

Recognizing opportunities

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Group highlights

€ 861.9 million

Double-digit growth in revenue

In spite of economically turbulent times, we managed to slightly exceed the upper limit of our revenue forecast for the financial year (€ 830–860 million). Revenue increased by 13.6 % to € 861.9 million.

18.7 %

Disproportionate increase in earnings

Earnings before interest and taxes (EBIT) increased to € 122.9 million. We came another good step closer to achieving our medium-term objective of continuously and sustainably increasing our profitability to a 15 % EBIT margin by 2015: our EBIT margin rose by 0.7 percentage points to 14.3 %, compared with 13.6 % the previous year.

€ 92.1 million

Significant increase in cash flow from operating activities

Due to the improvement in consolidated net income and an efficient credit control and inventory management system, our cash flow from operating activities reached the high double-digit millions and amounted to € 92.1 million.

€ 0.88

Earnings per share up by more than 7 %

Earnings per share increased from € 0.82 to € 0.88.

€ 93.5 million

Investments in research and development boost innovative strength

Investment in innovations and solutions shall continue to play an important role in future in securing and expanding our market position. In the past financial year we therefore invested 10.8 % of our revenue in research and development.

€ 0.40

Dividend reflects Company's success

The Company once again plans to allow its shareholders to participate appropriately in the Company's success and to propose to the Annual General Meeting the distribution of a dividend of € 0.40 per for the past financial year.

Content

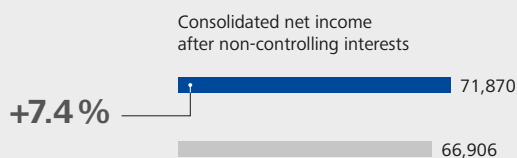
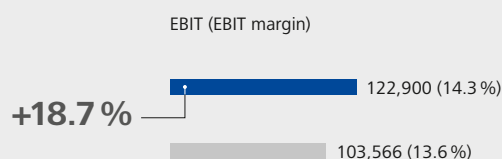
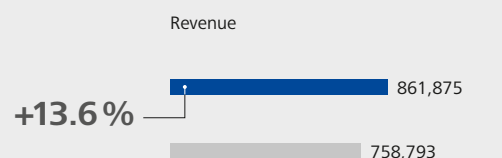
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Business development

(Unless specified otherwise, figures in € '000)

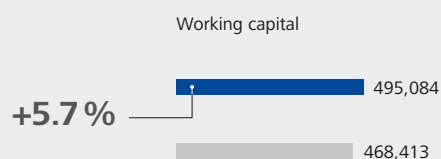
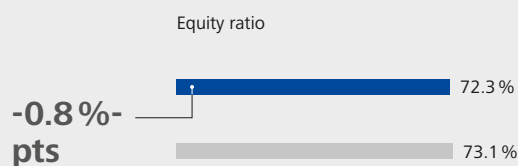
Revenue and net income

■ Financial year 2011/2012 ■ Financial year 2010/2011

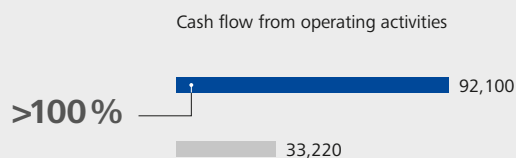


Key ratios in the statement of financial position and statement of cash flows

■ 30 September 2012 ■ 30 September 2011



■ Financial year 2011/2012 ■ Financial year 2010/2011



With innovations for ophthalmology and microsurgery Carl Zeiss Meditec is contributing to progress in medical technology. Our products and solutions aim to help physicians to improve patient outcomes and thus their quality of life.

Ladies and Gentlemen,
Dear Shareholders,

Once again the past financial year was a very successful year for Carl Zeiss Meditec. Revenue and profit hit new record highs – in spite of falling economic momentum worldwide.

We also made further progress strategically. Today we distinguish ourselves with innovative and cutting-edge products. We use our broad product portfolio to offer tailored solutions for ophthalmology and other medical disciplines. And, finally, we focus our global distribution and service organization consistently on the needs of our customers.

Our success proves us right: we can look back on a positive development of business in the past financial year and have shown once again that profitable growth and sustainable investment behavior can be successfully combined. We increased our revenue by 13.6 percent in financial year 2011/2012, from € 758.8 million to € 861.9 million. As a result, we even exceeded the upper limit of our revenue forecast for the financial year slightly (€ 830 to € 860 million). In addition, we recorded a disproportionate increase in earnings before interest and taxes (EBIT). Expressed in absolute figures: our operating results improved considerably, rising 18.7 percent, from € 103.6 million to € 122.9 million. Our EBIT margin increased accordingly by 0.7 percentage points, to 14.3 percent. We therefore came a convincing step closer in the last financial year to achieving our medium-term goal of increasing profitability to a 15 percent EBIT margin by 2015.

We are well poised regionally, and our revenue is very well balanced. This is particularly advantageous in difficult times. We continued to grow during the past financial year, by more than 15 percent, not only in the high-growth Asia/Pacific region, but also in moderate-growth markets, such as the Americas and even the EMEA region (Europe, Middle East and Africa), where our growth was in double figures.

The Company's revenue gains additional stability from the constant expansion of our service business and our business with implants and consumables. These currently account for as much as 22 percent of revenue. We aim to increase this share of consolidated revenue to 25 percent by 2015, in order to become less dependent, even in economically unsettled times, on the capital assets business, which tends to be subject to greater fluctuations.

Carl Zeiss Meditec's innovative strength is one of the drivers of stable growth. All three of our strategic business units therefore launched new products, solutions or applications in the past financial year. Examples include the fluorescence methods INFRARED 800 and FLOW® 800, which now also give plastic surgeons the possibility to assess perfusion during the transplantation of skin and muscle tissue; or the trifocal intraocular lens AT LISA® tri, which offers cataract patients clear near, distance and intermediate vision without glasses – a true accomplishment.

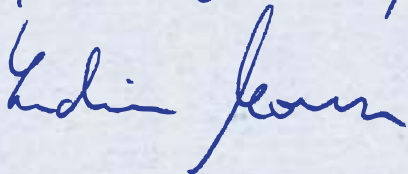
And, finally, PRESBYOND® Laser Blended Vision, a product for refractive surgery, which is used to treat presbyopic patients.

The longer-term development of our Company is influenced quite substantially by certain macroeconomic trends. It can therefore be assumed with certainty that the number of older people will increase significantly worldwide over the next few decades. The need for health care will also rise as a result. A crucial factor will definitely be to further improve the efficiency of health care systems. State-of-the-art medical technology can contribute to this. There is another significant trend in the emerging markets: growing prosperity means that more people will have better and better access to medical care. This trend shall also bring an increasing demand for the right medical technology products. Overall, therefore, everything points to a favorable development of the markets, particularly in the longer term.

In the short and medium term, however, it is global economic development that is important for our Company's growth prospects. In view of the current economic downturn, we must also anticipate limited growth in our markets. Nevertheless, we assume that – well equipped as we are with a global organization and excellent products – we shall be able to grow at least as quickly as the market.

Based on the good development of business in the past year, the Management Board and Supervisory Board shall propose the distribution of a regular dividend to shareholders for financial year 2011/2012 of € 0.40 per share.

We would like to thank our customers, business partners and shareholders for their confidence in us and would be delighted if you would continue to accompany us on our journey.

Yours sincerely,


Dr. Ludwin Monz
President and Chief Executive Officer

The picture was taken at Universitätsklinikum Jena.
Carl Zeiss Meditec would like to thank the Universitätsklinikum for its kind permission.



Dr. Ludwin Monz
President and Chief
Executive Officer

Thomas Simmerer
Member of the
Management Board

Dr. Christian Müller
Member of the
Management Board



Professor James W. Vaupel,
Director of the Max Planck Institute for Demographic Research

“EXTENDING LIFE, ENJOYING HEALTH, PRESERVING SIGHT.”

Bursting with energy, wit and a seemingly untamed sense of curiosity, James W. Vaupel, founder and Director of Rostock-based Max Planck Institute for Demographic Research, is the perfect ambassador of his own mission – demonstrating to audiences beyond the scientific community that the benefits of civilization in terms of better nutrition, more hygienic conditions and advancements in healthcare, are very likely to bring about many additional, joyful and healthy years to mankind.

According to most recent estimates of the demographer’s institute, babies born in Germany can today expect to live beyond their 100th birthday.

Who is afraid of aging? The renowned scientist, lacking just a little bit more than three decades to pass the 100-year mark himself, is as active and productive as ever on his job.

A discussion with James W. Vaupel

During his talk with Ludwin Monz, President and CEO of Carl Zeiss Meditec AG, Vaupel has a very tangible message to convey: Leading a good, fruitful and demanding life and helping society deal in a smarter way with aging is an investment that simply pays off.

Ludwin Monz: *Some of your scientific findings are true eye-openers. Do you reckon many people know that newborn girls in Germany now have a life expectancy of about 104 years?*

James Vaupel: This is indeed good news that may not be known to everybody. And the best news is that as life expectancy grows, the number of healthy years increases, too. We have managed to postpone the period of disabilities and we will have all the means at our disposal to push this even further in the future.

Monz: *From our perspective, medical progress is one of the key reasons for longevity. This is what Carl Zeiss Meditec is constantly striving for.*

Vaupel: And these advancements will be needed. I think that a company like Carl Zeiss Meditec that mainly serves people who have problems with their eyes will face a rapidly growing demand for treatments. It is now simply a fact of life that people live longer mainly because they are gaining healthy years and managing to postpone overall decline and debility. Some of our organs like the eyes nevertheless still deteriorate at unchanged rates.

Monz: *This is apparently also the reason why some diseases are more prevalent now.*

Vaupel: Like cataract. Everybody is almost predestined to suffer from this condition sooner or later.

Monz: *Yes, that is perfectly true. On the other hand, however, the possibilities available to cure this disease have never been better. When traveling to doctors and clinics in Asia, I also see a lot of progress in countries like India where blindness from cataract was and unfortunately still is the principal cause of blindness – with all the associated negative consequences. Also on life expectancy, I suppose.*

Vaupel: Absolutely. Apart from the social and economic costs involved, life simply becomes less fulfilling for people who are blind. And this also shortens life expectancy. So fighting blindness is good for individuals and for society at large.

Monz: *Rapidly developing economies like China and India or Brazil where eye treatments are becoming more accessible are of great interest to Carl Zeiss Meditec.*

Vaupel: That is completely understandable. By the mid of this century, China alone is going to have more than 400 million people over 60. That is five times the German population, an enormous potential.

Monz: *And through our presence in these countries we learn that we have to come up with very specific answers to local needs. I would expect that societies both in the western world and in developing nations will change. Do you agree that we will probably see*

more service-oriented business healthcare in the western world while developing countries will further expand business with physical goods?

