements	Addition of rules governing joint arrangements and related accounting issues
12 May 2011	IFRS 12 Disclosure of Interests in Other Entities	Extended disclosure requirements relating to subsidiaries, joint ventures and associates as well as unconsolidated structured entities
12 May 2011	IAS 27 Separate Financial Statements	Guidance on accounting for investments in subsidiaries, associates and joint ventures in separate financial statements
12 May 2011	IAS 28 Investments in Associates and Joint Ventures	Guidance on accounting for associates and rules on using the equity method
16 December 2011	IAS 32 Financial Instruments: Presentation	Additional regulations on offsetting financial assets and liabilities
31 October 2012	IFRS 10, IFRS 12 and IAS 27 Investment Entities	Special rules governing financial statements of investment entities
20 May 2013	IFRIC 21 Levies	An interpretation on the accounting for levies imposed by governments
29 May 2013	IAS 36 Impairment of Assets	Adjustment of recoverable amount disclosures for non-financial assets as a consequence of the new IFRS 13
27 June 2013	IAS 39 Financial Instruments: Recognition and Measurement	Novation of derivatives and continuation of accounting for hedges

The adoption of new and revised financial reporting standards did not have any significant impact on the net assets, financial position and results of operations of the ZEISS Group.

The IASB and the IFRS Interpretations Committee have issued a number of revised and new standards or interpretations, which did not come into effect in the reporting period. These new pronouncements have not been early adopted in the consolidated financial statements of Carl Zeiss AG.

Date of issue	Standard/Interpretation	Amendment/new standard or interpretation	Effective date	Endorsed by the EU
21 November 2013	IAS 19 *Employee Benefits*	Accounting for contributions from employees and third parties for defined benefit plans	Periods beginning on or after 1 February 2015	Yes
12 December 2013	Improvements to IFRSs (2010-2012)	Amendments to IFRS 2, 3, 8, 13, IAS 16, 24 and 38	Periods beginning on or after 1 February 2015	Yes
12 December 2013	Improvements to IFRSs (2011-2013)	Amendments to IFRS 1, 3, 13 and IAS 40	Periods beginning on or after 1 January 2015	Yes
30 January 2014	IFRS 14 *Regulatory Deferral Accounts*	Rules regarding presentation and disclosures in the notes on regulatory deferral accounts	Periods beginning on or after 1 January 2016	No
6 May 2014	IFRS 11 *Joint Arrangements*	Guidance on accounting for the acquisition of interests in joint operations	Periods beginning on or after 1 January 2016	No
12 May 2014	IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*	Guidance on the depreciation and amortization methods applicable to property, plant and equipment and intangible assets	Periods beginning on or after 1 January 2016	No
28 May 2014	IFRS 15 *Revenue from Contracts with Customers*	Accounting for revenue from contracts with customers	Periods beginning on or after 1 January 2018	No
30 June 2014	IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture*	Following the amendments, fruit-bearing plants will fall under the scope of IAS 16	Periods beginning on or after 1 January 2016	No

Date of issue	Standard/Interpretation	Amendment/new standard or interpretation	Effective date	Endorsed by the EU
24 July 2014	IFRS 9 *Financial Instruments*	Classification and measurement of financial assets	Periods beginning on or after 1 January 2018	No
12 August 2014	IAS 27 *Separate Financial Statements*	Application of the equity method again permissible as an accounting option	Periods beginning on or after 1 January 2016	No
11 September 2014	IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*	Amendment with regard to the sale or contribution of assets between an investor and its associate or joint venture	Periods beginning on or after 1 January 2016	No
25 September 2014	Improvements to IFRSs (2012-2014)	Amendments to IFRS 5, 7, IAS 19 and 34	Periods beginning on or after 1 January 2016	No
18 December 2014	IAS 1 *Presentation of Financial Statements*	Improved reporting with respect to disclosure requirements	Periods beginning on or after 1 January 2016	No
18 December 2014	IFRS 10, IFRS 12 and IAS 28 *Investment Entities*	Confirmation that the exemption from preparing consolidated financial statements applies to subsidiaries of investment entities	Periods beginning on or after 1 January 2016	No

The effects of IFRS 9 and IFRS 15 will be examined sufficiently well in advance of their first-time adoption. Their influence on future financial statements cannot yet be conclusively assessed. However, it is not currently expected that the amendments and new standards will have any significant impact on the ZEISS Group's net assets, financial position and results of operations. The remaining standards may give rise to changes in disclosure requirements. Apart from this, no significant effects are expected.

The other accounting policies used were the same as in the prior year.

Use of estimates

The preparation of financial statements in accordance with IFRSs requires management to make estimates and assumptions. These can affect the measurement of assets and liabilities, the nature and scope of contingencies, and the reported amounts of income and expenses during the reporting period. The assumptions and estimates primarily relate to the following matters:

» The determination of uniform useful lives is subject to estimates by management.
» The measurement parameters for impairment testing, in particular regarding goodwill (see note 12 Intangible assets).
» The actuarial parameters on which the calculation of the defined benefit obligations is based (see note 23 Provisions for pensions and similar obligations)

In addition, estimates are required when assessing the recoverability of inventories and receivables, recognizing and measuring provisions and assessing the recoverability of future tax relief. Actual results may differ from these estimates. The estimates and assumptions are regularly reviewed based on past experience. Changes are recognized in profit or loss as and when better information is available.

Intangible assets

In accordance with IAS 38 *Intangible Assets*, internally generated intangible assets are recognized only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably.

Acquired and internally generated intangible assets are initially measured at cost. Intangible assets with finite useful lives are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses. Amortization is charged over the useful life using the straight-line method. The major part of amortization is contained in cost of sales.

Intangible assets with indefinite useful lives as well as goodwill are not amortized and are therefore recognized at cost less any impairment losses.

Development costs are capitalized if all of the criteria set forth in IAS 38.57 are satisfied. These include, for example, demonstrating the technical feasibility of completing the intangible asset so that it will be available for use or sale. Other criteria relate to the intention to complete the intangible asset and the ability to use or sell it. In addition, it must generate future economic benefits for the company.

The entities of the ZEISS Group perform development work at the limit of the possible and set new technological standards. That is why only a small portion of development costs is capitalized in the ZEISS Group, as the criteria for recognition as part of the cost of an intangible asset are not all satisfied until a relatively late stage.

The costs directly attributable to development, including appropriate development-related overheads, are recognized as part of the cost of an asset. Amortization of capitalized development costs begins when the asset is available for use and is charged using the straight-line method over the expected product life cycle or based on unit numbers defined in business plans. Research costs and development costs that cannot be capitalized are expensed in the period in which they are incurred.

Amortization is based on the following ranges of useful lives:

	Useful life
Patents, industrial rights, licenses, software	2 to 20 years
Development costs	1 to 10 years
Other intangible assets	3 to 10 years

Property, plant and equipment

Property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses in accordance with IAS 16 *Property, Plant and Equipment*. The cost of self-constructed assets includes direct costs and a portion of materials and production overheads. The cost of creating qualifying assets, i.e. for assets that take a substantial period of time to produce, includes borrowing costs. Depreciation is charged on a straight-line basis over the asset’s useful life.

Depreciation is based on the following ranges of useful lives:

	Useful life
Buildings and structures	5 to 50 years
Technical equipment and machinery	2 to 20 years
Other equipment, furniture and fixtures	2 to 23 years

Impairment of intangible assets and property, plant and equipment
IAS 36 *Impairment of Assets* requires assessing at the end of each reporting period whether there is any indication that the assets reported in the statement of financial position may be impaired. In addition, annual impairment testing is required for intangible assets with indefinite useful lives and goodwill. If any indication exists or if impairment testing is required, the Group carries out impairment testing. This involves estimating the recoverable amount of the asset or cash-generating unit (CGU) in order to determine any need to record an impairment loss. The recoverable amount is the higher of the fair value less costs to sell and the value in use – determined for the individual asset or cash-generating unit in each case.

In assessing fair value less costs to sell, the estimated future cash flows are discounted to their present value using an after-tax risk-adjusted discount rate based on the discounted cash flow method. The discount rates are calculated using the parameters risk-free base interest rate, risk premium (market risk premium and beta factor), borrowing spread and tax effect, and reflect the capital structure of the cash-generating unit. The detailed planning period for future cash flows covers 5 fiscal years. For the following fiscal years, the cash flows of the fifth detailed planning year are rolled forward taking into account appropriate growth. An impairment exists when the carrying amount of the asset or cash-generating unit exceeds the higher of its fair value less costs to sell and its value in use. Such impairment loss is recognized in the income statement immediately.

With the exception of goodwill, impairment losses recognized in prior years are reversed if the reasons for recognizing the impairment no longer exist. The reversal is limited to ensure that the carrying amount is not exceeded that would have been determined, net of amortization/depreciation, had no impairment loss been recognized for the asset in prior years. The reversal of impairment losses recognized on goodwill is not permissible.

Government grants
In accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, government grants are only recorded if it is reasonably certain that the conditions attached to the grants will be fulfilled and the grants actually awarded. Investment grants are generally deferred and amortized through profit or loss over the useful lives of the related assets. Grants related to income are offset against the corresponding expenses in the period in which the expenses are incurred.

Leases
A lease is classified as a finance lease if all risks and rewards incidental to ownership are transferred to the lessee. All other leases are classified as operating leases.

Leased assets classified as finance leases in accordance with IAS 17 *Leases* and thus constituting purchases of assets with long-term financing for economic purposes are recognized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability is recorded as a lease liability in the statement of financial position. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments for finance leases are apportioned between finance charges and reduction of the lease liability. Finance charges are recognized in the interest result in the income statement.

Operating lease payments are recognized immediately as an expense in earnings before interest and taxes in the income statement.

Sale-and-leaseback agreements are presented using the same principles.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are reported in the consolidated statement of financial position as of the date on which the Group becomes party to the contract. Regular way purchases and sales of financial assets are generally recognized on the settlement date.

Under IAS 39 *Financial Instruments: Recognition and Measurement*, financial instruments are subdivided into the following categories:
» Financial assets and liabilities at fair value through profit or loss and financial assets and liabilities held for trading
» Available-for-sale financial assets
» Held-to-maturity investments
» Loans and receivables
» Financial liabilities carried at amortized cost

The classification depends on the nature and purpose of the financial instrument and is designated upon recognition.
Fair value generally corresponds to the market or quoted value. If no active market exists, fair value is calculated using generally accepted valuation techniques (for example, using the present value method or option pricing models). Amortized cost corresponds to the cost of the financial liabilities adjusted for repayments, impairment and the amortization of any discounts or premiums.

The ZEISS Group does not apply the fair value option pursuant to IAS 39.

The financial assets held for trading exclusively relate to derivative financial instruments, which the ZEISS Group uses for interest and currency hedging purposes. These are measured at fair value. Any changes in market value are recognized through profit or loss unless hedge accounting is used.

Investments as well as securities and stock and pension fund shares are generally allocated to the category of available-for-sale financial assets and recognized at fair value accordingly. If there is no active market for investments and it is not practicable to determine a reliable market value, they are measured at amortized cost. If there is any indication that fair value is lower, they are measured at fair value. Unrealized gains and losses are recognized through other comprehensive income in separate item within equity, taking deferred taxes into account. Upon disposal or in the event of an anticipated prolonged decline in market value below cost, such gains and losses are recognized in profit or loss. Increases in the market value of equity instruments are always recognized in other comprehensive income, even if they were previously written down through profit or loss.

Held-to-maturity investments, loans and receivables, and financial liabilities are measured at amortized cost. These are mainly loans, trade receivables, cash and cash equivalents, and other financial assets and liabilities. Non-interest-bearing loans and loans bearing off-market interest rates are recognized at present value and increased due to the passage of time over their term to maturity.

Offsetting of financial instruments
In the ZEISS Group, derivative financial transactions are concluded in accordance with the German master agreement for financial futures contracts. Offsetting is enforceable only in the event of insolvency and therefore does not fulfill the offsetting criteria pursuant to IAS 32.

In the ZEISS Group, credit notes received are, under certain conditions, offset against corresponding trade payables, and trade receivables offset against corresponding credit notes if these fulfill the offsetting criteria pursuant to IAS 32.

Hedge accounting
Hedge accounting is applied to hedging instruments and hedged items when the relevant criteria are satisfied. The countereffects of changes in the fair values of hedging instruments and the associated hedged item are realized through profit or loss at the same time. The criteria for hedge accounting include:

A hedge is considered to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk; the effectiveness of the hedge can be reliably measured; and at the inception of the hedge there is formal designation and documentation of the hedging relationship as well as the ZEISS Group's risk management objectives and strategies for undertaking the hedge. In addition, it is documented at the inception of the hedge whether the derivatives used for hedging purposes are expected to be highly effective in offsetting changes in fair value or cash flows of the hedged item that are attributable to the hedged risk. This assessment is renewed thereafter on a quarterly basis, along with a retrospective assessment of whether the hedge actually was highly effective.

In the ZEISS Group, hedge accounting is applied for hedging relationships designed to hedge exposure from changes in cash flows arising from fluctuation in interest or exchange rates. To the extent that changes in the fair value of a hedging instrument relate to the effective portion of a hedge, they are recognized under other reserves from cash flow hedges, a separate item within equity, net of the related deferred taxes.
The ineffective portion of the hedge is recognized immediately in profit or loss. The cumulative amounts recognized in equity are reclassified to profit or loss in the period in which the hedged item affects profit or loss.

Inventories
Materials and supplies as well as merchandise are measured at costs of purchase, which are generally determined using the average cost method. Work in progress and finished goods are measured at costs of conversion. In addition to direct materials as well as direct labor, costs of conversion include an appropriate portion of materials and production overheads as well as production-related depreciation and production-related administrative expenses.

Write-downs are recorded on inventories when the costs of purchase or conversion exceed the estimated net realizable value. All inventory, selling and income risks are thus given adequate consideration. If the reasons for a write-down no longer apply, it is reversed to the lower of cost or estimated net realizable value.

Receivables and other assets
Receivables and other assets are accounted for at nominal value or amortized cost. Identifiable risks of default are accounted for by means of specific allowances. Any uncollectible receivables or other assets are derecognized.

Long-term construction contracts
Long-term construction contracts are recognized in accordance with the percentage-of-completion (PoC) method. Under this method, revenue and costs of sales incurred are recognized according to the stage of completion as of the reporting date, based on the contracts concluded with the customers, as soon as the outcome of the construction contract can be estimated reliably. The percentage of completion is determined based on the contract costs incurred by the reporting date as a share of total contract costs (cost-to-cost method). After deducting advances received, the revenue calculated using the PoC method is presented under trade receivables in the statement of financial position.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that it is probable will be recoverable. Any anticipated losses are expensed immediately in full.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and cash at banks as well as all investments with an original term of less than 3 months.

Provisions for pensions and other post-employment benefits
The entities of the ZEISS Group have various pension plans. In addition, some foreign subsidiaries have agreed to provide post-employment medical care benefits on a certain scale.

Payments for defined contribution obligations including contributions to statutory pension funds are recognized as an expense for the period.

Defined benefit obligations are measured according to IAS 19 *Employee Benefits* using the projected unit credit method allowing for expected future adjustments to salaries and pensions.

The provisions for pensions and similar obligations at German group entities are determined based on actuarial principles and using the 2005 G mortality tables published by Prof. Dr. Klaus Heubeck. The provisions for pensions and similar obligations at entities outside Germany are determined using the relevant local basis for calculation and local parameters.

External funds invested to cover defined benefit obligations are measured at fair value and offset against the corresponding obligations.

Changes in the portfolio and variances in actual trends compared to the assumptions used for calculation purposes, as well as changes in the assumptions for the measurement of defined benefit obligations, result in actuarial gains and losses, which are recognized directly in other reserves within equity and thus directly affect the consolidated statement of financial position and the consolidated statement of comprehensive income.

The balance of the defined benefit obligation and plan assets (net defined benefit obligation or net plan assets) is discounted using the interest rate on which the measurement of the defined benefit obligation is based. The resulting net interest cost or income is recognized in the interest expenses or interest income in the consolidated income statement. Service cost is disclosed in the earnings before interest and taxes (EBIT).

Deferred compensation

The Group offers employees with unlimited employment contracts the option of using untaxed compensation to make provision for old age. Depending on the terms of their contract, the employees may convert up to 3 monthly salaries. The amounts converted are paid into an employer's pension liability insurance policy and the associated benefits are pledged to the employees. The amount and timing of the receivables from the employer's pension liability insurance matches those of the benefits payable to employees. As the receivables are pledged, they generally satisfy the requirements for plan assets and are presented on a net basis. The pension plan is therefore classified as a defined contribution plan from a substance-over-form perspective. If the future benefits under the employer's pension liability insurance are higher than the benefit obligation to the employee, the employee receives the higher amount.

The amount is dependent on the age of the employees at the time of conversion of their compensation and the employees' decision on whether to have the deferred compensation paid out as a one-off payment or as a pension. In addition to the conversion of compensation, the deferred compensation system may include invalidity and surviving dependants' benefits, depending on the model chosen.

Other provisions

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, present obligations to third parties arising from past events are disclosed within other provisions if it is probable that an outflow of resources will be required and can be measured reliably. The provisions are recognized at full cost.

Where the effect of the time value of money is material and the remaining term of the obligation can be determined reliably, non-current provisions are recognized at the amount needed to settle the obligation, discounted to the reporting date. In such cases, the increase in the provision due to the passage of time is recognized as an interest expense.

The provisions for obligations under the German phased retirement scheme, long-service awards and death benefits are determined and measured on the basis of actuarial reports or similar parameters.

Restructuring provisions
Restructuring provisions are recognized when an entity has made the decision to restructure and has a detailed formal plan for the restructuring, stating the parts of a business or locations concerned, the approximate number of employees affected and when the plan will be implemented, and it has been announced to those affected or their representatives before the reporting date. The amount of the provision covers all direct expenditures arising from the restructuring which necessarily arise during the restructuring and are not associated with the ongoing or future activities of the entity.

Warranty provisions
Guarantee or warranty obligations may be legal, contractual or non-contractual. Provisions are recognized for expenses expected to be incurred under guarantee or warranty obligations. Warranty claims are expected especially when the warranty period has not yet expired, when warranty expenses were incurred in the past or when there is specific indication of pending warranty cases. The warranty risk is derived either from individual estimates or past experience and is provided for accordingly.

Provisions for litigation risks
Provisions are recognized for risks arising from litigation in which entities of the ZEISS Group are the defendants and if it is more likely than not that the outcome will be negative. They are measured at the amount that the company would have to pay in the event of a negative outcome. This amount includes the amounts payable by the company, such as damages and compensation payments as well as anticipated legal costs.

Deferred taxes
Deferred taxes are recognized using the liability method according to IAS 12 *Income Taxes*.

Deferred tax assets and liabilities are recognized on all temporary differences between the IFRS carrying amounts and the tax accounts of consolidated entities and on consolidation measures.

Further, deferred tax assets for future economic benefits from unused tax losses and unused tax credits are taken into account if it is probable that they will be used.

The carrying amount of deferred tax assets is reviewed at every reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilized. A previously unrecognized deferred tax asset is reassessed and recognized to the extent that it has become probable that future economic benefits will be recovered.

Deferred tax liabilities are recognized for the expected income tax and withholding tax on expected dividend payments by subsidiaries. In contrast, deferred tax liabilities are not recognized for temporary differences from retained earnings of subsidiaries as the temporary differences will not reverse in the foreseeable future.

Deferred taxes relating to items recognized in other comprehensive income are likewise recognized in other comprehensive income and not through profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a group entity has a legally enforceable right to offset current tax assets and current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity. Consequently, deferred tax assets and liabilities are netted within consolidated tax groups.

Liabilities
Liabilities are carried at amortized cost using the effective interest method.

Revenue recognition and other income
The company recognizes revenue from the sale of goods based on the corresponding contract as soon as all parts of the product have been delivered, risks of ownership have been transferred, the sales price is fixed or can be determined, there are no significant obligations to customers and collection of the receivables is considered probable. Revenue is presented net of cash discounts, price reductions, customer bonuses and rebates. If the sale comprises services or maintenance agreements, this portion of the revenue is deferred and released to income in accordance with the stage of completion or pro rata temporis over the contractual period.

If rights of return are agreed when products are sold, revenue is not recognized unless corresponding values based on past experience are available. The expected volume of returns is estimated and recognized as reducing revenue based on past experience.

Interest income is recognized pro rata temporis using the effective interest method. Dividends are recognized when the legal right to receive the payment is established. If royalties are paid for multiperiod agreements, revenue is generally recognized on a straight-line basis.

Expense recognition
Expenses are generally recognized when it is probable that there will be an outflow of economic benefits from the entity.

Unless they can be capitalized as part of the cost of the asset, research and development costs are expensed as incurred. Subsidies for research and development are deducted from the expenses when they become receivable for research and development projects that have been performed and the associated expenditure.

The company is liable to its customers for flawless functioning of the products sold during the contractual warranty period. The corresponding warranty provisions are recognized by debiting cost of sales when revenue is recognized.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

7 Revenue

Revenue contains the amounts charged to customers for goods and services. Sales deductions such as rebates and discounts are deducted from revenue.

Revenue was generated from products, technical and other services for biomedical research and medical technology, system solutions for the semiconductor, automotive and mechanical engineering industries, planetariums and high-end consumer articles such as eyeglass lenses, camera and cine lenses, and binoculars.

Revenue by region breaks down as follows:

	2014/15		2013/14	
	€ k	%	€ k	%
Germany	547,267	12	515,006	12
EMEA (without Germany)	1,743,842	39	1,829,511	43
Americas	1,258,848	28	1,103,993	26
APAC	960,904	21	838,727	19
	4,510,862	**100**	**4,287,237**	**100**

Of revenue, €4,104m (prior year: €3,913m) is attributable to the sale of goods, €360m (prior year: €330m) to the rendering of services and €47m (prior year: €44m) to the granting of licenses.

8 Other income

Other income breaks down as follows:

	2014/15	2013/14
	€ k	€ k
Rental income	4,957	4,206
Gain on the disposal of fixed assets	460	1,281
Royalties	765	1,062
Sale of scrap	624	707
Other operating income	8,755	2,108
	15,561	**9,364**

Other operating income mainly comprises the gain on disposal of an affiliate.

9 Other expenses

Other expenses break down as follows:

	2014/15	2013/14
	€ k	€ k
Rental expenses	4,541	4,789
Losses on the disposal of fixed assets	2,996	2,060
Other operating expenses	291	935
	7,828	**7,784**

10 Financial result

Interest result

	2014/15	2013/14
	€ k	€ k
Interest and similar income	**7,475**	**11,033**
» thereof from affiliates	72	153
Interest and similar expenses	**56,451**	**77,148**
» thereof to affiliates	182	667
» thereof interest cost for pensions	36,292	41,740
	-48,976	**-66,115**

Other financial result

	2014/15	2013/14
	€ k	€ k
Income from investments	1,325	5,356
Income from profit transfer	2,306	1,248
Expenses for loss absorption	3,951	9,504
Investment result	**-320**	**-2,900**
Income/expenses from exchange differences	-56,010	5,988
Income/expenses from changes in market value	1,116	-27,475
Reversal of impairment losses on financial assets	468	686
Gain/loss on the disposal of securities	-229	39
Sundry other financial result	10,412	486
Other financial result	**-44,563**	**-23,176**

Income from investments includes income from affiliates of €662k (prior year: €1,793k).

The expenses from exchange differences and the income from changes in market value should be seen in the context of the hedging of currency risks and were offset in the reporting period by currency effects reported in the operating result.

11 Income taxes

Income taxes include domestic and foreign income taxes, the reversal of tax provisions, tax refunds and deferred taxes.

Income taxes break down as follows:

	2014/15	2013/14
	€ k	€ k
Current tax expenses less tax refunds and reversal of tax provisions	107,390	112,495
Deferred tax income	-51,434	-31,939
» thereof from temporary differences	-22,229	-34,156
» thereof from changes in tax rates	1,417	779
» thereof from unused tax losses including any reductions	-30,622	1,438
	55,956	**80,556**

Deferred taxes are determined on the basis of the tax rates that apply or are expected to apply based on the tax laws that have been enacted or substantively enacted in the individual countries at the time of realization. In Germany, a corporate income tax rate of 15.0% currently applies. Taking into account the solidarity surcharge and the different trade tax levy rates, the rates for German entities are in the range of 27.2% to 31.6% (prior year: 27.7% to 30.5%). The tax rates form the basis for the calculation of current taxes.

The nominal tax rates applicable outside Germany in the reporting period ranged between 9.0% and 38.9% (prior year: 9.0% and 38.4%).

The total amount of deferred tax assets and liabilities as of 30 September 2015 is allocated to the following items of the statement of financial position:

	30 SEP 15		30 SEP 14	
	Assets	Liabilities	Assets	Liabilities
	€ k	€ k	€ k	€ k
Intangible assets	7,186	50,042	7,642	55,447
Property, plant and equipment	3,960	25,991	4,069	27,851
Other non-current assets	9,345	325	14,154	2,629
Inventories	58,930	9,190	56,852	4,599
Receivables and other current assets	7,432	12,728	7,088	19,585
Non-current liabilities	354,204	396	298,039	543
Current liabilities	73,938	4,969	71,514	1,790
Outside basis differences	0	1,836	0	1,000
Unused tax losses	72,738	0	37,670	0
Total deferred taxes	**587,733**	**105,477**	**497,028**	**113,444**
Reduction	-2,154	0	6,973	0
Offsetting	41,210	41,210	38,943	38,943
Deferred taxes, net	**548,677**	**64,267**	**451,112**	**74,501**

The increase in deferred tax assets is associated with the remeasurement of defined benefit plans and with unused tax losses that are likely to be used.

Apart from Germany, the following countries also recognized unused tax losses that are likely to be used: Austria, Brazil, China, Denmark, France, Ireland, Italy, Norway, Spain, and the USA (prior year: Austria, China, Denmark, Ireland, Norway, Spain, and the USA).

The unused tax losses for which no deferred taxes were recognized amount to €392,668k (prior year: €516,112k). Most of these are available for offsetting for more than 5 years or do not expire at all. As of the reporting date these unused tax losses were classified as unlikely to be used.