Vaupel: There is certainly some evidence to back this theory. A Nobel prize winner once introduced me to the concept of spiritual goods: In a society where there are more cars than drivers and more TV sets than rooms, people will eventually shift their spending priorities to experiencing something really special and remaining fit and healthy. Investing in health is paying off. So we may not always have to blame governments for rising healthcare costs but should also see this as a consequence of people's personal wish to get better healthcare.

"20 years ago, age-related diseases were not as prevalent as they are today"

Ludwin Monz



Monz: Another related trend that I see is the growth in age-related diseases. 20 years ago, age-related macula degeneration was not as prevalent as it is today as people simply did not reach that age. Today, more people suffer from these diseases but do not accept the related decline in quality of life. They look for treatment options.

Vaupel: There is in fact a close link between education, wealth and the level of health. As people are becoming more educated and have higher incomes now than just a few decades ago, they are increasingly unwilling to accept any impairments of their sight. And they are prepared to pay for tangible improvements. This must be an opportunity for your company.

Monz: We do our very best. A major change of the last decades is also that access to information has become so much easier. I guess the Internet is one of the reasons why people are more educated. You say that better educated people have a higher life expectancy. Why is that?

Vaupel: The main reason is simple. Better educated people tend to better take care of themselves. They know that they should do some sport, they should follow the doctor's advice and they have the vocabulary at hand to explain their problems. They also tend not to drink and smoke so much. The other aspect of this is to get educated; you have to have a certain level of health. So education is partly a consequence of good health. Finally, another aspect of this is that people who are educated tend to grow up in healthier conditions.

Monz: If you look at health as an individual investment: When is the best moment to invest in health – in childhood, or is the turnaround still possible at a later stage?

“There is a lot of evidence indicating that having good health in childhood determines your health when you are old”

James W. Vaupel

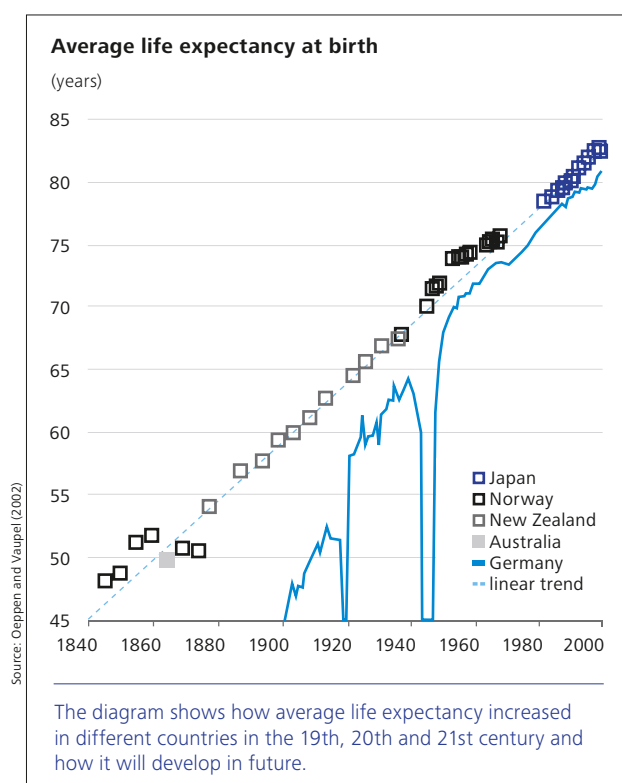
Vaupel: There is a lot of evidence indicating that having good health in childhood determines your health when you are old. On the other hand, there is also very strong evidence showing that it is never too late.

Monz: Fertility is going down in many countries, making societies older overall. What is the demographer's view on this?

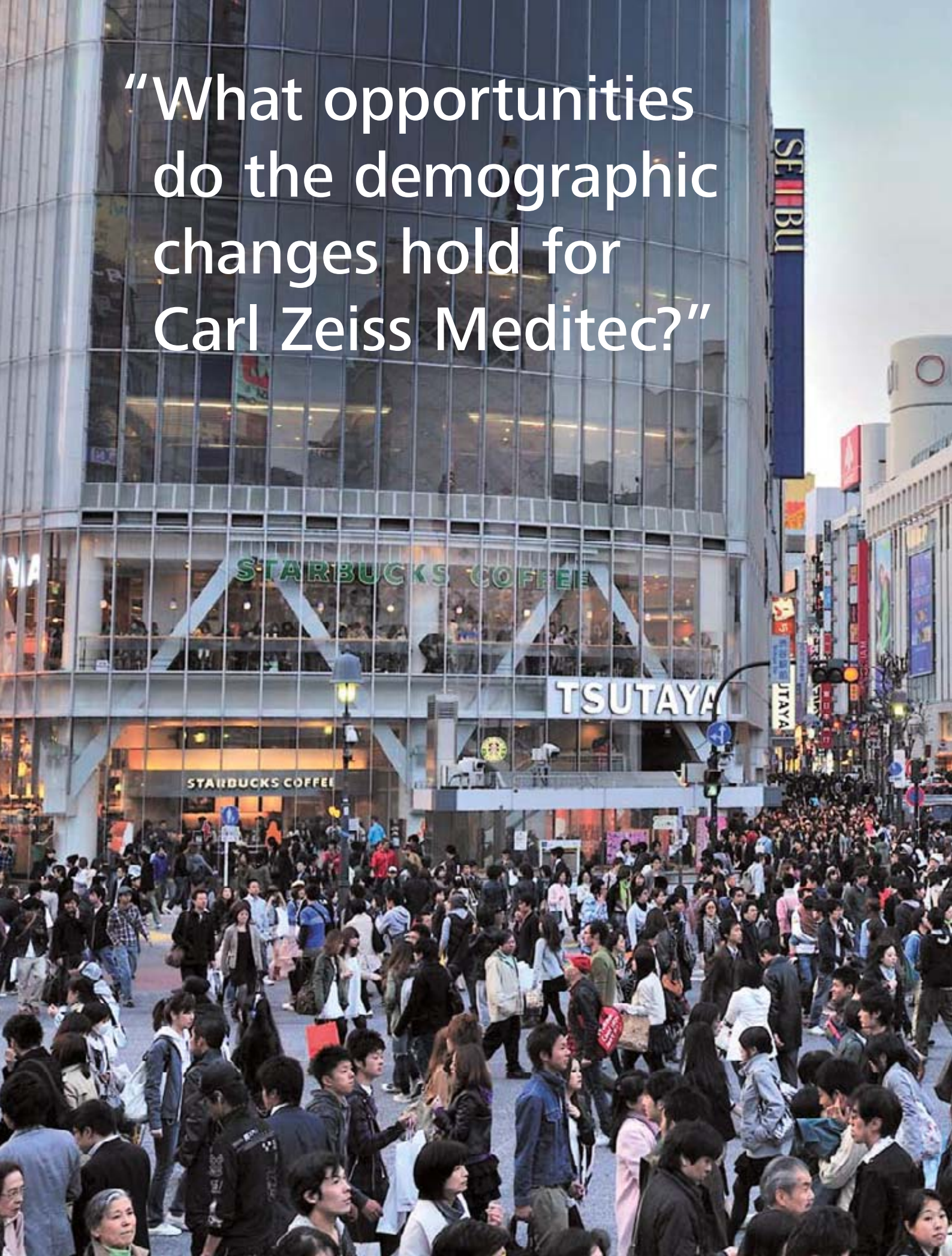
Vaupel: The decrease in fertility is indeed dramatic in many European countries. In Germany, women have an average of 1.4 children instead of the 2 that would be needed to keep us at the same level. In each generation, children are missing, and even if this was to change it would take 20 years until we could see some results. This alone would lead to an aging population. The other factor is that life expectancy is going up by 2,5 years per decade – three months per year, six hours per day.

Monz: That is a lot. What kind of impact will this have on our society?

Vaupel: We are likely to see more debates on distribution of work in line with the span of life. One fortunate thing that tends to be forgotten about our science is that demographic change takes time. It takes 100 years for a baby to become 100 years old. There is time to adjust to these changes. We need to re-think our life course: Extended life working time in connection with a reduction of weekly working hours in younger years could equal the same number of per capita working hours throughout the population. All in all, I am absolutely convinced that the benefits of more healthy years will far outweigh all necessary changes.



“What opportunities
do the demographic
changes hold for
Carl Zeiss Meditec?”





GROWING GLOBAL POPULATION



Dr. Ludwin Monz
President and
Chief Executive Officer

“The proportion of older people in the overall population is growing in many parts of the world. We offer comprehensive solutions for the diagnosis and treatment of typical age-related diseases.”

Shibuya, a shopping area in Tokyo: up to 15,000 people use this crossing at each green phase during the evening rush hour.





*"I was surprised how well
I could see afterwards."*

Margaret Cordery

Practice manager Margaret Cordery with her physician and boss
Dr Andrew Apel in his ophthalmological practice in Brisbane (Australia).

"THE RESULTS FAR EXCEEDED MY EXPECTATIONS."

After the short operation Margaret Cordery was completely satisfied with the results. The 60 year old Australian had the new AT LISA® tri implanted as part of a clinical study carried out in 2011. Her ophthalmologist, who is also her boss, detected clouding of her natural crystalline lenses. Following a number of preliminary examinations, Margaret Cordery had the state-of-the-art multifocal lens implanted – first in her left

eye and then three days later in the right eye. The incision in each case measured just 1.8 millimeters. "After the operation I was in no pain whatsoever. And then afterwards I was surprised at just how well I could see at all distances," summed up Cordery. Margaret Cordery can once again perform her job as practice manager in the clinic with no restrictions – and enjoy her hobbies of sewing and gardening.