Consolidation measures gave rise to deferred tax assets of €37,178k (prior year: €42,294k) and deferred tax liabilities of €31,113k (prior year: €36,285k).

A group tax rate of 31.1% was used as the tax rate applicable for the reconciliation of the expected income tax expense of €82,155k (prior year: €83,995k), based on earnings before taxes, to the current income tax expense of €55,956k (prior year: €80,556k).

The tax reconciliation statement is presented in the table below:

	2014/15	2013/14
	€ k	€ k
Earnings before taxes (EBT)	264,163	270,080
Expected income tax expense (= 31.1% x EBT; prior year: = 31.1% x EBT)	82,155	83,995
Differences from diverging tax rates	-11,370	-8,067
Effect of changes in tax rates	1,417	779
Effect of non-deductible expenses	22,295	12,186
Effect of tax-free income	-307	-3,273
Effects relating to other periods	-29,499	6,161
Permanent effects	-4,526	-12,611
Other	-4,209	1,386
Current income tax expense	**55,956**	**80,556**

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

12 Intangible assets

The goodwill amounting to €581,809k (prior year: €553,440k) is tested for impairment annually at the level of the cash-generating units.

The cash flows referred to in the impairment test are determined on the basis of detailed plans with a planning horizon of 5 years. For the following fiscal years, the cash flows of the last detailed planning year are rolled forward with an appropriate growth factor. The discount rates are based on an after-tax weighted average cost of capital (WACC) depending on the cash-generating unit. The cost of capital is a material parameter in impairment testing. A change in WACC has a direct impact on value in use.

Goodwill is allocated to the cash-generating units on the basis of the internal management structure of the ZEISS Group. The latter is made up of business groups, which in turn are divided into strategic business units. As a rule, the strategic business units correspond to the cash-generating units.

Material carrying amounts of goodwill were allocated to the respective cash-generating units as follows:

	30 SEP 15	30 SEP 14
Carrying amounts	€ k	€ k
Semiconductor Manufacturing Technology		
» Semiconductor Metrology Systems	43,982	40,535
Research & Quality Technology		
» Industrial Metrology	39,437	17,985
» Microscopy	44,379	40,525
Medical Technology		
» Ophthalmic Systems	26,371	25,344
» Microsurgery	2,075	2,337
» Surgical Ophthalmology	99,565	95,571
Vision Care/Consumer Optics		
» Vision Care	326,000	331,143
Total	**581,809**	**553,440**

	30 SEP 15	30 SEP 14
WACC (after tax)	%	%
Semiconductor Manufacturing Technology		
» Semiconductor Metrology Systems	9.8	11.6
Research & Quality Technology		
» Industrial Metrology	8.3	10.3
» Microscopy	8.9	9.2
Medical Technology		
» Ophthalmic Systems	9.2	8.9
» Microsurgery	9.2	8.9
» Surgical Ophthalmology	9.2	8.9
Vision Care/Consumer Optics		
» Vision Care	5.9	7.3

The change in the Industrial Metrology cash-generating unit in the Research & Quality Technology segment results mainly from the first-time consolidation of Carl Zeiss Optotechnik GmbH, Neubeuern (Bavaria). The changes in the other cash-generating units result principally from foreign currency translation in accordance with IAS 21.47.

Apart from goodwill, the ZEISS Group does not report any intangible assets with indefinite useful lives.

In the reporting period, a total of €466m (prior year: €448m) was spent on research and development. An amount of €4,513k (prior year: €5,270k) thereof was capitalized as own development work in accordance with IAS 38.

	Patents, industrial rights, licenses, software	Goodwill	Development costs	Other intangible assets	Total
	€ k	€ k	€ k	€ k	€ k
Cost					
1 October 2013	**312,399**	**598,408**	**169,610**	**125,593**	**1,206,010**
Change in the basis of consolidation	2,244	31,255	22,725	3,624	59,848
Additions	11,955	317	5,270	21,456	38,998
Disposals	5,293	0	2,378	4,393	12,064
Reclassifications	1,283	0	0	-1,269	14
Exchange differences	5,339	11,671	3,955	3,229	24,194
30 September 2014	**327,927**	**641,651**	**199,182**	**148,240**	**1,317,000**
Amortization/impairment					
1 October 2013	**257,838**	**83,540**	**82,947**	**53,879**	**478,204**
Change in the basis of consolidation	834	0	0	0	834
Additions	30,195	0	16,578	14,051	60,824
Disposals	4,217	0	2,033	4,393	10,643
Reversal of impairment losses	272	0	0	0	272
Reclassifications	8	0	0	0	8
Exchange differences	4,470	4,671	437	1,667	11,245
30 September 2014	**288,855**	**88,211**	**97,929**	**65,204**	**540,199**
Carrying amounts as of 30 September 2014	**39,072**	**553,440**	**101,253**	**83,036**	**776,801**
Cost					
1 October 2014	**327,927**	**641,651**	**199,182**	**148,240**	**1,317,000**
Change in the basis of consolidation	6,774	16,310	0	-543	22,541
Additions	13,829	0	4,513	7,301	25,643
Disposals	7,132	0	1,559	52	8,743
Reclassifications	20,968	0	0	-20,736	232
Exchange differences	8,960	20,596	7,099	5,398	42,053
30 September 2015	**371,326**	**678,557**	**209,235**	**139,608**	**1,398,726**
Amortization/impairment					
1 October 2014	**288,855**	**88,211**	**97,929**	**65,204**	**540,199**
Change in the basis of consolidation	0	0	0	-529	-529
Additions	23,049	0	16,741	13,070	52,860
Disposals	7,134	0	1,200	20	8,354
Reversal of impairment losses	0	0	0	0	0
Reclassifications	13	0	0	-13	0
Exchange differences	7,499	8,537	884	2,669	19,589
30 September 2015	**312,282**	**96,748**	**114,354**	**80,381**	**603,765**
Carrying amounts as of 30 September 2015	**59,044**	**581,809**	**94,881**	**59,227**	**794,961**

13 Property, plant and equipment

	Land and buildings including buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Assets under construction	Total
	€ k	€ k	€ k	€ k	€ k
Cost					
1 October 2013	**680,219**	**793,980**	**820,051**	**67,090**	**2,361,340**
Change in the basis of consolidation	1,985	5,338	282	0	7,605
Additions	28,342	45,166	68,003	46,262	187,773
Disposals	5,791	47,433	79,481	0	132,705
Reclassifications	15,920	17,658	11,197	-44,789	-14
Exchange differences	4,803	10,121	7,773	1,481	24,178
30 September 2014	**725,478**	**824,830**	**827,825**	**70,043**	**2,448,175**
Depreciation/impairment					
1 October 2013	**244,835**	**490,074**	**649,699**	**0**	**1,384,608**
Change in the basis of consolidation	614	3,190	175	0	3,979
Additions	23,351	66,745	61,556	0	151,652
Disposals	3,126	41,442	74,210	0	118,778
Reversal of impairment losses	0	40	0	0	40
Reclassifications	221	1,775	-2,004	0	-8
Exchange differences	2,876	6,403	4,920	0	14,199
30 September 2014	**268,771**	**526,705**	**640,138**	**0**	**1,435,614**
Carrying amounts as of 30 September 2014	**456,707**	**298,125**	**187,687**	**70,043**	**1,012,562**
Cost					
1 October 2014	**725,478**	**824,830**	**827,825**	**70,043**	**2,448,175**
Change in the basis of consolidation	-6,300	-19,192	220	0	-25,272
Additions	17,164	32,605	69,610	41,848	161,227
Disposals	5,916	50,670	58,288	4,348	119,222
Reclassifications	9,895	21,915	13,923	-45,965	-232
Exchange differences	6,950	15,664	10,122	1,343	34,079
30 September 2015	**747,271**	**825,152**	**863,412**	**62,921**	**2,498,756**
Depreciation/impairment					
1 October 2014	**268,771**	**526,705**	**640,138**	**0**	**1,435,614**
Change in the basis of consolidation	-4,743	-17,323	0	0	-22,066
Additions	27,360	63,004	59,636	0	150,000
Disposals	5,127	45,981	40,643	0	91,751
Reversal of impairment losses	0	0	0	0	0
Reclassifications	638	-2,553	1,915	0	0
Exchange differences	3,933	11,947	6,353	0	22,233
30 September 2015	**290,832**	**535,799**	**667,399**	**0**	**1,494,030**
Carrying amounts as of 30 September 2015	**456,439**	**289,353**	**196,013**	**62,921**	**1,004,726**

There were no reversals of impairment losses on property, plant and equipment. The impairment losses recognized on property, plant and equipment had the following effect on the income statement:

	2014/15		2013/14	
	Impairment losses	Reversal of impairment losses	Impairment losses	Reversal of impairment losses
	€ k	€ k	€ k	€ k
Cost of sales	45	0	558	40
General administrative expenses	1,032	0	0	0
Research and development expenses	194	0	0	0
Other expenses	121	0	0	0
	1,392	**0**	**558**	**40**

Property, plant and equipment with a net carrying amount of €50,280k (prior year: €49,934k) are subject to restrictions on disposal or serve as collateral for liabilities. Accumulated contractual purchase commitments for property, plant and equipment and intangible assets total €13,097k as of the reporting date (prior year: €25,291k).

14 Investments accounted for using the equity method

On 22 December 2014, Carl Zeiss Meditec Inc., Dublin (USA), and Oraya Therapeutics, Inc., Newark (USA), (Oraya) entered into an agreement that entitles Carl Zeiss Meditec Inc. over a period of up to 2 years following conclusion of the agreement to acquire rights for a participation in Oraya reaching up to a majority stake. The rights acquired can be converted into shares in January 2017 at the earliest.

As of the reporting date, rights to acquire 22.05% of the shares in the entity had been acquired. These rights will be accounted for using the equity method until control is obtained. Moreover, Carl Zeiss Meditec Inc., Dublin (USA), issued a loan to Oraya.

Due to significant deviations from the original business plan, it was necessary to recognize an impairment loss for the entire carrying amount of the investment of €8.1m and for the entire loan receivable of €7.8m as of the reporting date. In addition, a provision for onerous contracts of €2.4m was recognized.

The profit/loss from investments accounted for using the equity method includes the profit/loss from the current fiscal year as well as the impairment loss recognized on the carrying amount of the investment and the addition to the provision for onerous contracts.

Oraya's fiscal year differs from the ZEISS Group's fiscal year, as it corresponds to the calendar year.
The table below contains Oraya's key financial information as of 30 September 2015 and for the period from December to September of the current fiscal year:

	Assets	Liabilities	Equity	Revenue	EBIT	Profit/loss for the year
	€ m	€ m	€ m	€ m	€ m	€ m
2014/15	**6.8**	**8.8**	**-2.0**	**0.5**	**-6.7**	**-6.9**

15 Other non-current financial assets

	30 SEP 15	30 SEP 14
	€ k	€ k
Shares in affiliates	12,096	11,634
Loans to affiliates	3,603	731
Other loans	22,172	18,427
Investments	5,456	6,585
Securities	28,725	18,189
Sundry other non-current financial assets	56,886	54,798
	128,938	**110,364**

The sundry other non-current financial assets mainly consist of the assets of entities within and outside Germany in connection with financing or securing obligations toward employees and rent deposits with remaining terms of more than 1 year.

16 Inventories

	30 SEP 15	30 SEP 14
	€ k	€ k
Materials and supplies	267,278	260,505
Work in progress	419,335	449,174
Finished goods and merchandise	383,034	359,653
Advances	11,042	10,425
	1,080,689	**1,079,757**

The carrying amounts contain write-downs of €146,503k (prior year: €141,052k).

The write-downs recorded on inventories, which were recognized under cost of sales in the consolidated income statement, amounted to €46,547k in the reporting period (prior year: €45,790k). Write-downs of €5,321k (prior year: €6,349k) were reversed through profit or loss.

Cost of materials amounted to €1,378m in the reporting period (prior year: €1,396m).

17 Trade and other receivables

	30 SEP 15	30 SEP 14
	€ k	€ k
Trade and other receivables (gross)	**972,091**	**927,619**
Portfolio-based allowances	23,168	24,488
Allowances for exchange differences	1,830	-115
Trade and other receivables (net)	**950,753**	**903,016**
» thereof due in more than 1 year	27,258	29,458

As of 30 September 2015, trade and other receivables include receivables of €9,421k (prior year: €8,219k) from construction contracts billed according to the percentage-of-completion method and finance lease receivables of €11,588k (prior year: €9,510k).

Revenue of €27,803k (prior year: €19,587k) was recognized from construction contracts in the reporting period. The total costs incurred plus recognized profits less recognized losses for the projects ongoing as of the reporting date amount to €27,803k (prior year: €19,587k). Advances received of €321k (prior year: €282k) have already been taken into account in the settlement of construction contracts. As of 30 September 2015, retentions by customers for construction contracts amounted to €2,792k (prior year: €2,983k).