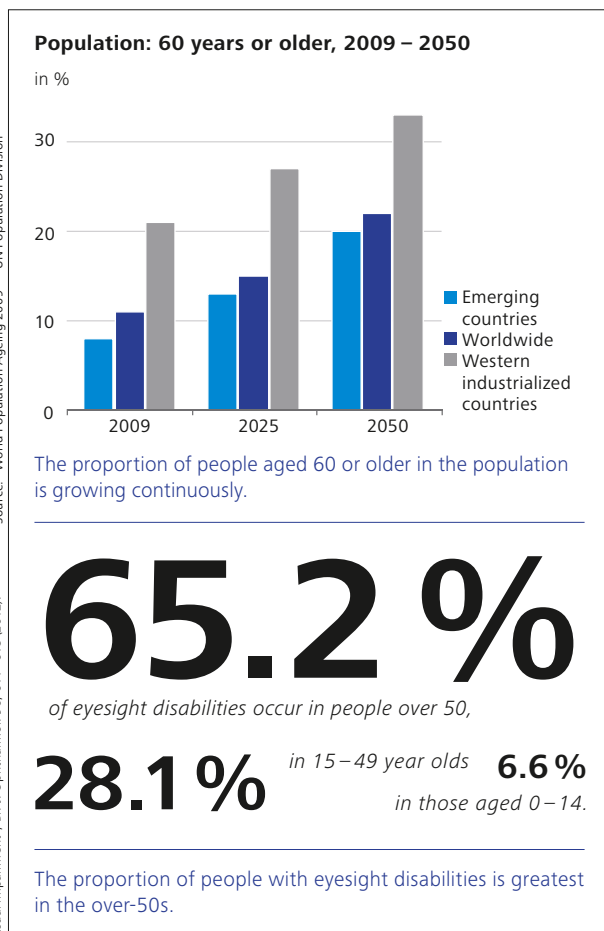
AT LISA tri – like having a pair of progressive lenses inside your eye

The steadily increasing life expectancy in industrialized countries means that a growing number of people will undergo cataract surgery as they get older. But thanks to the latest advances in medical technology, this procedure is no longer merely about preserving or restoring basic eyesight. Rather, artificial lenses, such as AT LISA tri, can simultaneously treat the cataract and improve visual acuity; with astonishing results, as in the case of Margaret Cordery.

Increasing numbers of people all over the world are now living longer than their ancestors – in the industrialized countries, but also in the rapidly developing emerging markets. 100 years ago new-born babies in Germany had an average life expectancy of just 50 years, whereas parents bringing a girl into the world in 2012 can now expect their daughter to reach her 104th birthday. Specialists in the field of ageing such as James Vaupel (Max-Planck-Institute for Demographic Research in Rostock, see page 9) believe that this trend is set to continue. A comparable trend has also been noted in other countries in central Europe, Japan and the USA.

One of the consequences of this development is that typical age-related issues will become more prevalent. These include age-related diabetes, impairment of the musculoskeletal system and eye diseases such as glaucoma, cataract and retinal disorders (e.g., macular degeneration).

Older people today are working longer and leading much more active lives than in the past and want to enjoy unrestricted independence.



"The AT LISA tri is like having a tiny pair of progressive-lens spectacles inside your eye. I can read the paper, drive at night and work on my laptop."

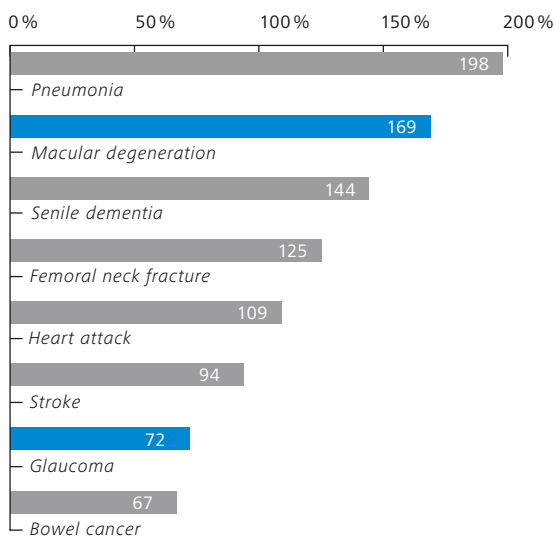
A patient

21m

cataract operations are performed worldwide each year

Source: Market Scope (2012)

Percentage increase of sufferers per 100,000 inhabitants in Germany from 2007 to 2050



The diagram shows the extent to which the number of people suffering from certain diseases will increase by 2050.

Source: Beske, F. u. a. (2009)

They want to enjoy a high quality of life into old age – while remaining physically and mentally active. One of the key requirements for this is good vision.

Cataract – clouding, or opacification, of the lens – is a typical age-related disease

The most common cause for blindness today is cataract. Therefore, it is scarcely surprising that removal of the opaque lens is not only one of the oldest medical treatments, it is the single-most common surgery performed today. The operation itself has been a routine procedure for several decades now; however there has been something of a minor revolution in recent years as a result of the rapid advances in the manufacture and design of artificial lenses. In the past, patients were satisfied if their sight was restored in some form after the natural lens had been replaced with an artificial one. Today, however, doctors and surgeons can offer their patients custom-made intra-ocular lenses (IOLs) from Carl Zeiss Meditec that provide excellent results. Using IOLs such as the AT LISA® tri provides treatment for the cataract and correction of vision defects. This means that many patients can dispense with their glasses after undergoing the operation.

AT LISA tri multifocal micro-incision lens

The AT LISA tri multifocal lens is the latest addition to the AT LISA family. It was launched in April 2012 (not available in the USA). The AT LISA tri is one of the first lenses to combine three different refractive zones and to restore patients' own natural visual acuity following treatment.

The three zones permit compensation of typical presbyopic accommodation loss, meaning that the patient can then switch relatively naturally between near, far and intermediate distance vision. These flexible lenses, made from acrylic, unfold when implanted in the eye. An opening of just 1.8 millimeters is sufficient to insert the IOL with ease using the ZEISS BLUEMIXS™ 180 injector.

Growing demand for premium-quality lenses

Patients who already benefit from the implantation of the AT LISA tri lens – like Margaret Cordery – are most impressed with their excellent vision at all distances. The faster word spreads regarding what is now possible in a cataract operation, the quicker demand will grow for special premium lenses which function like progressive spectacles in the eye.

Carl Zeiss Meditec has set up a special production infrastructure for its lens business in order to meet the growing demand and patients' rising expectations, with maximum efficiency and product quality.

A new office and production facility for the "Surgical Ophthalmology" business unit was opened in Berlin in 2012. Production is carried out in ultramodern clean rooms to avoid any particle contamination. Ambient conditions such as particle concentration, microbiological load and the specific media used are subjected to continuous and frequent controls. In addition, optimized material flows ensure shorter processing times, providing faster delivery service for customers. A modern training center has also been set up at the new location for cataract surgeons from all over the world who wish to receive further training in the ZEISS cataract treatment systems and procedures.

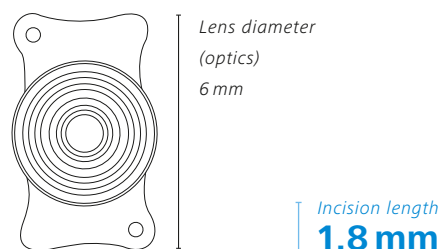
System solutions provide optimum support

The trifocal AT LISA tri enhances the already advanced cataract solutions offered by Carl Zeiss Meditec to cover the entire work flow in modern cataract surgery. This offering is constantly being improved in cooperation with our customers. Practices and hospitals equipped with ZEISS systems can precisely record biometric data of the patients eyes and accurately calculate the required IOL in a fully integrated workflow. The operating microscope provides high resolution monitoring during the cataract operation and there are solutions for extracting the cataract and implanting the carefully selected IOL.

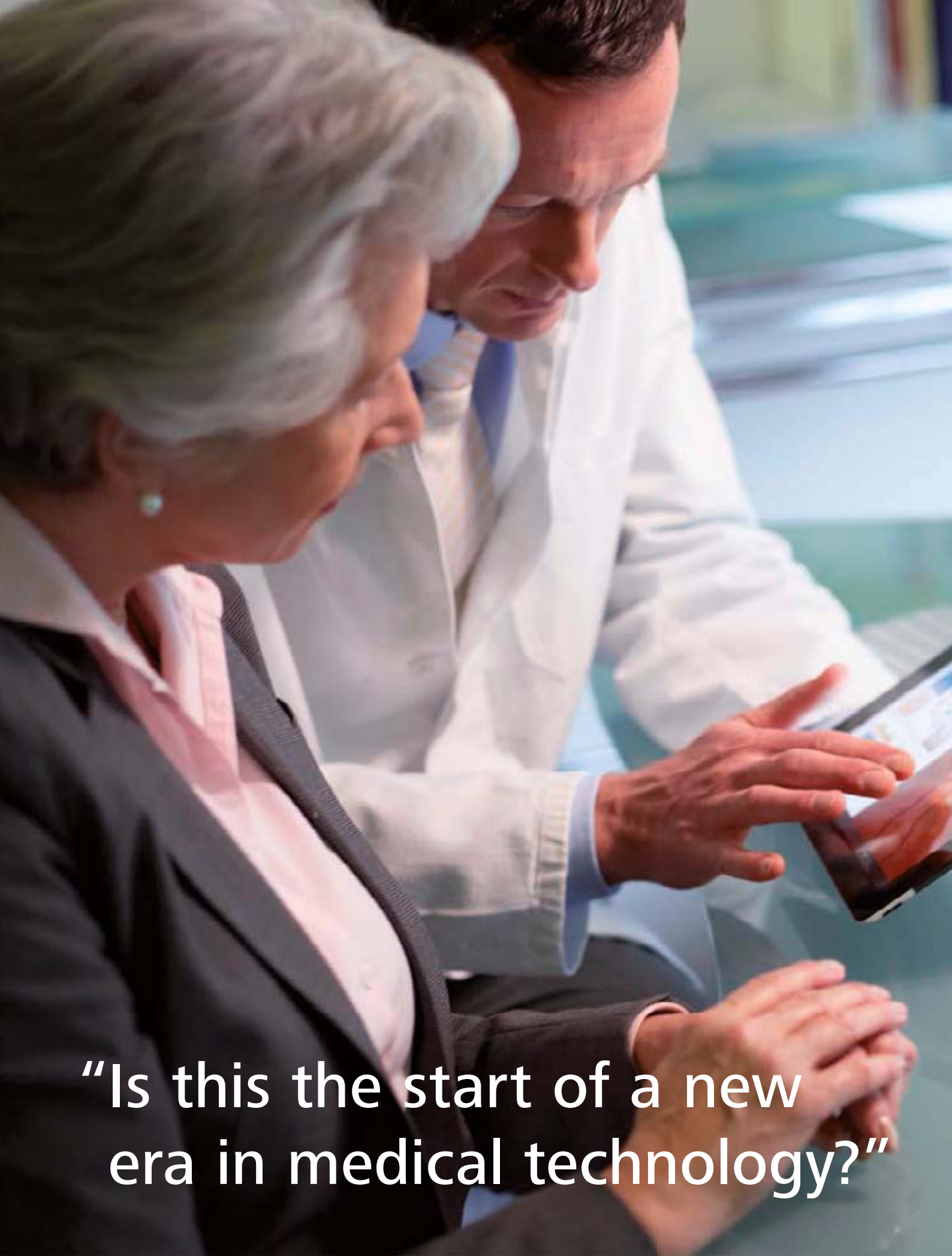
*"No other intraocular lens on the market approximates the **natural accommodation process** as well as the AT LISA tri."*

Dr. Wolfram Wehner, Nuremberg, ophthalmologist

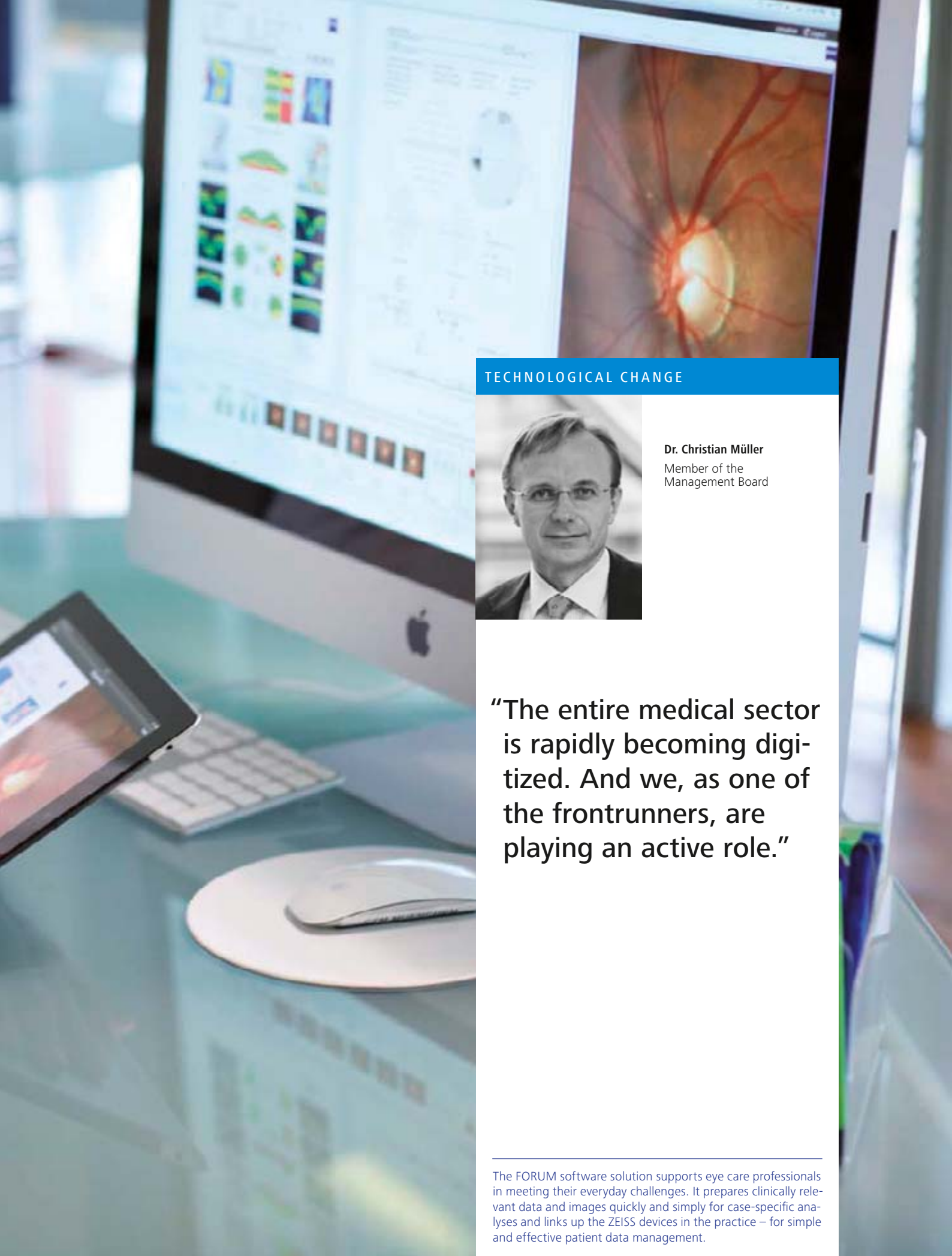
Ratio of AT LISA tri lens diameter to incision length



The diagram shows the ratio of lens size to the length of the incision required for inserting a ZEISS IOL into the eye.



“Is this the start of a new era in medical technology?”



TECHNOLOGICAL CHANGE



Dr. Christian Müller

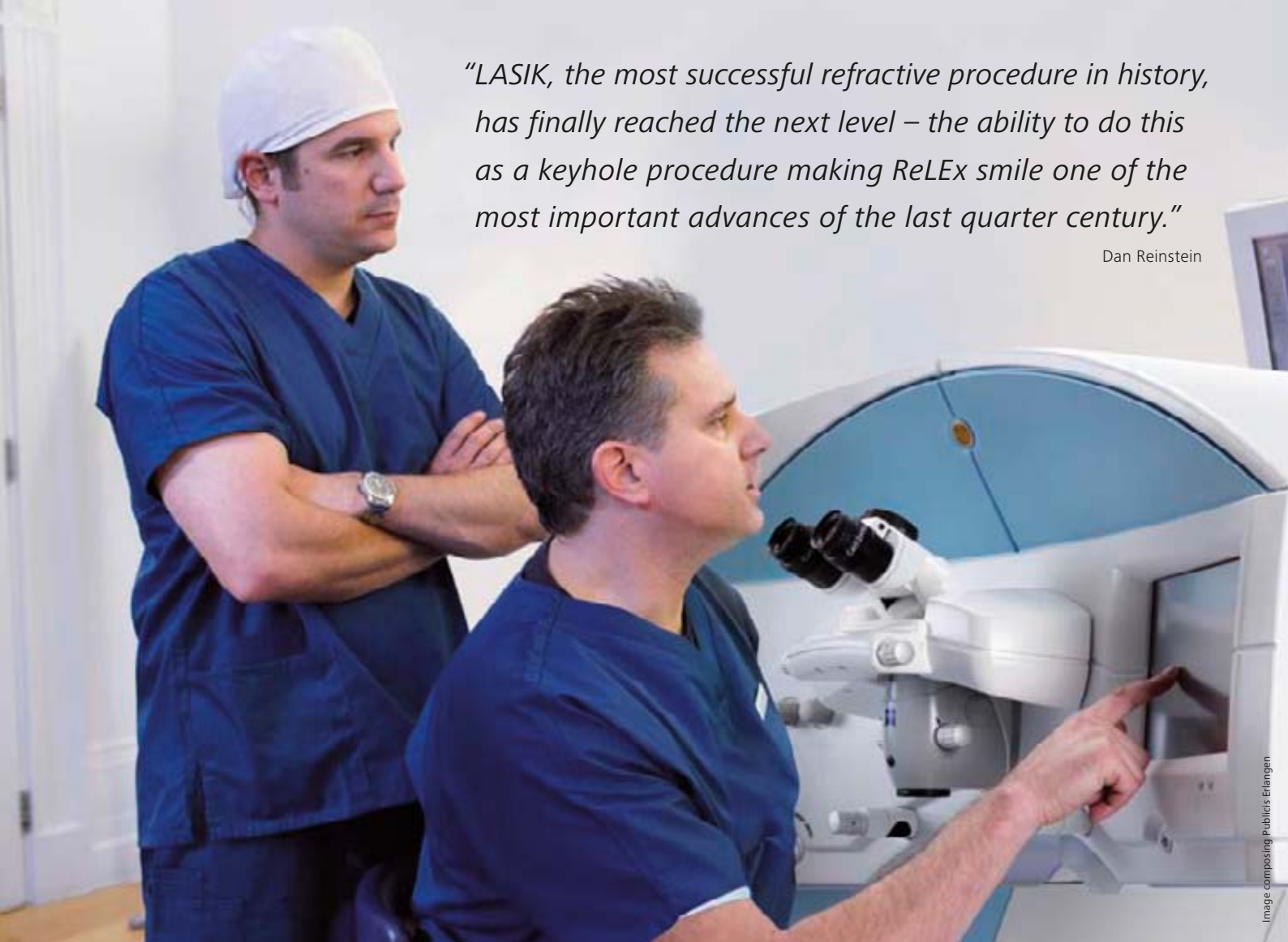
Member of the
Management Board

“The entire medical sector is rapidly becoming digitized. And we, as one of the frontrunners, are playing an active role.”

The FORUM software solution supports eye care professionals in meeting their everyday challenges. It prepares clinically relevant data and images quickly and simply for case-specific analyses and links up the ZEISS devices in the practice – for simple and effective patient data management.

"LASIK, the most successful refractive procedure in history, has finally reached the next level – the ability to do this as a keyhole procedure making ReLEx smile one of the most important advances of the last quarter century."

Dan Reinstein



Professor Dan Reinstein (right) and surgeon Glenn Carp working with the VisuMax at the London Vision Clinic.

"RIGHT NOW, THERE'S NOTHING BETTER THAN RELEX SMILE."

Professor Dan Reinstein knows what he's talking about: The Chief Surgeon of the London Vision Clinic has performed more than 20,000 refractive surgery procedures and has made major contributions to the development of modern LASIK* technology. He says: "Sixty years of subtractive corneal refractive surgery bring us to a nearly perfect refractive procedure called LASIK. With ReLEx® smile we can probably say that we have now reached the perfect refractive procedure." Professor Reinstein has worked closely with Carl Zeiss Meditec as a consultant for refractive surgery in its continuing efforts to perfect refractive laser

technology. ReLEx smile is the first minimally invasive laser vision correction procedure. As opposed to the LASIK procedure, ReLEx can be performed with a small incision in the cornea, without creating a large opening for the flap. The femto-second laser generates a high-precision lenticule inside the cornea, which can then be removed through an opening of less than 4 mm. This new method allows surgeons to operate not only quickly and precisely, but also particularly gently.

* LASIK: Laser-in-situ-keratomileusis; laser procedure for changing corneal curvature through ablation

A particularly gentle vision correction procedure

Minimally invasive treatment methods are much less demanding on the human body, which is a decisive advantage in particular for older patients. These procedures have been made possible thanks to advances in medical technology. New types of lasers combined with powerful electronics and computers are driving this development. This technological change opens up new horizons in the diagnosis and treatment of numerous diseases. At the same time, though, it generates new challenges for doctors and clinics.

The micrometric accuracy of the femtosecond laser used in Carl Zeiss Meditec's VisuMax® is a good example of precision optics. Today, the resulting application possibilities are in turn closely linked to highly developed software. No imaging diagnostic device could function without complex algorithms, and surgery would be barely conceivable without systems support.