The specific allowances and portfolio-based allowances on trade and other receivables developed as follows:

	2014/15	2013/14
	€ k	€ k
1 October	**24,488**	**27,357**
Change in the basis of consolidation	-244	630
Utilization	-5,877	-5,555
Reversal	-3,953	-4,907
Additions, including reclassifications	8,256	6,687
Exchange rate effects	498	276
30 September	**23,168**	**24,488**

The following table provides information on the credit risk contained in trade and other receivables:

	30 SEP 15	30 SEP 14
	€ k	€ k
Trade and other receivables (net)	**950,753**	**903,016**
thereof neither impaired nor past due as of the reporting date	636,108	634,929
thereof not impaired as of reporting date but past due by the following time periods:		
» up to 30 days	114,508	111,668
» 31 to 90 days	62,445	46,424
» 91 to 180 days	20,968	19,372
» 181 to 365 days	19,226	21,613
» 366 days and more	20,871	14,721

With regard to trade and other receivables which are neither impaired nor past due, there are no indications that defaults will occur that will lead to a reduction in assets.

For further information on financial risks and types of risk, please refer to note 31 Financial instruments and risk management.

18 Other current financial assets

	30 SEP 15		30 SEP 14	
		thereof due in more than 1 year		thereof due in more than 1 year
	€ k	€ k	€ k	€ k
Receivables from affiliates	27,943	230	25,743	1,014
Receivables from investments	351	0	339	0
Derivatives	13,706	0	6,684	0
Sundry other current financial assets	19,928	0	7,514	0
	61,928	**230**	**40,280**	**1,014**

Receivables from affiliates result from cash management and trade with entities that are not included in the consolidated financial statements of Carl Zeiss AG.

Sundry other current financial assets mostly consist of promissory note loans of €9,500k and current loans of €1,789k.

The table below shows information on the credit risks relating to receivables from affiliates and receivables from investments.

	30 SEP 15	30 SEP 14
	€ k	€ k
Receivables from affiliates	27,943	25,743
Receivables from investments	351	339
	28,294	**26,082**
thereof neither impaired nor past due as of the reporting date	20,229	24,169
thereof not impaired as of reporting date but past due by the following time periods:		
» up to 30 days	3,594	445
» 31 to 90 days	1,383	550
» 91 to 180 days	2,394	488
» 181 to 365 days	326	378
» 366 days and more	265	10

For further information on financial risks and types of risk, please refer to note 31 Financial instruments and risk management.

19 Other current non-financial assets

Other current non-financial assets mainly comprise tax refund claims from taxes other than income taxes and prepaid expenses.

20 Securities

Securities essentially relate to corporate bonds that are due within 1 year or are intended to be sold within 1 year.

21 Cash and cash equivalents

	30 SEP 15	30 SEP 14
	€ k	€ k
Checks, cash on hand	24,433	24,741
Cash at banks	563,493	394,919
Cash funds	587,926	419,661
Securities due in less than 90 days of their acquisition date	50,950	63,672
	638,876	**483,333**

Cash funds are composed of checks, cash on hand and cash at banks. The effective interest rate for cash at banks due in less than 90 days is mainly between 0.0% and 0.2% (prior year: 0.0% and 0.2%).

22 Equity

The issued capital of Carl Zeiss AG totaling €120,000k is unchanged compared to the prior year and is divided into 120,000,000 stocks at nominal value, all of which are held by the Carl Zeiss Foundation (Carl Zeiss Stiftung). A dividend of €6,400k was distributed in the reporting period (prior year: €11,000k). The dividend per share amounted to €0.05 (prior year: €0.09).

The capital reserves are unchanged at €52,770k.

Equity earned by the Group comprises the legal reserve of Carl Zeiss AG, reported at €5,950k, retained profits of the subsidiaries included in the consolidated financial statements, any excess of the acquirer’s interest over cost arising from acquisition accounting, the reserves from first-time adoption of IFRSs and the cumulative exchange differences as of 1 October 2004, which were reclassified as of the date of transition to IFRSs in accordance with the option set forth in IFRS 1.22. In addition, this item includes goodwill from acquisition accounting for subsidiaries consolidated in prior years.

Other reserves, including the attributable non-controlling interests, of €-564,392k (prior year: €-485,925k) developed as follows:

	Currency translation	Remeasurement of defined benefit plans	Available-for-sale financial assets	Cash flow hedges	Total
	€ k	€ k	€ k	€ k	€ k
1 October 2013	**-2,140**	**-328,458**	**6,042**	**-9,209**	**-333,765**
Recognized in other comprehensive income	20,932	-230,863	7,936	-4,092	-206,087
Reclassified to the income statement	0	0	0	4,963	4,963
Deferred income tax	0	61,864	-8,336	-4,564	48,964
30 September 2014	**18,792**	**-497,457**	**5,642**	**-12,902**	**-485,925**
1 October 2014	**18,792**	**-497,457**	**5,642**	**-12,902**	**-485,925**
Recognized in other comprehensive income	40,321	-159,631	-15,758	-1,607	-134,720
Reclassified to the income statement	0	0	0	5,818	5,818
Deferred income tax	0	42,511	9,879	0	50,435
30 September 2015	**59,113**	**-614,577**	**-237**	**-8,691**	**-564,392**

Non-controlling interests comprise the interests held by third parties in the equity of subsidiaries in Germany and other countries.

The development of consolidated equity is shown in the consolidated statement of changes in equity. The presentation is based on the requirements of IAS 1 *Presentation of Financial Statements*.

23 Provisions for pensions and similar obligations

The provisions for pensions include current and future pension obligations of Carl Zeiss AG and various subsidiaries. In addition, this item comprises the provisions of the US entities for medical care benefit obligations.

The ZEISS Group has both defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the obligation of the entity concerned is limited to the payment of the agreed amounts. The expenses for defined contribution plans amounted to €64,713k in the reporting period (prior year: €63,409k).

With defined benefit plans, the entity’s obligation consists of fulfilling the commitments made to current and former employees and their surviving dependants. Such obligations exist both at group entities in Germany and other countries. In the ZEISS Group, defined benefit plans are partly funded via provisions and partly via external funds.

The obligations from defined benefit plans primarily relate to pension obligations in Germany, the USA and the UK.

The characteristics and the associated risks of the defined benefit plans vary depending on the legal, tax and economic framework in the respective country.

German pension plans
The currently applicable pension arrangement for employees in Germany is an employer-financed defined benefit plan, comprising old age, disability and surviving dependants' pensions. These pensions are generally granted after a period of service of at least 5 years.

The defined benefit plan is a modular system in which one pension module is calculated and fixed for each fiscal year. The contribution amount is based on the employee's income and the profit of the company during the fiscal year, with a basic contribution being guaranteed. The contribution is translated into a pension module on the basis of age-related factors. The pension modules acquired are aggregated and paid out as a life-long pension.

For employees who were employed before 1 January 2000, vested rights from previous final-salary-based defined benefit plans must be taken into account for service periods up to 2010.

To reduce the risks associated with defined benefit plans (in particular longevity, salary increases and inflation), benefits are partly financed via external plan assets. To this end, a contractual trust arrangement (CTA) was introduced in Germany in fiscal year 2005/06, under which assets are transferred to a trust association such that they can be used only to settle the benefit obligations of the employees active at that time. These assets satisfy the criteria set forth in IAS 19 for plan assets and can therefore be offset against the benefit obligations in these consolidated financial statements. Where the assets exceed the underlying secured claims, the excess is reported under non-current financial assets.

In addition to the employer-financed pensions, all employees in Germany have the option of participating in the company pension scheme in the form of deferred compensation. This is a defined contribution plan financed by converting salary components, for which the company takes out employer's pension liability insurance.

Pension plans outside Germany
Major pension plans exist primarily in the USA and the UK. These are employer-financed defined benefit plans, comprising old age and surviving dependants' benefits as well as medical benefits, depending on how they are structured. Some of these plans are based on final salary, while others are based on salary-related modules. The obligations from foreign defined benefit obligations are largely covered by assets in long-term external funds. The plans in the USA and in the UK are closed to new employees and existing obligations are now capped.

Actuarial assumptions are essential for all defined benefit plans. Besides life expectancy, which in Germany is determined based on the 2005 G mortality tables published by Prof. Dr. Klaus Heubeck, and in other countries on comparable local measurement bases, the following assumptions were made for the purposes of the actuarial calculations:

	Germany		Other countries	
	2014/15	2013/14	**2014/15**	2013/14
	%	%	%	%
Interest rate	2.35	2.70	0.90 – 6.75	0.60 – 6.75
Future salary increases	2.75	2.75	0.00 – 5.60	0.00 – 4.50
Future pension increases	1.75	1.75	0.00 – 4.50	0.00 – 5.00

The assumptions regarding interest rates, future salary and pension increases as well as mortality rates on which the calculation of the defined benefit obligation (DBO) was based vary depending on economic and other conditions in the country in which the plans exist. The interest rates were determined on an entity-specific basis as of the respective reporting date, depending on the weighted average duration of the pension obligations and in line with the respective maturities and currencies.

The funded status in accordance with IAS 19 of the defined benefit plans is as follows:

	Germany		Other countries	
	30 SEP 15	30 SEP 14	**30 SEP 15**	30 SEP 14
	€ k	€ k	€ k	€ k
Present value of unfunded obligations	833,842	782,751	31,038	30,472
Present value of benefit obligations from plans that are wholly or partly funded	1,265,242	1,166,002	297,889	271,139
Total present value of the defined benefit obligations	**2,099,084**	**1,948,753**	**328,927**	**301,611**
Plan assets at fair value	739,910	729,652	210,581	193,682
Effects of the asset ceiling	0	0	4,368	5,431
Other	0	0	858	634
Total	**1,359,174**	**1,219,101**	**123,572**	**113,994**
thereof in pension provisions	**1,359,174**	**1,219,101**	**123,572**	**113,994**

The amounts recognized in the consolidated income statement are as follows:

	Germany		Other countries	
	2014/15	2013/14	**2014/15**	2013/14
	€ k	€ k	€ k	€ k
Service cost	45,971	33,159	3,673	2,973
Net interest cost	31,974	38,237	4,318	3,503
Other	0	0	0	-192
Net benefit cost of the fiscal year	**77,945**	**71,396**	**7,991**	**6,284**

Service cost is recorded in functional costs; net interest cost is recorded in the financial result.

The present value of the defined benefit obligation developed as follows:

	Germany		Other countries	
	2014/15	2013/14	2014/15	2013/14
	€ k	€ k	€ k	€ k
Defined benefit obligation (DBO) as of 1 October	**1,948,753**	**1,694,559**	**301,611**	**255,589**
Exchange differences	0	0	26,173	16,762
Service cost	45,971	33,159	3,673	2,973
Interest cost	51,675	59,758	11,383	10,092
Benefits paid	-69,816	-68,362	-11,794	-10,906
Actuarial gains/losses as a result of changes in demographic assumptions	0	0	11,740	6,120
Actuarial gains/losses as a result of changes in financial assumptions	130,706	224,046	-2,666	23,422
Actuarial gains/losses as a result of experience adjustments	-8,205	6,548	-12,230	-2,734
Plan settlements	0	0	0	-84
Other	0	-955	1,037	377
Defined benefit obligation (DBO) as of 30 September	**2,099,084**	**1,948,753**	**328,927**	**301,611**
thereof for active employees	1,020,196	894,492	131,132	112,101
thereof for former employees with vested rights	117,324	105,510	73,179	75,796
thereof for pensioners	961,564	948,751	124,616	113,714

Plan assets developed as follows:

	Germany		Other countries	
	2014/15	2013/14	2014/15	2013/14
	€ k	€ k	€ k	€ k
Plan assets as of 1 October	**729,652**	**597,961**	**193,682**	**166,276**
Exchange differences	0	0	15,906	11,858
Interest income	19,701	21,521	7,288	6,589
Remeasurement through other comprehensive income	-39,940	20,118	-2,431	11,180
Employer contributions	30,497	108,702	6,376	6,686
Employee contributions	0	0	39	34
Withdrawals for benefit payments	0	-18,650	-10,279	-8,941
Plan assets as of 30 September	**739,910**	**729,652**	**210,581**	**193,682**

The actuarial gains/losses from the DBO and the remeasurement of the plan assets through other comprehensive income are recognized in other comprehensive income.

Employer contributions to plan assets for fiscal year 2015/16 are expected to amount to €17,231k (prior year: €5,903k).

These plan assets are used exclusively to settle the defined benefit obligations. The funding of these benefit obligations serves to cover future cash outflows as required by law in some countries and made on a voluntary basis in others.

Giving special consideration to the type of the underlying obligations, the assets transferred in Germany to Carl Zeiss Pensions-Treuhand e. V. are to be invested in the interest of the beneficiaries so as to maximize security and profitability while ensuring liquidity at all times. The objective of the investment is the long-term ability to fulfill the obligations.

The plan assets in the CTA are managed using an absolute return approach with the objective of achieving an attractive return over the investment horizon in order to earn the interest cost of the pension liabilities while controlling and limiting short-term risks. The target return is derived as a deterministic figure from the obligations.

Dynamic risk management aims to decrease the risks of potential losses in relation to strategic asset allocation (SAA) while generating a return comparable to the SAA over the course of a market cycle. The exposures of the asset classes are managed by means of derivatives on an annual basis using defined allocation ranges and taking into account a risk budget.