Actively shaping technological change

Today, medical devices rarely function on a purely mechanical or optical basis. Carl Zeiss Meditec realized at an early stage that information technology is the key to productivity and growth, and actively contributed to the shaping of this structural change from its very inception. In a growing trend, software specialists have for years been part of the interdisciplinary research teams in addition to experienced designers, electrical engineers and biomedical experts. This has made it possible to develop new standards and to identify alternatives to traditional methods at an early stage. The fact that Carl Zeiss Meditec consistently sets new milestones in medical technology – ReLEx is a prime example – is the result of a consistent investment policy.

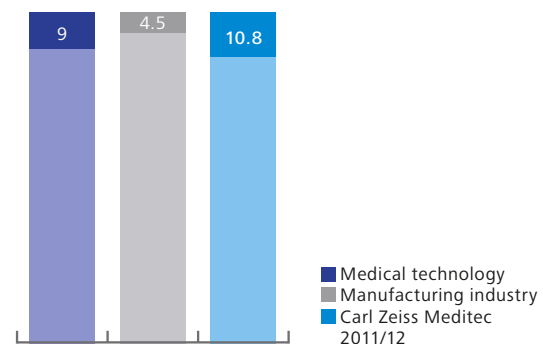
ReLEx smile needs up to

80 %

less incision area in the upper corneal layers in comparison to earlier treatment methods.

Investment in research & development as percentage of proceeds

in %



Investing 10.8 percent of its revenue in research and development, Carl Zeiss Meditec spent more on average than other companies in the medical technology industry.

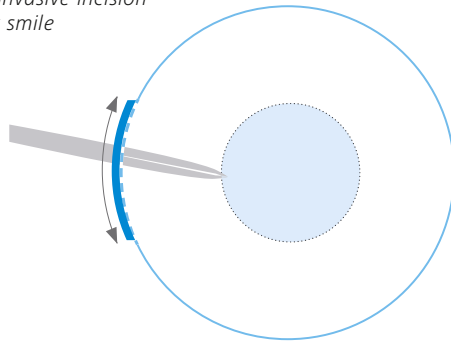
*"In comparison with other vision correction procedures ReLEx smile is the **least invasive** method."*

Dan Reinstein

Up to

4 mm

minimally invasive incision
with ReLEx smile



Laser correction with ReLEx smile: using the keyhole surgery technique, the VisuMax laser cuts a lenticule in the cornea and extracts it through a small incision.

Treating breast cancer with INTRABEAM

External beam radiotherapy (EBRT)



6.5
weeks

TARGIT boost using INTRABEAM device



5
weeks



TARGIT single course of radiotherapy* using INTRABEAM device

30
minutes

Intraoperative radiation therapy using the INTRABEAM device allows risk-adapted alternatives to be offered which could reflect more accurately the specific risk factors of individual patients while offering greater treatment comfort.

€ 93.5 million was channeled into R&D work in financial year 2011/12. This corresponds to 10.8 percent of sales: an above-average level of investment has, however, produced rewarding results.

Minimum invasion – maximum result

Today, modern technology makes it possible that many surgeries are carried out as minimally invasive keyhole procedures. ReLEx® smile is an impressive example of this approach. Both for the patient and for the surgeon, this new method represents real progress in medical technology. ReLEx smile is the first minimally invasive laser vision correction procedure. "The flap that we have to create in LASIK represents a 20-millimeter cut in the corneal surface resulting in prolonged tear-film changes and dry eye sensation," says Dan Reinstein. In ReLEx smile surgeons can access the cornea through a less than 4-millimeter incision. Dan Reinstein adds: "Our studies indicate that this results in far fewer dry eye symptoms and enables us to safely treat much higher myopia."

ReLEx smile is suitable for many but not all patients. In breast cancer therapy, too, a new device which Carl Zeiss Meditec has developed through to a marketable product can help suitable patients whose doctors have recommended them for treatment. The effectiveness has been proven in clinical studies. INTRABEAM®: During the operation itself, any remaining cancer cells in the tumor bed can be treated with high doses of radiation while protecting surrounding tissue and organs. A pilot study is now investigating whether intraoperative radiotherapy using INTRABEAM is also suitable for the treatment of painful vertebral metastases.

* The use of a single course of TARGIT radiotherapy should be based on the local/national clinical guidelines. In some countries, single courses of radiotherapy are only allowed within clinical studies.

Quality leaps in diagnostics and surgery

Modern imaging methods have enormously increased the clinician's ability to detect and treat specific diseases.

They provide an abundance of still or moving, three-dimensional, black and white or color images. Innovative fluorescence techniques show details that had previously remained hidden to the human eye. All these digitized processing methods for images of the human body help create greater precision in the diagnosis and support the surgeons in their interventions.

The company also demonstrates its visualization expertise in the latest model of the optical coherence tomograph, the first version of which was launched by ZEISS in 1997. Cirrus™ HD-OCT enables three-dimensional representation of deeper layers of tissue in the eye. With this information, retinal diseases such as progression of dry age-related macular degeneration (AMD) and glaucoma conditions can be more accurately examined and assessed.

The technological development is immediately apparent in the software of the OPMI® PENTERO® 900. The high degree of functionality is attributable to the 1.2 million lines of program code.

Networking as a success factor

Excellently designed management systems are required for optimum and efficient use of the growing flood of reports and image data. With FORUM®, Carl Zeiss Meditec provides optimum support to physicians and clinics. FORUM archives examination results and images from different instruments in a

central data management system, allowing physicians to access the clearly structured data quickly and efficiently. FORUM® 3.0 gives multi-site practices and hospitals the opportunity to exchange data even more flexibly and conveniently between the different sites – the necessary basis for rapid clinical evaluation and informed decision-making.

1.2m

lines of program code ensure maximum performance and functionality in the OPMI PENTERO 900.



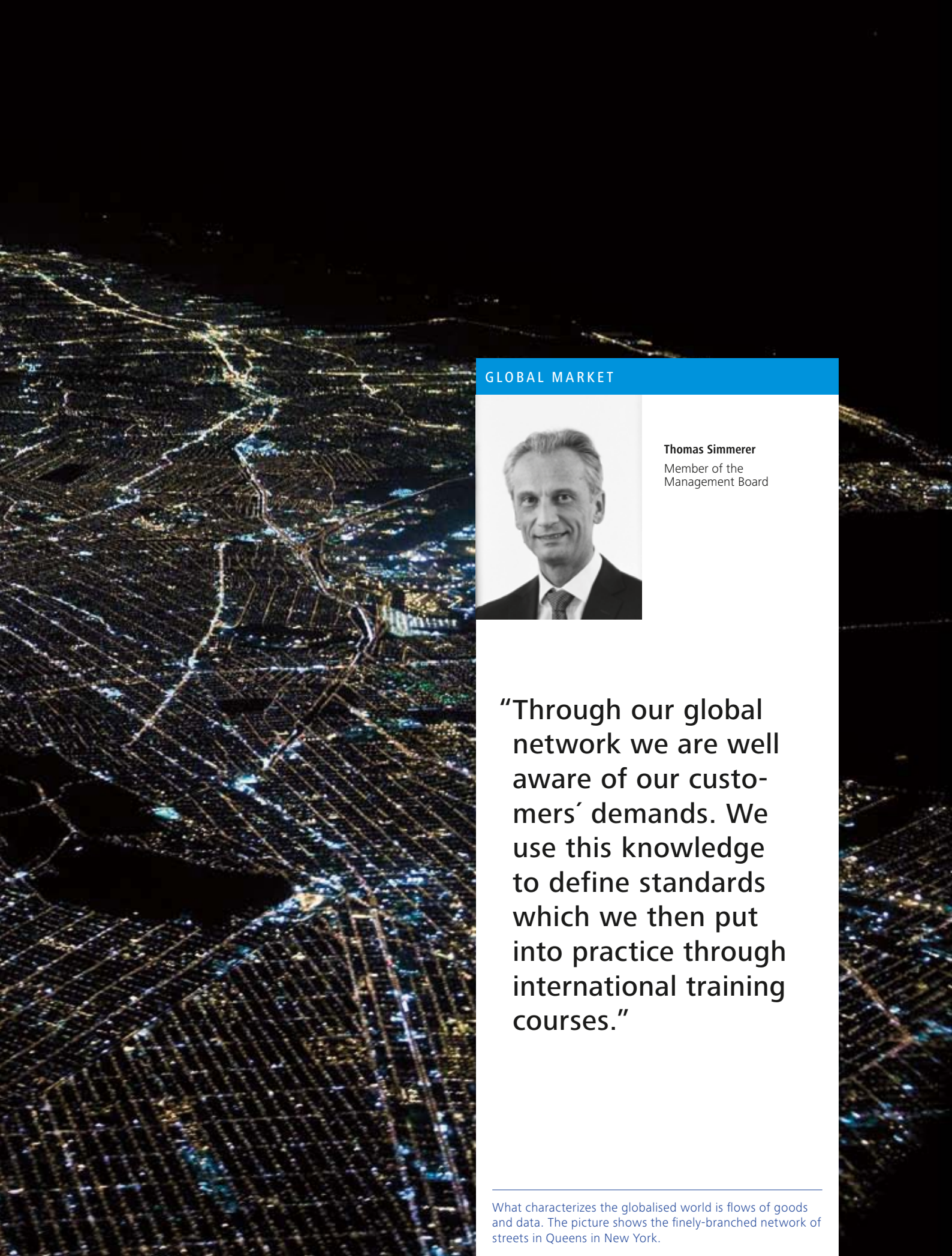
*"A particular benefit for patients with compromised vision is that I can **make the FORUM reports large enough** for them to see."*

Dr. Baseer Khan, glaucoma specialist, Canada

The main task which FORUM performs is to link up devices and supply ophthalmic data to improve practice workflows. However, Dr. Baseer Khan also sees benefits of a much more practical nature.

An aerial night photograph of a city, showing a dense network of roads and buildings illuminated by streetlights and building lights. The lights create a complex, glowing pattern against the dark background of the city. The perspective is from a high angle, looking down on the urban landscape.

**“How do you meet the
quality requirements
of a globalised world?”**



GLOBAL MARKET



Thomas Simmerer
Member of the
Management Board

“Through our global network we are well aware of our customers’ demands. We use this knowledge to define standards which we then put into practice through international training courses.”

What characterizes the globalised world is flows of goods and data. The picture shows the finely-branched network of streets in Queens in New York.



"My visit to the ZEISS ACADEMY showed me how important the personal growth through continuing learning is for the success of the company as a whole."

Li Na Wang

Victor Guo, Victor Bejar and Li Na Wang (left to right), employees from China and Mexico, trying out the OPMI LUMERA 700 at the first ZEISS ACADEMY meeting in Jena.

"WE CAN LEARN A LOT FROM EACH OTHER."

As one of 30 participants in the first ZEISS ACADEMY meeting in Jena, Victor Bejar from Mexico is impressed by the training, "It's a great idea to bundle the knowledge from all the different locations, to present it to the employees and customers and then to make it available to everyone in positions of responsibility via an intranet platform. You have to take the cultural differences into account; plus the health systems in countries like China, Mexico and the USA all have their own special features. But we all benefit from the improved exchange of views and best-practices."

Victor Guo from China agrees, "We can really learn a great deal from each other. The rapid growth in China right now means that we are faced with the special challenge of having to employ large numbers of new specialists each year. The training for these people has to be efficient and carefully structured. But we must also prepare for more stable times – which is why we are interested in finding out how we can organize training courses for our employees and customers on a more permanent and long-term basis. Orienting ourselves to the global strategy of Carl Zeiss Meditec will be a help here."

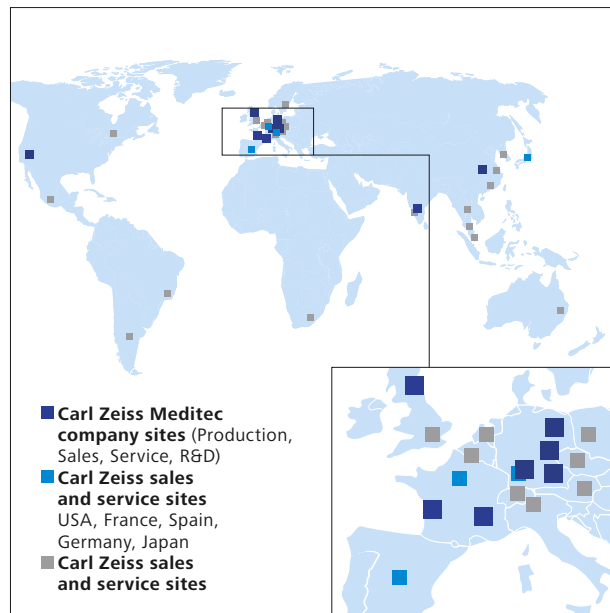
Die ZEISS ACADEMY – setting global standards in training

The world is converging. Borders are becoming easier to cross, trading areas are opening up, flows of goods and data are increasing, new partnerships are being created, competition is growing. Modern media are helping to bridge distances faster (at least virtually), the exchange of information and the accumulation of knowledge are taking place at breakneck pace. And so the challenge for companies now is to recognize synergies and exploit them to the full.

It is not only the markets which are becoming more global – Carl Zeiss Meditec is also becoming more international as a company. In the last few years a number of companies have been acquired which had to be integrated into existing structures. In some cases this gave rise to entirely new systems. At present there are 2,400 employees based at eleven locations in Europe, Asia and America. Carl Zeiss Meditec mirrors globalization in its diversity, interculturality and complexity as a growing and learning organization.

Many locations – one company

The idea of the ZEISS ACADEMY was born to help integrate the potential and the knowledge of the company as a whole more effectively and to promote international communication between the different units and locations. The foundations were laid in autumn 2012 at the first meeting in Jena. 30 representatives from the Human Resources, Sales and Service departments from the four continents of Asia, Europe, North America and South America were invited to attend.



1,300

of Carl Zeiss Meditec's 2,400 employees work outside Germany.

The main motivation for setting up the ZEISS ACADEMY was to carry out training – of both employees and customers. Training courses are often held in Sichuan (China), La Rochelle (France), Dublin (USA) or at the German sites in Jena and Oberkochen: new staff are introduced to consultation and sales techniques, experienced employees are given further training opportunities. Just as important and numerous are the application courses in which participants can practise handling the products and devices.

High quality standards worldwide

The ZEISS ACADEMY takes into account the unique features of the individual markets and specific customer demands – the goal being to unify the training standards better than in the past. The ultimate goal is to raise the overall level. “We have a uniform curriculum for the ‘Train-the-trainer’ programs, for example,” explains the head of the Product Application department at the ZEISS ACADEMY, Gabriele Sennholz. The ZEISS ACADEMY shows that Carl Zeiss Meditec is serious about implementing the complete overhaul of its Sales & Service operations. “The times when we simply sold a product to a customer have gone forever. These days Carl Zeiss Meditec regards itself as a consultant to its clients. We listen carefully, orient ourselves closely to the specific needs of the person we’re talking to when setting up a sale, develop solutions and offer the customer first class service and support – both during and after the purchase,” adds Sennholz.

Greater sense of solidarity in Sales

Besides uniformly high standards, a company-wide wiki database is also being introduced in the ZEISS ACADEMY which will contain specially selected training materials and knowledge units. Those re-

sponsible at the individual sites will then be able to access these directly. This will reduce the number of time-consuming phone calls or emails aimed at resolving problems which have already been solved elsewhere. As Sales Director Thomas Simmerer points out, “The ZEISS ACADEMY supports the knowledge transfer of our global sales organization. It allows us to respond effectively to our customers’ changing needs while meeting the high standards of the ZEISS brand.” An aspect of the ZEISS ACADEMY which earns the particular approval of the participants is the idea of supplementing the digital communication and virtual exchanges of view with the face-to-face meetings in Jena. “The Wiki knowledge pool will certainly be filled and made greater use of now that we’ve got to know each other in person here,” says Victor Bejar. “The ZEISS ACADEMY network really helps me in my work in Mexico by keeping me up-to-date with developments and informing me immediately about any new developments.”

Oriented to the customers’ needs

The better the internal networking functions, the faster good ideas and approaches for advising and supporting customers will spread through the entire company. And doctors in their practices and hospitals will benefit, too. The further training courses offered at the Carl Zeiss Meditec training centers are also popular with doctors. The most effective courses are the “hands-on” courses in which the participants get to try out the devices under realistic conditions. In Cataract House, for example, the new Berlin training centre for cataract surgeons from all over the world, the entire product portfolio is available for use by specialists who can practise on pigs’ eyes under the expert supervision of the ZEISS ACADEMY specialists.

Special commitment to medical training all over the world

Good training for staff and customers is an important aspect of customer orientation which helps Carl Zeiss Meditec to tap into markets such as India and China in particular. “When I buy equipment for my practice, I work with it for many hours every day. Which is why it’s all the more important for me to test the system beforehand here in Berlin,” says Patrick Beenders, a cataract surgeon from Belgium.

Training is also a key factor in helping Carl Zeiss Meditec to tap into markets such as India and China. The training courses basically represent an important aspect of the company’s social commitment. In collaboration with the International Agency for the Prevention of Blindness (IAPB), Christoffel-Blindenmission (CBM) and Fundación Visión, Carl Zeiss is currently setting up a further Centre of Excellence in the Paraguayan capital. A total of three centers already exist in Africa and Indonesia, and the new site in Asuncion – dedicated to helping people to help themselves – represents the first centre of its kind in Latin America. Doctors can familiarize themselves with, and practise on, the technical devices in the ophthalmic diagnosis and training centre. Technicians are trained in the functioning and maintenance of the units. The centre is being set up, like the other three, as part of the global VISION 2020 initiative aimed at preventing blindness which Carl Zeiss has been a passive member of since its inception in 2002.

A further example of the company’s commitment is its support for the Fellowship Programme of the International Council of Ophthalmology (ICO). The aim of the ophthalmology umbrella organization

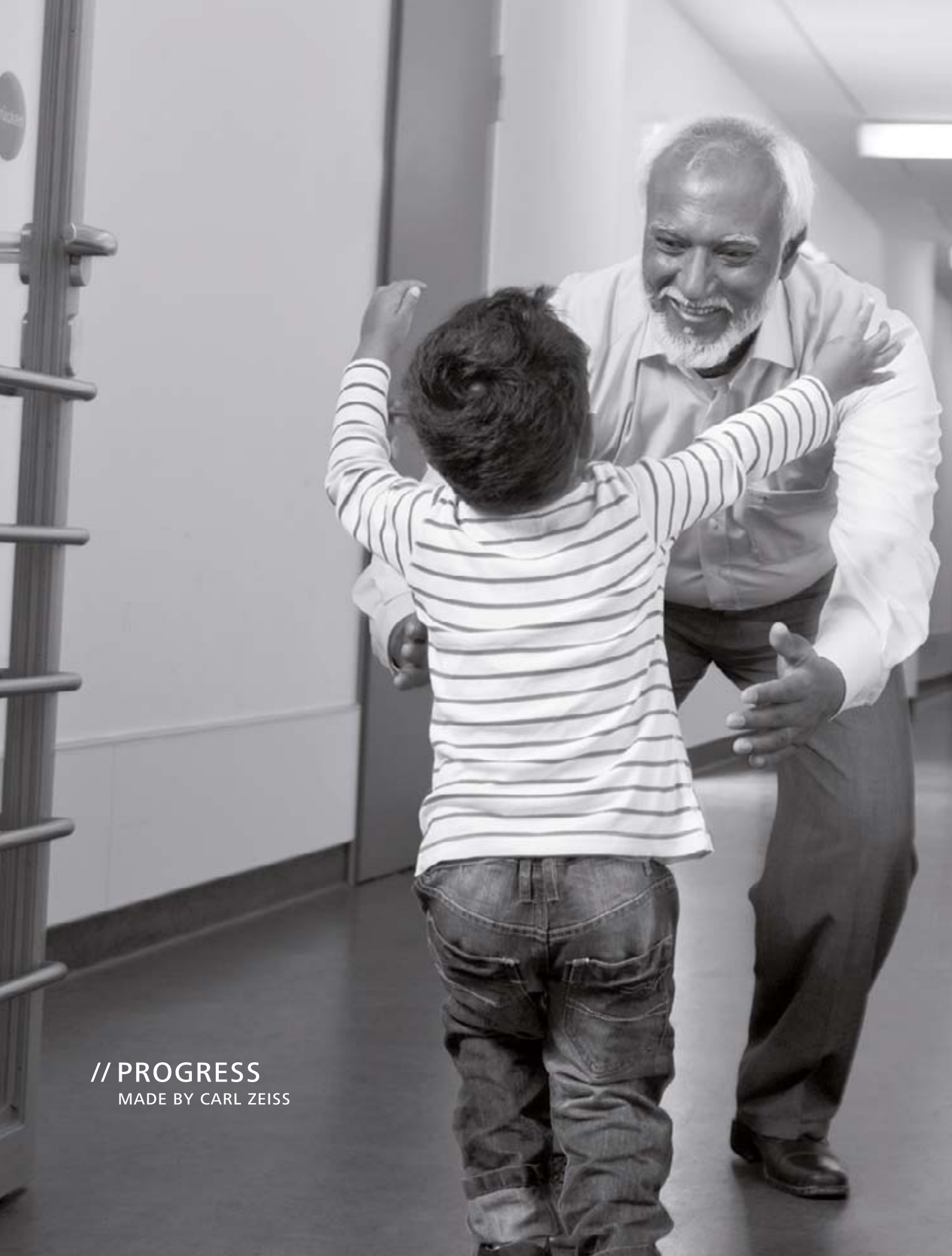
is to give upcoming generations of talented physicians – especially those from developing countries – the chance to attend international training courses. The knowledge they gain about preserving and restoring eyesight will then benefit patients in their home countries. Carl Zeiss Meditec invited five of the fellows – young doctors from Iraq, the Philippines, Syria, Myanmar and Indonesia – to come to Jena for a day during their three-month stay in Germany. There they visited the head office of the company and gained an insight into the production of the ophthalmic systems they work with back in their home countries.