The portfolio of plan assets consists of the following components:

	Germany		Other countries	
	30 SEP 15	30 SEP 14	**30 SEP 15**	30 SEP 14
	€ k	€ k	€ k	€ k
Stocks and stock funds	209,062	190,731	82,377	70,151
Pensions and pension funds	301,493	307,652	98,583	87,462
Real estate and real estate funds	4,257	7,994	8,013	7,259
Cash and cash equivalents	84,079	166,064	2,768	3,817
Other assets	141,019	57,211	18,840	24,993
	739,910	**729,652**	**210,581**	**193,682**

Price quotations for the stocks and stock funds as well as pensions and pension funds are almost exclusively in an active market; for the other investments, there are no market quotations.

Changes of half a percentage point in the relevant actuarial assumptions would have had the following effects on the defined benefit obligation as of 30 September 2015:

	2014/15	
Change in the present value of the defined benefit obligations (DBO)	Increase by 0.5%	Decrease by 0.5%
	€ k	€ k
Interest rate	-207,284	240,975
Future salary increases	38,540	-33,095
Future pension increases	116,733	-104,839

A 1-year increase in life expectancy would lead to an increase of €15,776k in the present value of the defined benefit obligations.

The sensitivity analyses presented take into account ceteris paribus the change of a parameter, while retaining the calculation method.

To examine the sensitivity of the DBO with regard to a change in the assumed life expectancy, the mortality rates used were reduced in a comparative calculation so that the decrease results in an increase in life expectancy of roughly 1 year.

For the defined benefit obligations as of the reporting date, the following pension payments are forecast for the next 10 years, with the expected benefit payments being partly funded via plan assets:

	2014/15
Estimated benefit payments for the coming fiscal years	€ k
Fiscal year 2015/16	80,271
Fiscal year 2016/17	81,847
Fiscal year 2017/18	84,372
Fiscal year 2018/19	86,021
Fiscal year 2019/20	88,517
Fiscal years 2020/21 up to and including 2024/25	471,344

The average weighted duration of the pension plans is about 19 years in Germany, about 15 years in the USA and about 18 years in the UK.

24 Other provisions

	30 SEP 15		30 SEP 14	
		thereof due within 1 year		thereof due within 1 year
	€ k	€ k	€ k	€ k
Provisions for income taxes	26,404	26,404	32,546	32,546
Provisions for personnel-related obligations	107,730	90,470	105,239	89,018
Provisions for sales-related obligations	86,602	86,602	100,567	100,567
Sundry other provisions	279,968	128,599	234,403	94,832
	500,704	**332,075**	**472,755**	**316,963**

The provisions for income taxes comprise amounts for taxes that have not yet been finally assessed.

Provisions for personnel-related obligations contain phased retirement obligations, long-service awards and early retirement arrangements, the timing and/or amount of which cannot yet be precisely determined. Provisions for sales-related obligations principally relate to warranty obligations and services still to be rendered. Sundry other provisions include provisions for environmental risks, litigation costs, restructuring and anti-trust proceedings.

	1 OCT 14	Change in the basis of consolidation	Utilization	Reversal	Additions, including reclassifications	Unwinding of the discount and effects from changes in the discount factor	Exchange differences	30 SEP 15
	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k
Provisions for income taxes	32,546	0	34,472	1	28,141	0	190	26,404
Provisions for personnel-related obligations	105,239	672	95,156	476	96,735	34	682	107,730
Provisions for sales-related obligations	100,567	-48	144,591	9,060	135,704	0	4,030	86,602
Sundry other provisions	234,403	1,527	27,585	13,721	85,245	222	-123	279,968
	472,755	**2,151**	**301,804**	**23,258**	**345,825**	**256**	**4,779**	**500,704**

25 Financial liabilities

	30 SEP 15			30 SEP 14		
		thereof due within 1 year	thereof due in more than 5 years		thereof due within 1 year	thereof due in more than 5 years
	€ k	€ k	€ k	€ k	€ k	€ k
Liabilities to banks	401,903	16,173	102,868	402,775	16,918	107,558
Lease liabilities	14,029	3,014	0	15,553	2,565	210
Other financial liabilities	120,589	90,705	0	137,459	111,870	0
» thereof profit participation capital	14,843	4,312	0	13,365	1,540	0
» thereof liabilities to affiliates	59,910	59,910	0	69,889	69,889	0
	536,521	**109,892**	**102,868**	**555,787**	**131,353**	**107,768**

Liabilities to banks

Of the promissory notes issued by agreement dated 4 May 2009, an amount of €82.5m was prolonged in fiscal year 2013/14. In addition, a new promissory note loan of €117.5m was taken out in fiscal year 2013/14. The terms to maturity of the promissory notes began in December 2013 and in May 2014 and break down as follows:
» €105m with a term of 5 years
» €67.5m with a term of 7 years
» €27.5m with a term of 10 years
Of this amount, a total of €102m is subject to floating interest rates and €98m to fixed interest rates.

As of 16 July 2014, Carl Zeiss AG concluded a revolving credit facility with a volume of €500m and a term of 5 years with a syndicate of banks. The credit facility has an option of extending on 2 occasions, by 1 year in each case. The first extension option was exercised on 16 July 2015. The revolving credit facility, which serves as a strategic liquidity reserve for the ZEISS Group, was drawn for the first time in the reporting period (BRL 35m).

A bullet loan of €150m was borrowed from the European Investment Bank on 15 June 2012. The loan is subject to floating interest rates and has a term to maturity of 5 years.

An annuity loan of €45m was borrowed from Kreditanstalt für Wiederaufbau by agreement dated 20 January 2012. The loan is subject to fixed interest and is repaid in quarterly installments of €1,417k from 31 March 2014 to 30 December 2021 and has a residual carrying amount of €35,417k as of the reporting date.

Lease liabilities

The finance lease liabilities are detailed in note 32 Leases.

Other financial liabilities

Profit participation capital

The profit participation rights comprise participation certificates of the 2010-D, 2011-D, 2012-D, 2013-D and 2014-D series, each with a term of 5 years and a nominal volume totaling €13,493k. The Annual General Meeting of Carl Zeiss AG adopted a resolution on 19 March 2012 authorizing the Executive Board to issue profit participation rights in the fiscal years 2011/12 through to 2015/16 for a total amount of up to €25,000k. The recipients are the employees of Carl Zeiss AG and the employees of its affiliates in Germany and abroad. In addition, the boards of foreign group entities are authorized to issue similar rights to employees not eligible for the Carl Zeiss AG profit participation offer.

In accordance with the terms and conditions of the participation certificates, they are subject to graded interest rates (0% to 20%) depending on the ZEISS Group's return on sales.

The terms and conditions of the participation certificates provide for termination rights for either party only in very limited exceptions.

Liabilities to affiliates

Liabilities to affiliates include liabilities from cash management due to entities that are not included in the consolidated financial statements of Carl Zeiss AG.

For more information on the contractually agreed undiscounted cash outflows from the non-derivative financial liabilities and derivative financial instruments, please refer to note 31 Financial instruments and risk management.

26 Trade payables

As of the reporting date, trade payables include obligations arising from construction contracts of €447k (prior year: €718k).

An amount of €218k of the trade payables (prior year: €252k) is due in more than 1 year.

For more information on the contractually agreed undiscounted cash outflows from the non-derivative financial liabilities, please refer to note 31 Financial instruments and risk management.

27 Other non-financial liabilities

	30 SEP 15		30 SEP 14	
		thereof due within 1 year		thereof due within 1 year
	€ k	€ k	€ k	€ k
Advances received on account of orders	494,273	494,273	462,386	462,386
Accruals for sales-related obligations	257,662	257,662	250,152	250,152
Accruals for personnel-related obligations	196,927	196,927	177,254	177,254
Other accruals	40,857	40,857	40,998	40,998
Deferred income	134,430	97,264	112,141	80,447
Tax liabilities (other than income taxes)	30,771	30,771	29,558	29,558
Withheld wage tax	15,101	15,101	14,522	14,522
Liabilities relating to social security	6,501	6,501	6,236	6,219
Sundry other non-financial liabilities	32,966	30,915	25,689	23,926
	1,209,488	**1,170,271**	**1,118,936**	**1,085,462**

The accruals for sales-related obligations mainly relate to outstanding invoices and bonus and commission payments.

OTHER NOTES

28 Notes to the statement of cash flows

The consolidated statement of cash flows shows how the cash and cash equivalents reported in the statement of financial position of the ZEISS Group changed in the course of the fiscal year as a result of cash received and paid. In accordance with IAS 7 Statement of Cash Flows, a distinction is made between cash flows from operating activities, investing activities and financing activities.

The cash flows from investing activities and financing activities are determined on the basis of payments made or received. The cash flows from operating activities, on the other hand, are derived indirectly from the consolidated profit or loss for the year. When performing the indirect calculation, changes in items of the statement of financial position considered in connection with operating activities are adjusted for effects from currency translation and changes in the basis of consolidation. Non-cash effects are likewise eliminated. Changes in the items of the statement of financial position concerned can therefore not be reconciled with the figures based on the published consolidated statement of financial position.

29 Contingent liabilities and assets

	30 SEP 15	30 SEP 14
	€ k	€ k
Liabilities from guarantees	5,106	12,661
Other contingent liabilities	8,695	7,359

The other contingent liabilities and the liabilities from guarantees were not recognized as provisions because the probability of an outflow of resources is considered remote.

30 Average headcount for the year

	2014/15	2013/14
	Number	Number
Germany	10,460	10,506
EMEA (without Germany)	3,711	3,866
Americas	6,290	5,935
APAC	4,147	4,010
	24,608	**24,317**
Trainees	451	459
Total	**25,059**	**24,776**

Part-time employees and temporary employees are included proportionately.

Personnel expenses amounted to €1,648m in the reporting period (prior year: €1,551m).

31 Financial instruments and risk management

Depending on the nature and extent of the respective transaction, measures to minimize credit risk must be taken for all transactions relating to the non-derivative financial instruments. These include obtaining collateral, credit ratings and references or track records of prior business relations, particularly payment behavior. Impairment losses are recognized for any credit risks associated with the financial assets.

Carrying amounts by measurement category
The table below presents the carrying amounts by measurement category:

	30 SEP 15	30 SEP 14
	€ k	€ k
Loans and receivables	1,720,382	1,493,899
Assets at fair value through profit or loss	13,836	6,684
Available-for-sale financial assets	139,329	118,663
Financial assets	**1,873,547**	**1,619,246**
Financial liabilities at amortized cost	726,963	707,906
Liabilities at fair value through profit or loss	23,883	46,339
Financial instruments other than those defined by IAS 39	14,029	15,553
Financial liabilities	**764,875**	**769,798**

Carrying amounts and fair values

The table below presents the carrying amounts and fair values of the financial instruments carried at amortized cost.

	30 SEP 15		30 SEP 14	
	Carrying amount	Fair value	Carrying amount	Fair value
	€ k	€ k	€ k	€ k
Available-for-sale financial assets				
» Shares in affiliates	12,096	12,096	11,634	11,634
» Investments	3,675	3,675	3,653	3,653
Loans and receivables				
» Trade and other receivables	950,753	950,753	903,016	903,016
» Receivables from affiliates	27,943	27,943	25,743	25,743
» Receivables from investments	351	351	339	339
» Loans to affiliates and other loans	27,564	27,564	20,931	20,931
» Sundry other non-current financial assets	56,756	56,756	54,798	54,798
» Sundry other current financial assets	18,139	18,139	5,739	5,739
» Cash and cash equivalents	638,876	638,876	483,333	483,333
Financial assets	**1,736,153**	**1,736,153**	**1,509,186**	**1,509,186**
Financial liabilities at amortized cost				
» Liabilities to banks	401,903	424,252	402,775	424,109
» Trade payables	228,354	228,354	214,010	214,010
» Other financial liabilities	96,706	97,129	91,121	91,595
Finance lease liabilities	14,029	16,197	15,553	18,382
Financial liabilities	**740,992**	**765,932**	**723,459**	**748,096**

The allocation of the fair value of the financial instruments measured at amortized cost to the 3-level fair value hierarchy is essentially as follows:

Shares in affiliates and investments whose fair value cannot be determined reliably are measured at amortized cost. As of the reporting date, there is no intention to sell any of the significant investments.

The fair values of all other financial assets and liabilities correspond to the present values of the expected cash inflows and outflows of the applicable term structure of interest rates (level 2).

Fair value measurement

Financial instruments are measured at fair value based on a 3-level fair value hierarchy:

» Financial instruments measured by reference to quoted prices in active markets (level 1)

» Financial instruments measured using valuation techniques by reference to inputs that are observable either directly (as prices) or indirectly (derived from prices) (level 2)

» Financial instruments measured using valuation techniques by reference to inputs that are not based on observable market data (level 3)

The decision on classification or reclassification is made on the reporting date.

The following table shows the carrying amounts and how they are allocated to the 3 levels of the fair value hierarchy that applies for the fair value measurement of financial instruments:

30 September 2015	Level 1	Level 2	Level 3	Total
	€ k	€ k	€ k	€ k
Available-for-sale financial assets				
» Investments	0	0	1,781	1,781
» Securities	76,312	45,465	0	121,777
Assets at fair value through profit or loss				
» Derivatives	0	13,836	0	13,836
Financial assets	**76,312**	**59,301**	**1,781**	**137,394**
Liabilities at fair value through profit or loss				
» Derivatives	0	23,883	0	23,883
Financial liabilities	**0**	**23,883**	**0**	**23,883**

30 September 2014	Level 1	Level 2	Level 3	Total
	€ k	€ k	€ k	€ k
Available-for-sale financial assets				
» Investments	0	0	2,932	2,932
» Securities	91,036	9,408	0	100,444
Assets at fair value through profit or loss				
» Derivatives	0	6,684	0	6,684
Financial assets	**91,036**	**16,092**	**2,932**	**110,060**
Liabilities at fair value through profit or loss				
» Derivatives	0	46,339	0	46,339
Financial liabilities	**0**	**46,339**	**0**	**46,339**

The fair values of the securities and derivatives recorded at level 2 are calculated using the present value method or the option pricing method on the basis of the respective current market interest rates and the term structure of interest rates or the forward exchange rates.