“I am very grateful for the insights I have been given into the company Carl Zeiss Meditec. In Jena I was able to see with my own eyes how the systems we use are produced.”

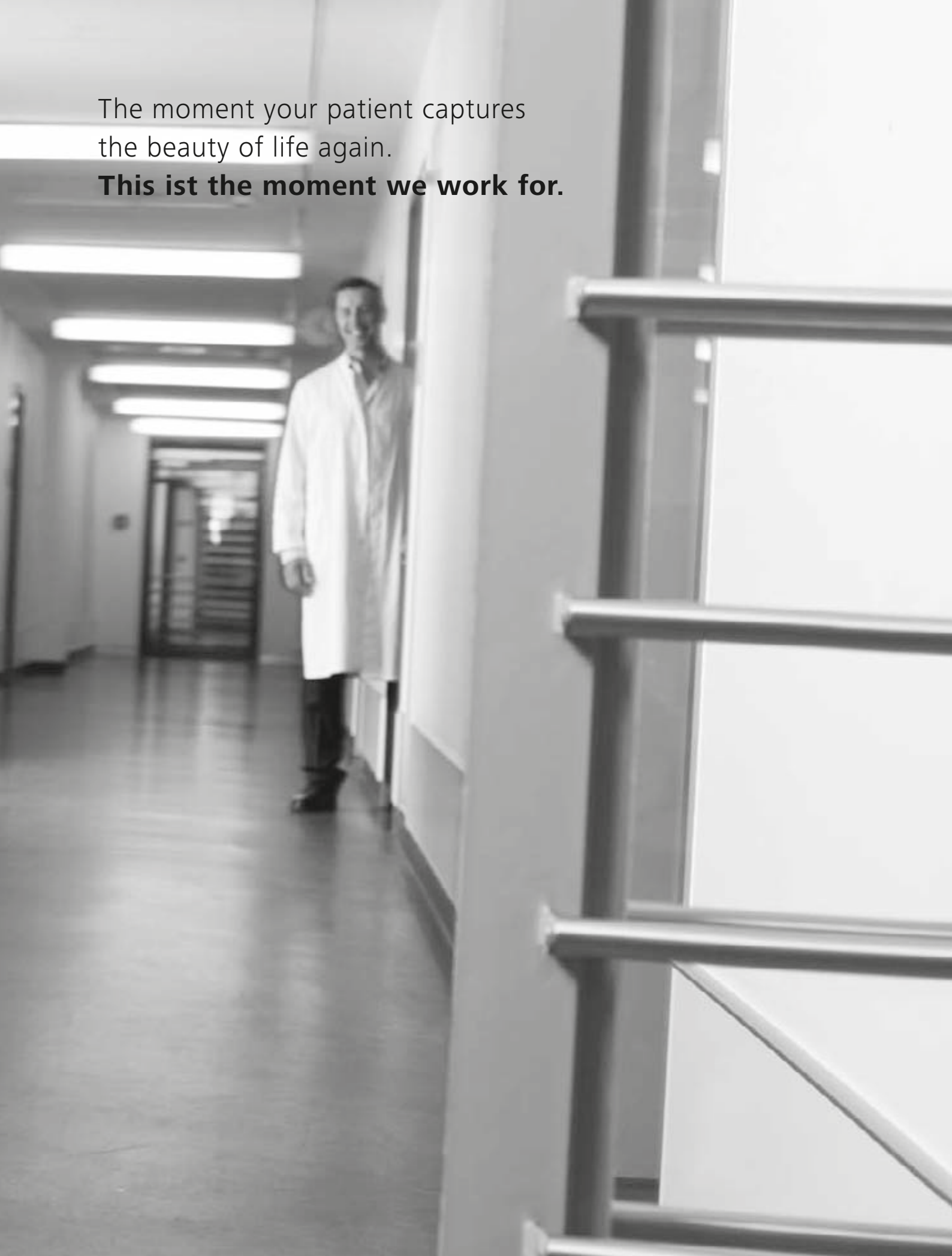
Catherine Dianne B. Reyes, Philippines (left)

Four of the five fellows guesting in Jena:
Catherine Dianne B. Reyes, Madonna Al-Dreih, Chaw Wai Lwin,
Lely Retno Wulandari (left to right).



// PROGRESS
MADE BY CARL ZEISS

The moment your patient captures
the beauty of life again.
This ist the moment we work for.



Financial Year 2011/2012

This Report does not constitute an offer to sell or solicitation of an offer to purchase any securities of Carl Zeiss Meditec Aktiengesellschaft in the United States of America or in any other jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. Readers of this Report are requested to inform themselves about how to observe any such restrictions.

INFORMATION TO THE SHAREHOLDERS

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Dear Shareholders and Friends of the Company,



Dr. Michael Kaschke
Chairman of the Supervisory Board

Another successful financial year is behind us. The Supervisory Board worked very well together in its new constellation and continuously focused on the business development and position of the Company in line with its responsibilities, and reviewed and evaluated the Company's future prospects.

In spite of the persisting economic uncertainties worldwide, Carl Zeiss Meditec has once again continued to grow well and achieve its targets. I would like to express my gratitude to all employees worldwide, who each played a part in this success, and to the members of the Management Board, also on behalf of all members of the Supervisory Board, for what we have achieved; my special thanks goes to each individual for their personal commitment in the past financial year.

Pursuant to the legal requirements and the obligations incumbent upon the Supervisory Board in accordance with the Articles of Association and rules of procedure of Carl Zeiss Meditec AG, the Supervisory Board performed its duties responsibly and with the greatest of care in the past financial year. In its advisory function for the Management Board, particularly with regard to the management of the Company, the Supervisory Board was provided with regular, detailed, up-to-date written and verbal reports pertaining to the economic situation and to the Company's strategy and business development. The Supervisory Board was also involved at an early stage and informed in detail about all decisions that were of fundamental importance for the Group.

The Supervisory Board also continued to engage in a regular exchange of information and ideas with the Company's Management Board, including outside of Supervisory Board meetings. Our particular attention, in view of the ongoing volatility of general conditions, was regularly devoted to the current development of business, as well as the financial and risk situation of Carl Zeiss Meditec AG. Any abnormalities in the course of business should be identified in good time and analyzed and discussed in detail, if necessary, in order for the Company to be able to initiate regulating measures at any time, where needed.

The nature and scope of the reports provided by the Management Board to the Supervisory Board and the discussion of additional matters have not given the Supervisory Board any cause to inspect or audit the books or publications of Carl Zeiss Meditec AG in accordance with Section 111 (2) AktG.

The Code of Conduct of the Carl Zeiss Group supports compliance with laws, requirements and Company guidelines and promotes an ethical corporate culture. It is the guideline for all employees of the Carl Zeiss Group and conforms to the basic values and principles of the Company. Adherence to rules of conduct is therefore assured within Carl Zeiss Meditec AG through compliance with the Carl Zeiss Group's Code of Conduct. Compliance is reviewed regularly. The executive and supervisory bodies are obliged to adapt their behavior to the values described in the Code and to carry them on by example. The Supervisory Board also complied with these rules of conduct without exception.

Conflicts of interest among the members of the Supervisory Board did not arise in financial year 2011/2012.

Focus of the deliberations and audits of the Supervisory Board

The focal points of the supervisory and advisory activities of the Supervisory Board were the Company's business development and matters of strategic importance, as well as future investments, including their funding.

The Supervisory Board convened at a total of five meetings during financial year 2011/2012. There were two extraordinary meetings in the form of telephone conferences.

At each of the ordinary Supervisory Board meetings the Management Board of Carl Zeiss Meditec AG provided the Supervisory Board with a transparent overview of the development of revenue and earnings, the financial position of the Group and the development of business in the individual strategic business units, and gave a comprehensive explanation of any decisions and developments. In addition, the Supervisory Board addressed all other business transactions of importance for the Company and, after a close examination, raised no objections or doubts concerning the legitimacy or correctness of the management by the Management Board.

The reconstitution of the Supervisory Board took place during the extraordinary meeting of the Supervisory Board conducted by telephone conference on 22 November 2011, after the first-time election of employee representatives. This included the election of the chairman and his deputy, as well as the election of the members of the various committees.

After careful examination of the financial statements and an in-depth discussion with KPMG Wirtschaftsprüfungsgesellschaft during the Supervisory Board meeting on 5 December 2011, the Supervisory Board did not raise any objections to the Company's annual financial statements or management report for financial year 2010/2011. The Supervisory Board thus approved the annual financial statements of Carl Zeiss Meditec AG and adopted them pursuant to Section 172 AktG. At the same meeting the members of the Supervisory Board also addressed the proposals of the Management Board concerning the utilization of profits and discussed the recommendations of the German Corporate Governance Code.

During the extraordinary Supervisory Board meeting held by telephone conference on 16 January 2012 the agenda for the Annual General Meeting on 9 March 2012 was adopted and, at the recommendation of the Audit Committee, KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, was appointed as auditor of the single-entity and the consolidated financial statements for financial year 2011/2012.

Two further extraordinary meetings of the Supervisory Board were held on 8 March and 3 September 2012, respectively, concerning the general development of business and business strategy.

Diligent work of the committees

In accordance with its rules of procedure, the Supervisory Board of Carl Zeiss Meditec AG is supported in its work by three committees.

The **General and Personnel Committee** advises the Management Board on matters of Company strategy. It assists the Chairman of the Supervisory Board between Supervisory Board meetings. It is responsible for coordinating and preparing for the Supervisory Board meetings. In addition, this committee prepares the Supervisory Board's personnel decisions and passes resolutions – with the prior authorization of the Supervisory Board – on the transactions requiring approval submitted by the Management Board. Finally, the Supervisory Board may pass a special resolution charging this committee with further responsibilities, where this is legally permissible.

The General and Personnel Committee held two meetings in financial year 2011/2012. The purpose of these meetings, which excluded the Management Board, was target achievement and the structure of the remuneration system for the members of the Management Board, as well as the extension of the contracts of Management Board members Dr. Monz and Dr. Müller.