The development of financial instruments allocated to level 3 of the fair value hierarchy is presented in the table below:

		Investments
	2014/15	2013/14
	€ k	€ k
1 October	**2,932**	**3,220**
Additions	0	3
Changes in fair value recognized in profit or loss	0	0
Changes in fair value recognized in other comprehensive income	-1,516	54
Disposals	0	576
Exchange rate effects	365	231
30 September	**1,781**	**2,932**

Income and expenses recognized in profit or loss from instruments allocated to level 3 are included in other financial result.

Net gain or loss by measurement category

The effects of financial instruments recognized in the income statement are presented on a net basis in the table below by category as defined in IAS 39 *Financial Instruments: Recognition and Measurement*:

				2014/15
				thereof
		from interest	from subsequent measurement	from disposals
	€ k	€ k	€ k	€ k
Loans and receivables	**20,301**	4,449	15,852	0
Available-for-sale financial assets	**9,426**	1,073	8,582	-229
Financial assets and liabilities at fair value through profit or loss	**-50,547**	-4,541	1,116	-47,122
Financial liabilities measured at amortized cost	**-40,211**	-11,714	-28,497	0

				2013/14
				thereof
		from interest	from subsequent measurement	from disposals
	€ k	€ k	€ k	€ k
Loans and receivables	**4,354**	4,358	-4	0
Available-for-sale financial assets	**-1,009**	2,068	-3,116	39
Financial assets and liabilities at fair value through profit or loss	**-29,738**	-4,780	-27,475	2,517
Financial liabilities measured at amortized cost	**-21,557**	-22,061	504	0

The equity effects arising from marking available-for-sale financial instruments to market are presented separately in the consolidated statement of changes in equity.

Hedge accounting

To hedge the interest rate risk associated with the floating-rate portion of loans, interest rate swaps have been concluded for remaining terms of up to 2 years to match the loans' term to maturity. These interest rate swaps were designated as cash flow hedges in compliance with the requirements for hedge accounting. A loan borrowed in fiscal year 2011/12 was designated as hedged item. The ineffective portion of the interest rate hedges amounting to €3k (prior year: €0k) is recognized in the interest result. When the underlying transaction occurs, any amounts recognized in other comprehensive income are reclassified to the interest result.

	30 SEP 15	30 SEP 14
	€ k	€ k
Nominal values	150,000	150,000
Fair values of hedging instruments	-7,660	-11,951
Recognized in other comprehensive income	4,288	-4,060
Reclassified to the interest result	-4,530	-5,068

To hedge the currency exposure from forecast revenue in a project business transaction of US$5.7m, the Group holds forward exchange contracts with matching remaining terms to maturity of between 1 and 2 months. These forward exchange contracts were designated as cash flow hedges in compliance with the requirements for hedge accounting.

	30 SEP 15	30 SEP 14
	€ k	€ k
Fair values of hedging instruments	188	-694
Recognized in other comprehensive income	-1,048	-642
Reclassified to revenue	-1,288	105

The ineffective portion of the currency hedges is included in the income and expenses from changes in market value. In the fiscal year, as in the prior year, there were no ineffective hedges. When the forecast revenue is realized, any amounts recognized in other comprehensive income are reclassified to revenue.

Offsetting of financial instruments

The amounts of trade receivables and derivatives with a positive market value that have been or can be offset are presented below:

	30 SEP 15	30 SEP 14
	€ k	€ k
Trade receivables (gross)	1,013,345	939,146
» Offsetting of credit notes issued	62,592	36,130
» Remaining credit risk	950,753	903,016
Derivatives with a positive market value		
» Carrying amount	13,836	6,684
» Amount available for offsetting in the event of insolvency	10,750	6,684
» Remaining credit risk	3,086	0

The amounts of trade payables and derivatives with a negative market value that have been or can be offset are presented below:

	30 SEP 15	30 SEP 14
	€ k	€ k
Trade payables (gross)	234,340	219,285
» Offsetting of credits notes issued	5,986	5,275
» Remaining liquidity risk	228,354	214,010
Derivatives with a negative market value		
» Carrying amount	23,883	46,339
» Amount available for offsetting in the event of insolvency	10,750	6,684
» Remaining liquidity risk	13,133	39,655

Capital management

The primary objective of the ZEISS Group’s capital management is to secure the Group’s ability to continue as a going concern. The aim in particular is to have sufficient financial headroom, taking into account an optimized structure in the statement of financial position, to realize the targeted growth. Growth potential arises from acquisitions and strategic alliances as well as from constant investment in innovative power. Capital management is monitored on an ongoing basis using various financial indicators, including primarily the EVA® (Economic Value Added) and Free Cash Flow.

General information about financial risks and risk management

The operations of the ZEISS Group are exposed to market price risks due to changes in exchange rates and interest rates. Furthermore the Group is exposed to credit and liquidity risks resulting primarily from trade receivables and in connection with market price risks. Business policy aims to minimize these risks by means of hedging. All hedging transactions are implemented at corporate level.

Internal regulations and guidelines establish a mandatory framework and define the responsibilities relating to investment and hedging transactions. Hedges are entered into solely via banks with high credit ratings given by leading agencies. For risk management and monitoring purposes value-at-risk analyses, supplemented by scenario, sensitivity and stress test analyses, are used to quantify market risks arising from currency exposure. For operational purposes, hedging rates are set for all relevant currencies. Limits have also been defined to mitigate risks in terms of counterparties and types of business. Contracts are only entered into with renowned banks with international operations.

All business is transacted in compliance with the principle of strict separation of duties between front office (trading), middle office (financial risk management, financial controlling) and back office (settlement, documentation).

Credit risk
Credit risk stems from an adverse development in the economic conditions of the company's borrowers or counterparties. On the one hand, this gives rise to the risk of default, in full or in part, on contractually agreed payments or performance and, on the other, to credit-risk-related impairment of financial instruments. The maximum credit risk position of the ZEISS Group as of the end of the reporting period is equivalent to the carrying amount of the financial instruments disclosed as financial assets and the guarantees issued to non-consolidated group entities.

Cash and cash equivalents
The cash and cash equivalents reported in the statement of cash flows are the same as those reported in the statement of financial position. The ZEISS Group is exposed to credit risk from the investment of cash should the banks not be able to meet their obligations. The financial credit risks are diversified by investing at different banks, defining limits per asset class, issuer and bank, and applying high rating standards to business partners.

Trade and other receivables
Trade and other receivables result almost exclusively from the sales activities in various markets as well as industry and customer segments.

The credit risk is mitigated by the group entities setting credit limits for their customers and monitoring compliance on an ongoing basis. In addition, a large proportion of trade and other receivables is secured by a range of different means, including country-specific options. The most frequent form is the retention of title.

The risk inherent in trade and other receivables is also accounted for by allowances. Receivables that are past due and impaired are described in note 17 Trade and other receivables.

Derivative financial instruments
The ZEISS Group uses derivative financial instruments exclusively to hedge interest and currency risks. For this purpose, it enters into interest rate swaps and standard currency options and forward exchange contracts. These cover the underlying goods and services transactions of group entities and non-derivative financial transactions (hedged transactions).

The currency hedges serve above all to hedge recognized receivables and liabilities, transactions in the currencies of major industrialized countries and the currency exposure derived from a continuously updated, rolling 15-month plan.

The market values are derived from the amounts at which the derivative financial instruments concerned are traded or quoted at the reporting date, without taking into account any offsetting effects from the hedged transactions. Where market values are not available, they are determined using generally accepted valuation techniques (e.g. the present value method or option pricing models).

Interest rate hedges serve to hedge the interest rate risk arising from the floating-rate portions of certain loans.

The risk of default is limited by choosing counterparties with excellent credit ratings given by external rating agencies. Concentration risks are limited and managed by entering into hedging transactions with various banks.

Other assets
The ZEISS Group is only exposed to credit risk from other assets to a minor extent.

Liquidity risk
The liquidity risk of the ZEISS Group is the risk that Carl Zeiss AG or a subsidiary may not be able to meet its financial obligations (e.g. to repay financial liabilities or make interest payments).
The ZEISS Group generates liquidity primarily from operations. Where necessary or where it makes sense for strategic reasons, external sources of finance are also drawn on. Furthermore, Carl Zeiss Meditec AG has the additional possibility of raising funds on the capital market.

Liquidity is ensured at all times by means of ongoing, groupwide liquidity monitoring and budgeting and a diversified investment policy that takes into account the terms to maturity and is implemented by Carl Zeiss Financial Services GmbH on a groupwide scale. In addition, a revolving credit facility is available, which can be drawn on at any time.

For further details on the ZEISS Group's financial liabilities, please refer to note 25 Financial liabilities.

The table below shows the contractually agreed undiscounted cash outflows for non-derivative financial liabilities:

	Undiscounted cash flows					
	up to 30 days	31 to 90 days	91 to 180 days	181 to 365 days	more than 365 days	**Total 30 SEP 15**
	€ k	€ k	€ k	€ k	€ k	€ k
Liabilities to banks	4,122	5,506	4,153	10,425	418,757	**442,963**
Lease liabilities	795	637	958	1,913	12,065	**16,368**
Trade payables	138,542	70,190	2,338	17,068	218	**228,356**
Other financial liabilities	17,248	3,035	18,921	35,156	22,652	**97,012**
» thereof liabilities to affiliates	16,000	19	8,587	35,116	340	**60,062**
» thereof liabilities to investments	270	160	20	40	0	**490**
» thereof profit participation capital	0	0	4,312	0	10,531	**14,843**
Guarantees	5,106	0	0	0	0	**5,106**

	Undiscounted cash flows					
	up to 30 days	31 to 90 days	91 to 180 days	181 to 365 days	more than 365 days	Total 30 SEP 14
	€ k	€ k	€ k	€ k	€ k	€ k
Liabilities to banks	8,314	5,304	4,047	9,184	427,275	**454,124**
Lease liabilities	443	629	944	1,883	14,735	**18,634**
Trade payables	131,200	64,175	14,220	4,163	252	**214,011**
Other financial liabilities	21,342	5,591	8,140	44,280	12,166	**91,519**
» thereof liabilities to affiliates	20,079	5,007	6,586	38,614	0	**70,286**
» thereof liabilities to investments	306	164	9	17	0	**496**
» thereof profit participation capital	0	0	1,540	0	11,825	**13,365**
Guarantees	12,661	0	0	0	0	**12,661**

The table below shows the contractually agreed undiscounted cash inflows and outflows for derivative financial instruments with a negative market value:

	Undiscounted cash flows					
	up to 30 days	31 to 90 days	91 to 180 days	181 to 365 days	more than 365 days	**Total 30 SEP 15**
	€ k	€ k	€ k	€ k	€ k	€ k
Derivative financial liabilities settled on a gross basis						
» Cash outflows	166,888	57,905	196,432	279,254	16,067	**716,546**
» Cash inflows	165,686	57,429	188,499	274,696	15,769	**702,079**
Derivative financial liabilities settled on a net basis						
» Cash outflows	0	1,162	1,147	2,319	3,731	**8,359**

	Undiscounted cash flows					
	up to 30 days	31 to 90 days	91 to 180 days	181 to 365 days	more than 365 days	Total 30 SEP 14
	€ k	€ k	€ k	€ k	€ k	€ k
Derivative financial liabilities settled on a gross basis						
» Cash outflows	175,304	108,708	150,372	319,761	49,228	**803,373**
» Cash inflows	171,116	102,889	141,884	303,727	46,979	**766,595**
Derivative financial liabilities settled on a net basis						
» Cash outflows	0	931	1,100	1,941	8,008	**11,980**

The available liquidity as well as the revolving credit facility give the ZEISS Group adequate flexibility to cover the Group's refinancing needs. The ZEISS Group is not subject to any concentration of liquidity risk thanks to the diverse nature of its financing sources and its cash and cash equivalents.

Financial market risk

Due to its global operations, the ZEISS Group is exposed to market price risks arising from changes in exchange rates and interest rates.
As part of its risk management policy, the ZEISS Group refers to value-at-risk analyses. These analyses are used to regularly assess the risk position from changes in exchange rates by calculating the maximum loss for a certain confidence level and retention period. Value at risk is determined on the basis of historical data and taking into account correlation between the transactions analyzed. The value at risk determined then shows the maximum loss that will not be exceeded over a period of 10 days with a probability of 95% (historical simulation).

Exchange rate risk

On account of its global orientation, the ZEISS Group is exposed to risks from exchange rate fluctuations in its operations and the financial results and cash flows reported. These are mainly in relation to the US dollar, the Japanese yen and the Chinese renminbi.

The exchange rate risk arises primarily in operations whenever revenue is generated or goods are purchased in a currency other than the currency in which the associated costs are incurred. In order to reduce the effect of exchange rate fluctuations on operations, foreign exchange risks are mostly hedged using forward exchange contracts and standard currency options concluded with banks with excellent credit ratings.

The risk position for all of the foreign currency transactions entered into in the course of operations is calculated using a currency-specific cash flow analysis and planning. Value-at-risk analyses, supplemented by scenario, sensitivity and stress test analyses, are used for risk monitoring purposes. These risk analyses and the outcome of the hedge are determined monthly and reported to the Group’s Executive Board.

For internal management purposes, the risk of exchange rate fluctuations is monitored based on value at risk calculated for positions in currencies other than the functional currency. Value at risk was unchanged in the past fiscal year compared to the prior year, amounting to €1.5m as of 30 September 2015 (prior year: €1.5m).

Interest rate risk

Interest rate risk arises from fluctuations in market interest rates. These changes can affect both earnings (cash flow risk) and any fluctuations in the value of financial instruments (fair value risk). The ZEISS Group has various interest-sensitive assets and liabilities, partly to meet the liquidity requirements of everyday operations, and therefore has interest rate exposure from its asset and liability management.

The ZEISS Group’s interest rate risk is analyzed and managed centrally by Carl Zeiss Financial Services GmbH. The ZEISS Group has the following cash flow and fair value risks based on its floating-rate and fixed-rate instruments in this context:

Cash flow risk: A change of +/– 100 base points would have an effect of + €6.5m/– €7.6m on profit or loss (prior year: +/– €4.3m). A change of +/– 100 base points would have an effect of + €2.3m/– €2.4m on equity (prior year: +/– €4.4m).

Fair value risk: Assuming a change of +/– 100 base points, the fixed-rate instruments held by the ZEISS Group as available-for-sale financial instruments would have an effect of +/– €0.2m on equity (prior year: +/– €0.1m).

Other price risks
The ZEISS Group is not exposed to material other price risks that qualify as financial market risks.

32 Leases

Operating leases – the Group as the lessee
The Group has entered into lease agreements for office space and office equipment. The contracts have terms of between 1 and more than 5 years and some contain renewal and purchase options as well as price adjustment clauses.

Expenses from rental, lease and similar agreements for the reporting period break down as follows:

	2014/15	2013/14
	€ k	€ k
Minimum lease payments	53,769	46,894
Contingent rent	2,895	2,968
Sublease payments	51	54
	56,715	**49,916**

By maturity band, future minimum rent and lease payments under non-cancellable operating leases are as follows:

	30 SEP 15	30 SEP 14
Term to maturity	€ k	€ k
Less than 1 year	41,571	44,065
Between 1 and 5 years	73,145	73,568
More than 5 years	17,662	15,870

Operating leases – the Group as the lessor
The Group has entered into lease agreements mainly for office space and technical equipment with future minimum lease payments receivable from non-cancellable operating leases with the following terms:

	30 SEP 15	30 SEP 14
Term to maturity	€ k	€ k
Less than 1 year	4,950	6,424
Between 1 and 5 years	7,231	724

Finance leases – the Group as the lessee
The ZEISS Group has entered into finance leases for various fixed assets, mainly including buildings.

The carrying amounts of these fixed assets contain the following amounts from finance leases under which the ZEISS Group is the lessee:

	30 SEP 15	30 SEP 14
	€ k	€ k
Land and buildings	5,929	6,176
Other equipment, furniture and fixtures	732	905

On 28 September 1999, the company sold and leased back land, buildings and leasehold improvements in Dublin (USA). The sale-and-leaseback transaction qualifies as a finance lease under IAS 17 *Leases*. The lease has a term of 20 years. The lessee has the right to extend the term twice by 5 years at a time at the end of the original term of the lease in 2019. In addition, the lease contains a clause increasing the lease payments by 13% every 5 years. The land, buildings and leasehold improvements with a carrying amount of €4,622k (prior year: €4,736k) continue to be carried and depreciated by the lessee.

Finance lease liabilities are due as follows:

				30 SEP 15
		thereof due within 1 year	thereof due in 1 to 5 years	thereof due in more than 5 years
	€ k	€ k	€ k	€ k
Future minimum lease payments	16,368	3,888	12,480	0
Interest portion/future finance costs	2,339	874	1,465	0
Present value of future minimum lease payments	**14,029**	**3,014**	**11,015**	**0**

				30 SEP 14
		thereof due within 1 year	thereof due in 1 to 5 years	thereof due in more than 5 years
	€ k	€ k	€ k	€ k
Future minimum lease payments	18,634	3,511	14,896	227
Interest portion/future finance costs	3,081	946	2,117	18
Present value of future minimum lease payments	**15,553**	**2,565**	**12,779**	**209**

Future minimum lease payments under non-cancellable subleases amount to €0k (prior year: €241k).

Finance leases – the Group as the lessor

Technical equipment is leased out under finance lease agreements. The finance lease receivables total €11,589k as of the reporting date (prior year: €9,510k).

	30 SEP 15			30 SEP 14		
	Gross investment	Unearned finance income	Present value	Gross investment	Unearned finance income	Present value
Term to maturity	€ k	€ k	€ k	€ k	€ k	€ k
Less than 1 year	3,804	294	3,510	3,669	247	3,422
Between 1 and 5 years	8,337	466	7,871	6,484	459	6,025
More than 5 years	213	5	208	68	5	63

33 Government grants

The government grants received in the reporting period were as follows:

	2014/15	2013/14
	€ k	€ k
Research and development grants	6,826	7,781
Grants related to assets	1,088	487
Other grants related to expenses	324	321
	8,238	**8,589**

34 Related party disclosures

Related parties as defined by IAS 24 include the Carl Zeiss Foundation (Carl-Zeiss-Stiftung), Heidenheim an der Brenz and Jena, the entity SCHOTT AG, Mainz, owned by the Carl Zeiss Foundation, the associates, joint ventures and non-consolidated subsidiaries as well as the members of the Executive Board and the Supervisory Board of Carl Zeiss AG.

All transactions with these entities are settled at arm's length conditions. The resulting effects on the consolidated financial statements are immaterial.

The Carl Zeiss Foundation has granted Carl Zeiss AG several short-term loans at arm's length conditions totaling €48,300k. These loans are reported under liabilities to affiliates in the consolidated statement of financial position.

In the reporting period, there were no transactions between the ZEISS Group and members of the Executive Board and the Supervisory Board and their family members above and beyond the existing employment, service or appointment relationships and the related contractually agreed remuneration.

Information on the remuneration of board members is contained in note 38 Remuneration of the Executive Board and the Supervisory Board.

35 German Corporate Governance Code

The Management Board and Supervisory Board of the listed company Carl Zeiss Meditec AG, Jena, included in the consolidated financial statements have issued a declaration in accordance with Sec. 161 German Stock Corporations Act (AktG) on the recommendations issued by the government commission on the German Corporate Governance Code and made it available to stockholders on the company's website (www.meditec.zeiss.de).

36 Audit fees

The Supervisory Board of Carl Zeiss AG engaged Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, to audit the consolidated financial statements. The audit fees relate to the group auditor Ernst & Young GmbH, Germany.

	30 SEP 15	30 SEP 14
	€ k	€ k
Audit services	1,357	1,408
Other attestation services	266	111
Tax advisory services	29	105
Other services	568	1,072

37 Subsequent events

There were no significant events after the end of the fiscal year.

38 Remuneration of the Executive Board and the Supervisory Board

Total remuneration of the members of the Executive Board for performance of their duties at Carl Zeiss AG and its subsidiaries came to €7,519k for fiscal year 2014/15 (prior year: €6,615k). Of the total remuneration, €250k (prior year: €200k) is attributable to long-term benefits and €243k (prior year: €160k) to service cost for pension obligations. Current fixed and variable remuneration comes to €7,026k (prior year: €6,255k).

The total benefits paid to former members of the Executive Board and their surviving dependants amounted to €1,993k for fiscal year 2014/15 (prior year: €1,981k). Provisions totaling of €35,347k (prior year: €34,918k) were made for the benefit obligations to former members of the Executive Board or their surviving dependants.

The total remuneration of the members of the Supervisory Board of Carl Zeiss AG for their activities came to €747k in fiscal year 2014/15 (prior year: €747k).

Oberkochen, 4 December 2015

The Executive Board of Carl Zeiss AG

Dr. Michael Kaschke

Dr. Hermann Gerlinger

Dr. Matthias Metz

Dr. Ludwin Monz

Thomas Spitzenpfeil

List of Shareholdings of the Group

in accordance with Sec. 315a (1) in conjunction with Sec. 313 (2) German Commercial Code (HGB)
30 September 2015

Country	City	Name of entity		Share in capital acc. to Sec. 285 No. 11 HGB	Beneficial share in capital
				%	%
1. Fully consolidated subsidiaries					
Germany	Aalen	Carl Zeiss 3D Automation GmbH		51.1	51.1
Germany	Ostfildern	Carl Zeiss 3D Metrology Services GmbH Stuttgart		92.0	92.0
Germany	Öhringen	Carl Zeiss Automated Inspection GmbH & Co. KG		100.0	100.0
Germany	Oberkochen	Carl Zeiss Beteiligungs-GmbH	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss Energie GmbH	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss Financial Services GmbH	1	100.0	100.0
Germany	Tholey	Carl Zeiss Fixture Systems GmbH		90.0	90.0
Germany	Oberkochen	Carl Zeiss Industrielle Messtechnik GmbH	1	100.0	100.0
Germany	Jena	Carl Zeiss Jena GmbH	1	100.0	100.0
Germany	Jena	Carl Zeiss Jena Grundstücks GmbH & Co. KG	1	100.0	100.0
Germany	Jena	Carl Zeiss Meditec AG		65.1	65.1
Germany	Jena	Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH		100.0	65.1
Germany	Oberkochen	Carl Zeiss Meditec Vertriebsgesellschaft mbH		100.0	65.1
Germany	Jena	Carl Zeiss Microscopy GmbH	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss Oberkochen Grundstücks GmbH & Co. KG	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss OIM GmbH	1	100.0	100.0
Germany	Neubeuern	Carl Zeiss Optotechnik GmbH		60.0	60.0
Germany	Schönkirchen	Carl Zeiss Schönkirchen GmbH	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss SMT GmbH	1	100.0	100.0
Germany	Jena	Carl Zeiss Spectroscopy GmbH	1	100.0	100.0
Germany	Wetzlar	Carl Zeiss Sports Optics GmbH	1	100.0	100.0
Germany	Aalen	Carl Zeiss Vision GmbH		100.0	96.8
Germany	Aalen	Carl Zeiss Vision Grundstücks GmbH & Co. KG	1	100.0	96.8
Germany	Aalen	Carl Zeiss Vision Holding GmbH		96.0	96.8
Germany	Aalen	Carl Zeiss Vision International GmbH		100.0	96.8
Germany	Aalen	Carl Zeiss Vision Investment GmbH		100.0	96.8
Germany	Frankfurt	Helaba Invest - CZFS Spezialfonds		100.0	100.0
Germany	Wetzlar	Hensoldt Grundstücks GmbH & Co. KG	1	100.0	100.0
Germany	Aalen	Marwitz & Hauser GmbH	1	100.0	100.0
Germany	Kiel	Opton Feintechnik Kiel GmbH	1	100.0	100.0
Argentina	Buenos Aires	Carl Zeiss Vision Argentina S.A.		100.0	96.8
Australia	North Ryde	Carl Zeiss No. 2 Pty Ltd		100.0	100.0
Australia	North Ryde	Carl Zeiss Pty. Ltd.		100.0	100.0
Australia	Lonsdale	Carl Zeiss Vision Australia Group Pty. Ltd.		100.0	100.0
Australia	Lonsdale	Carl Zeiss Vision Australia Holdings Ltd.		100.0	100.0
Australia	Lonsdale	Carl Zeiss Vision Australia Pty. Ltd.		100.0	100.0
Australia	Lonsdale	Sola Optical Partners (Limited Partnership)		100.0	100.0
Austria	Vienna	Carl Zeiss GmbH		100.0	100.0
Austria	Graz	Carl Zeiss Industrielle Messtechnik Austria GmbH		100.0	100.0
Belgium	Zaventem	Carl Zeiss N.V.-S.A.		100.0	100.0

Country	City	Name of entity	Share in capital acc. to Sec. 285 No. 11 HGB	Beneficial share in capital
			%	%
1. Fully consolidated subsidiaries				
Belgium	Zaventem	Carl Zeiss Services N.V.-S.A.	100.0	100.0
Belgium	Zaventem	Carl Zeiss Vision Belgium NV	100.0	96.8
Brazil	São Paulo	Carl Zeiss do Brasil Ltda.	100.0	100.0
Brazil	Petrópolis	Carl Zeiss Vision Brasil Industria Optica Ltda.	100.0	96.8
British Virgin Islands	Road Town, Tortola	Carl Zeiss Vision China (BVI) Ltd.	100.0	96.8
Canada	Toronto	Carl Zeiss Canada Ltd.	100.0	100.0
Canada	Toronto	Carl Zeiss Vision Canada Inc.	100.0	96.8
China	Changchun City	Carl Zeiss Fixture Systems (Changchun) Co., Ltd.	51.0	51.0
China	Shanghai	Carl Zeiss IMT (Shanghai) Co., Ltd.	100.0	100.0
China	Shanghai	Carl Zeiss (Shanghai) Co., Ltd.	100.0	100.0
China	Suzhou-City	Carl Zeiss Suzhou Co., Ltd.	100.0	100.0
China	Guangdong	Carl Zeiss Vision (China) Ltd.	100.0	96.8
China	Guangzhou	Carl Zeiss Vision Guangzhou Ltd.	100.0	96.8
China	Guangzhou	Carl Zeiss Vision Sunlens China Ltd.	100.0	96.8
China	Guangdong	Carl Zeiss Vision Technical Services (Guangzhou) Ltd.	100.0	96.8
China	Guangzhou	Carl Zeiss Vision Technologies (Guangzhou) Ltd.	100.0	96.8
Colombia	Bogotà	Carl Zeiss Vision Colombia S.A.S.	100.0	96.8
Czech Republic	Prague	Carl Zeiss spol. s r.o.	100.0	100.0
Denmark	Birkerød	Carl Zeiss A/S	100.0	100.0
Denmark	Copenhagen	Carl Zeiss Vision Danmark A/S	100.0	96.8
Finland	Vantaa	Carl Zeiss Oy	100.0	100.0
France	La Rochelle, Perigny	Atlantic SAS	100.0	65.1
France	Marly-le-Roi	Carl Zeiss Meditec France S.A.S.	100.0	65.1
France	La Rochelle, Perigny	Carl Zeiss Meditec SAS	100.0	65.1
France	Marly-le-Roi	Carl Zeiss S.A.S.	100.0	100.0
France	Sablé sur Sarthe	Carl Zeiss Services S.a.r.l.	100.0	100.0
France	Fougères	Carl Zeiss Vision France Holding S.A.S.	100.0	96.8
France	Fougères	Carl Zeiss Vision France S.A.S.	100.0	96.8
France	Aubergenville	Carl Zeiss Vision GVLAB S.A.S.	100.0	96.8
France	Paris	France Chirurgie Instrumentation (F.C.I.) SAS	100.0	65.1
Hong Kong	Kwai Chung, Hong Kong	Carl Zeiss Far East Co., Ltd.	100.0	100.0
Hong Kong	Hong Kong Shatin, N.T.	Carl Zeiss Vision Sunlens Asia Pacific Ltd.	100.0	96.8
Hungary	Mátészalka	Carl Zeiss Sport Optikai Hungaria Kft.	100.0	100.0
Hungary	Mátészalka	Carl Zeiss Vision Hungary Optikai Kft.	100.0	96.8
India	Bangalore	Carl Zeiss India (Bangalore) Private Ltd., Bangalore	100.0	100.0
India	Mumbai	Sola Optical Lens Marketing Pvt. Ltd.	100.0	96.8
Ireland	Wexford	Carl Zeiss Vision Ireland Ltd.	100.0	96.8
Ireland	Wexford	Sola Holdings Ireland Limited	100.0	96.8
Ireland	Wexford	Sola Ophthalmic Products Limited	100.0	96.8
Israel	Karmiel	Carl Zeiss SMS Ltd.	100.0	100.0
Italy	Arese (Milan)	Carl Zeiss S.p.A.	100.0	100.0

Country	City	Name of entity	Share in capital acc. to Sec. 285 No. 11 HGB	Beneficial share in capital
			%	%
Italy	Varese	Carl Zeiss Vision Italia S.p.A.	100.0	96.8
Japan	Tokyo	Carl Zeiss Co., Ltd.	100.0	100.0
Japan	Tokyo	Carl Zeiss IMT Co., Ltd.	100.0	100.0
Japan	Tokyo	Carl Zeiss Meditec Co., Ltd.	100.0	82.2
Japan	Tokyo	Carl Zeiss Microscopy Co., Ltd.	100.0	100.0
Japan	Tokyo	Carl Zeiss Vision Japan Co., Ltd.	100.0	96.8
Korea, South	Seoul	Carl Zeiss Co., Ltd.	100.0	100.0
Korea, South	Seoul	Carl Zeiss Vision Korea Co., Ltd.	100.0	96.8
Malaysia	Kuala Lumpur	Carl Zeiss Sdn. Bhd.	100.0	100.0
Malaysia	Ampang (Taman Cahaya)	Carl Zeiss Vision (Malaysia) Sdn. Bhd.	100.0	96.8
Mauritius	Quatre Bornes	FCI SUD Ltd.	100.0	65.1
Mexico	México D.F.	Carl Zeiss de México S.A. de C.V.	100.0	100.0
Mexico	Tijuana	Carl Zeiss Vision Manufactura de Mexico S. de R.L. de C.V.	100.0	96.8
Mexico	Naucalpan	Carl Zeiss Vision Mexico S. de R.L. de C.V.	100.0	96.8
Netherlands	Sliedrecht	Carl Zeiss B.V.	100.0	100.0
Netherlands	Sliedrecht	Carl Zeiss Vision Nederland B.V.	100.0	96.8
New Zealand	Auckland	Carl Zeiss (N.Z.) Ltd.	100.0	100.0
Norway	Oslo	Carl Zeiss AS	100.0	100.0
Poland	Poznan	Carl Zeiss Shared Services Sp. z o.o.	100.0	100.0
Poland	Poznan	Carl Zeiss Sp. z o.o.	100.0	100.0
Portugal	Setúbal	Carl Zeiss Vision Portugal S.A.	100.0	96.8
Singapore	Singapore	Carl Zeiss India Pte. Ltd.,	100.0	100.0
Singapore	Singapore	Carl Zeiss NTS Pte. Ltd.	100.0	100.0
Singapore	Singapore	Carl Zeiss Pte. Ltd.	100.0	100.0
Singapore	Singapore	Carl Zeiss Vision Singapore Pte. Ltd.	100.0	96.8
Slovakia	Bratislava	Carl Zeiss Slovakia, s.r.o.	100.0	100.0
South Africa	Randburg	ANASPEC (Pty.) Ltd.	100.0	100.0
South Africa	Randburg	Carl Zeiss (Pty.) Ltd.	100.0	100.0
South Africa	Gauteng	Carl Zeiss Vision South Africa (Pty) Ltd.	100.0	96.8
Spain	Tres Cantos - Madrid	Carl Zeiss Iberia, S.L.	100.0	100.0
Spain	Tres Cantos - Madrid	Carl Zeiss Meditec Iberia SA	100.0	65.1
Spain	Tres Cantos - Madrid	Carl Zeiss Vision España, S.L.	100.0	96.8
Sweden	Stockholm	Carl Zeiss AB	100.0	100.0
Sweden	Malmö	Carl Zeiss Vision AB	100.0	96.8
Switzerland	Feldbach	Carl Zeiss AG	100.0	100.0
Switzerland	Feldbach	Carl Zeiss Vision Swiss AG	100.0	96.8
Thailand	Bangkok	Carl Zeiss Co. Ltd.	49.0[2]	49.0[2]
Turkey	Ankara	Carl Zeiss Meditec Medikal Cözümler Tic. ve San. A.S.	100.0	65.1
United Arab Emirates	Dubai	Carl Zeiss Vision MENA FZE	100.0	96.8
United Kingdom	Cambridge	Carl Zeiss Ltd	100.0	100.0
United Kingdom	Cambridge	Carl Zeiss Microscopy Limited	100.0	100.0
United Kingdom	Birmingham	Carl Zeiss Vision UK Limited	100.0	96.8

Country	City	Name of entity	Share in capital acc. to Sec. 285 No. 11 HGB	Beneficial share in capital
			%	%
1. Fully consolidated subsidiaries				
United Kingdom	Livingston	HYALTECH Ltd.	100.0	65.1
United Kingdom	Birmingham	SILS Limited	100.0	96.8
USA	Ontario/South California	Aaren Scientific Inc.	100.0	65.1
USA	Thornwood	Carl Zeiss Inc.	100.0	100.0
USA	Minneapolis	Carl Zeiss Industrial Metrology, LLC	100.0	100.0
USA	Dublin	Carl Zeiss Meditec Inc.	100.0	65.1
USA	Thornwood	Carl Zeiss Microscopy, LLC	100.0	100.0
USA	Thornwood	Carl Zeiss SBE, LLC	100.0	100.0
USA	San Diego	Carl Zeiss Vision Holdings Ltd.	100.0	96.8
USA	San Diego	Carl Zeiss Vision Inc.	100.0	96.8
USA	Pleasanton	Carl Zeiss X-ray Microscopy, Inc.	100.0	100.0
USA	Pembroke	FCI Ophthalmics Inc	100.0	65.1
Venezuela	San Diego	Carl Zeiss Vision Venezuela Industria Optica C.A.	100.0	96.8
2. Non-consolidated subsidiaries				
Germany	Cologne	Carl Zeiss 3D Metrology Services GmbH Köln	80.0	80.0
Germany	Garching	Carl Zeiss 3D Metrology Services GmbH München	100.0	100.0
Germany	Peine	Carl Zeiss 3D Metrology Services GmbH Peine	80.0	80.0
Germany	Oberkochen	Carl Zeiss Achte Vorratsgesellschaft mbH	100.0	100.0
Germany	Öhringen	Carl Zeiss Automated Inspection Verwaltungs-GmbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Dritte Vorratsgesellschaft mbH	100.0	100.0
Germany	Aalen	Carl Zeiss EyeTec GmbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Grundstücks-Verwaltungs GmbH	100.0	100.0
Germany	Dresden	Carl Zeiss Innovationszentrum für Messtechnik GmbH	51.0	51.0
Germany	Wangen	Carl Zeiss Optical Components GmbH	100.0	100.0
Germany	Cologne	Carl Zeiss Retrofit und Service GmbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Sechste Vorratsgesellschaft mbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Siebte Vorratsgesellschaft mbH	100.0	100.0
Germany	Aalen	Carl Zeiss Smart Optics GmbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Venture Beteiligungsgesellschaft mbH	100.0	100.0
Germany	Aalen	Carl Zeiss Vision Erste Vorratsgesellschaft mbH	100.0	96.8
Germany	Oberkochen	Carl Zeiss Vision Management Equity Participation Verwaltungs GmbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Vision MEP Beteiligungs GmbH	100.0	100.0
Germany	Oberkochen	Gusto Gourmet GmbH	100.0	100.0
Germany	Essingen	Holometric Technologies Forschungs- und Entwicklungs-GmbH	100.0	100.0
Belarus	Minsk	Zeiss-BelOMO OOO	60.0	60.0
Croatia	Zagreb	Carl Zeiss d.o.o.	100.0	100.0
Denmark	Birkerød	Brock & Michelsen Invest A/S	100.0	100.0
France	Paris	HEXAVISION Sarl	100.0	65.1
Hungary	Budapest	Carl Zeiss Technika Kft.	100.0	100.0

Country	City	Name of entity	Share in capital acc. to Sec. 285 No. 11 HGB	Beneficial share in capital
			%	%
Poland	Slupsk	OptiNav Sp.z o.o.	64.0	64.0
Romania	Bucharest	Carl Zeiss Instruments s.r.l.	100.0	100.0
Slovenia	Ljubljana	Carl Zeiss d.o.o.	100.0	100.0
Spain	Castelldefels / Barcelona	Aaren Scientific SL	100.0	65.1
Taiwan	Hsinchu City	Carl Zeiss NTS Pte. Ltd.	100.0	100.0
Turkey	Istanbul	Carl Zeiss Teknoloji Cözümleri Ticaret Limited Sirketi	100.0	100.0
USA	San Diego	American Optical IP Corporation	100.0	96.8
USA	Plymouth / Michigan	Steinbichler Vision Systems Inc.	100.0	60.0
Zimbabwe	Harare	Carl Zeiss (Pvt.) Ltd., (Zimbabwe)	100.0	100.0
3. Associates not accounted for using the equity method				
Germany	Jena	JENAER BILDUNGSZENTRUM gGmbH SCHOTT CARL ZEISS JENOPTIK	33.3	33.3
Germany	Jena	MAZeT GmbH	22.5	22.5
Germany	Eggenstein-Leopoldshafen	Nanoscribe GmbH	39.9	39.9
Germany	Mainz	SCHOTT-ZEISS ASSEKURANZKONTOR GmbH	50.0	50.0
Germany	Meiningen	µ-GPS Optics GmbH	24.6	24.6
Denmark	Nørresundby	3D-CT A / S	49.0	49.0
Spain	Barcelona	OPT RETINA, S.L.	20.0	19.4

[1] In accordance with Sec. 264 (3) HGB or Sec. 264b HGB, these entities are exempted from the duty to publish their financial statements
[2] Majority of voting rights

Auditors' Report

We have audited the consolidated financial statements prepared by Carl Zeiss AG, Oberkochen, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 October 2014 to 30 September 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB 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 consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group 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 consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations. In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, 10 December 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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Disclaimer
This report contains certain forward-looking statements concerning the development of the ZEISS Group. At the present time, ZEISS 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. ZEISS 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.

This is a translation of the original German-language Annual Report of the ZEISS Group. The ZEISS Group shall not assume any liability for the correctness of this translation. If the texts differ, the German report shall take precedence.

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