The duties of the **Audit Committee** mainly include matters concerning the monitoring of the accounting process, the efficiency of the internal control system and the internal auditing system, as well as the auditing of the financial statements, including in particular the independence of the auditor and the additional services rendered by the auditor, including the conferral of the audit assignment, the specification of the focal points of the audit and the arrangement of a fee. The Audit Committee also deals with compliance issues.

Pursuant to the requirements of German stock corporation law, at least one member of the Audit Committee must be competent in the areas of accounting or auditing, and be independent.

The Audit Committee convened at four meetings in the reporting period. The Committee thoroughly examined the annual financial statements and consolidated financial statements for financial year 2010/2011, and considered the general development of Carl Zeiss Meditec AG's business over the individual quarters.

The responsibility of the **Nominating Committee** is to propose suitable candidates to be elected as new members of the Supervisory Board.

The Nominating Committee did not hold any meetings in the reporting period.

Corporate governance and declaration of conformity

In Germany, every listed company is obliged to address the German Corporate Governance Code in accordance with Section 161 German stock corporation act (*AktG*). In addition, the Company is obliged to issue a declaration of conformity each year, providing information on compliance with the recommendations of the Code and stating reasons for any deviations from these recommendations. Responsible corporate management and control that is geared to achieving sustainable value-added has always been an integral part of Carl Zeiss Meditec AG's ethos and an important element of its corporate culture. It is characterized by a transparent structure and clear chains of command in the collaboration between the Management Board, Supervisory Board and the Annual General Meeting.

The Supervisory Board and the Management Board continued to address the principles of good corporate governance in the past financial year and discussed the further development and implementation of the German Corporate Governance Code in its version dated 15 May 2012.

In the opinion of the Supervisory Board members and the management, the recommendations and suggestions of the German Corporate Governance Code provide a sound basis for responsible, transparent management of the organization that is geared to achieving long-term and sustainable value-added, which serves not only the Company itself, but also its shareholders and other external interest groups. For Carl Zeiss Meditec, indications of the fulfillment of the recommendations and suggestions include a good relationship with its shareholders, open and dutiful communication, effective and trusting collaboration between the Supervisory Board and the Management Board, a transparent and achievements-oriented remuneration system for the management and a transparent accounting system, as well as early reporting.

Further information on corporate governance reporting and the declaration of conformity can be found in this Annual Report.

Audit of the annual and consolidated financial statements 2011/2012

The single-entity and consolidated financial statements for financial year 2011/2012, and the related management reports, have been audited in accordance with the resolution of the Annual General Meeting of 9 March 2012 by KPMG AG Wirtschaftsprüfungsgesellschaft ("KPMG"), Stuttgart.

Before making its candidate proposal to the Annual General Meeting, the Supervisory Board obtained a declaration from the auditor. In this declaration KPMG confirms that there are no private, professional, business, financial or other relationships between the auditor and its executive bodies or audit managers, on the one hand, or between the Company and its executive body members, on the other. On 2 August 2012 the Supervisory Board engaged KPMG to audit all of the financial statements and management reports for the current financial year, including the dependency report on relationships with associated companies of Carl Zeiss Meditec AG pursuant to Section 312 *AktG*.

KPMG audited the annual financial statements of Carl Zeiss Meditec AG in accordance with the provisions of the German Commercial Code (*HGB*), and the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs), as well as the respective management reports for financial year 2011/2012, and issued all financial statements with an unqualified audit certificate.

The consolidated financial statements of Carl Zeiss Meditec were prepared in accordance with the International Financial Reporting Standards (IFRSs), as they apply in the EU. All standards applicable at the end of the reporting period were taken into consideration. The present version of the consolidated financial statements complies with the provisions of Section 315a of the German Commercial Code (*Handelsgesetzbuch, HGB*). Pursuant to Section 315a *HGB*, the present consolidated financial statements in accordance with the IFRSs largely exempt the Management Board from its obligation to prepare consolidated financial statements in accordance with German law.

The single-entity and consolidated financial statements as of 30 September, and the associated management reports, as well as the audit reports prepared by the appointed auditor were submitted in good time for inspection by all members of the Supervisory Board and discussed in detail at the meeting of the Supervisory Board's Audit Committee on 29 November 2012 in the presence of the auditor, in accordance with the requirements of Section 171 (1) Sentence 2 *AktG*. At its meeting on 29 November the Supervisory Board inspected the single-entity and consolidated financial statements prepared by the Management Board as of 30 September 2012, and, concluding that there were no objections to be raised, approved them without restriction. The annual financial statements are thus adopted.

After a detailed examination and taking the development of earnings and the financial position into consideration, the Supervisory Board consents to the Management Board's proposal on the utilization of profit.

It is therefore intended to utilize a portion of the net retained profits from financial year 2011/2012, amounting to € 63,849,348.95, to pay a dividend totaling € 32,523,844.00. Based on the current share capital of € 81,309,610, this would correspond to € 0.40 per no-par value share. The remaining profit of € 31,325,504.95 shall be carried forward to new account.

Dependency report

Given that Carl Zeiss Meditec AG is a company within Carl Zeiss AG, the Management Board of Carl Zeiss Meditec AG prepared a report, pursuant to Section 312 *AktG*, on relations with associated companies in financial year 2011/2012, which states that – under the circumstances known to the Management Board at the time the legal transactions were concluded – Carl Zeiss Meditec AG received an appropriate consideration for each of the transactions listed and that reportable measures were neither implemented nor omitted in the financial year.

After auditing by KPMG the report was issued the following audit certificate pertaining to the correctness of the actual disclosures and the appropriateness of the Company's compensation with respect to the legal transactions listed:

"Based on the results of our statutory audit and assessment, we confirm that

1. the actual information in the report is correct,
2. the Company's compensation with respect to the legal transactions listed in the report was not inappropriately high."

Both the dependency report and the respective audit report were submitted in good time for inspection by the Supervisory Board of Carl Zeiss Meditec AG.

The final result of the audit conducted by the Supervisory Board did not give rise to any objections to the findings of the auditor or the declaration of the Management Board at the end of the report.

Composition of the Management Board and Supervisory Board

In financial year 2011/2012 there were no changes in the members of Carl Zeiss Meditec AG's Management Board.

New members appointed to the Supervisory Board on 11 October were employee representatives Ms. Cornelia Grandy, Oberkochen, and Mr. Jörg Heinrich, Jena. Mr. Wilhelm Burmeister and Mr. Franz-Jörg Stündel stepped down from the Company's Supervisory Board at this point.

Final remarks

In view of the intact, long-term market trends, the encouraging development of business over the past few years and the Company's inherent potential, the Supervisory Board agrees with the Management Board's assessment that the Company is currently, and in the current financial year going forward, well positioned to once again achieve revenue and earnings growth, if the general economic trend remains largely stable.

Jena, 29 November 2012

For the Supervisory Board

*Yours sincerely,
Michael Kaschke*

Dr. Michael Kaschke
(Chairman)

The Carl Zeiss Meditec share

- Substantial share price increase over the financial year: +48 %; significantly better performance during the second half of the financial year, compared with the overall market
- Notable improvement in TecDAX ranking positions for trading volume and market capitalization
- The majority of analysts have issued a buy recommendation for Carl Zeiss Meditec shares

General development of the capital market

The capital markets and global benchmark share indices were surprisingly stable up until autumn 2012. Although different crises scenarios continued to dominate opinion and there was a general loss of momentum in the global economy, the world's most important indices in Europe, the USA and Asia showed growth in 2012. At the same time, development during the financial year was characterized by a high level of volatility. During the first few months after the beginning of 2012 the confidence of investors in the financial markets had grown noticeably in light of the agreement on the European fiscal treaty, the successful Greek haircut and the slight improvement in the economic outlook.

During the course of the second quarter the growing intensification of the sovereign debt and banking crisis in the eurozone, among other things, hampered the financial markets. The political uncertainty and elections in Greece, as well as the difficulties in the Spanish banking sector had given rise to new doubts concerning the sustainability of the debt burden, thus simultaneously intensifying the fears of a possible spread for other countries and financial markets. It was not until mid-2012 that the tension eased slightly and some calm returned to the financial markets. The outcome of the elections in Greece led many to hope for a more stable government, and for Spain the opportunity was created to provide Spanish banks with funds from the euro bailout fund. In addition, the EU summit at the end of June reached further resolutions on stabilizing the eurozone. Based on twelve months to 30 September 2012, both the US benchmark index, S&P 500, and the German benchmark index, the DAX, increased by more than 30 %, respectively. The TecDAX index, in which Carl Zeiss Meditec AG is listed, also recorded very positive growth of more than 25 % – thus decoupling itself quite significantly from the economic trend.

Carl Zeiss Meditec shares outperform DAX, TecDAX and MDAX indices

The share's performance during financial year 2011/2012 was very positive. On the first day of trading of the new financial year (3 October 2011) the share opened at a price of € 13.13. Shortly after that, on 20 October 2011, it set off on a continuous upward spiral, after hitting its lowest price of € 13.00. During the course of the day on 3 May 2012, it finally reached its highest price for the financial year of € 21.40. This upwards trend, which has persisted since the end of 2010 is attributable to a healthy sales forecast and business results. The positive price movement reflects both the persistent long-term growth trend underlying the medical technology industry, as well as the respect for Carl Zeiss Meditec among investors and analysts.

The Company's share, as well as the main German share indices, the DAX, TecDAX and MDAX, were able to extract themselves from the general economic development in the past financial year, and closed financial year 2011/2012 on the final day of trading (28 September 2012) at a price of € 19.92 and a total price increase of 48.1 %.

Development in the overall market in Germany was similarly positive. At the beginning of financial year 2011/2012 the German share index, the DAX, was listed at 5,377 points, and increased over the course of the reporting period to 7,452 points, before closing at the end of the financial year on 28 September 2012 at 7,216 points. This equates to growth of 34.2 %. The MDAX opened on 3 October at 8,164 points, grew by 34.5 % in the reporting period, and closed financial year 2011/2012 at 10,977 points. The TecDAX, in which the Carl Zeiss Meditec share is listed, rose by 25.5 % in the reporting year and closed on 28 September 2012 at 809 points, after starting financial year 2011/2012 at 645 points.

During the course of financial year 2011/2012 the Carl Zeiss Meditec share thus performed better overall than the three German comparative indices, the DAX, MDAX and TecDAX. In particular from the third quarter onwards, the Carl Zeiss Meditec share significantly outperformed the main German indices.

Figure 1: Relative performance of Carl Zeiss Meditec share compared with the DAX, MDAX and TecDAX (period 1 October 2011 to 30 September 2012)

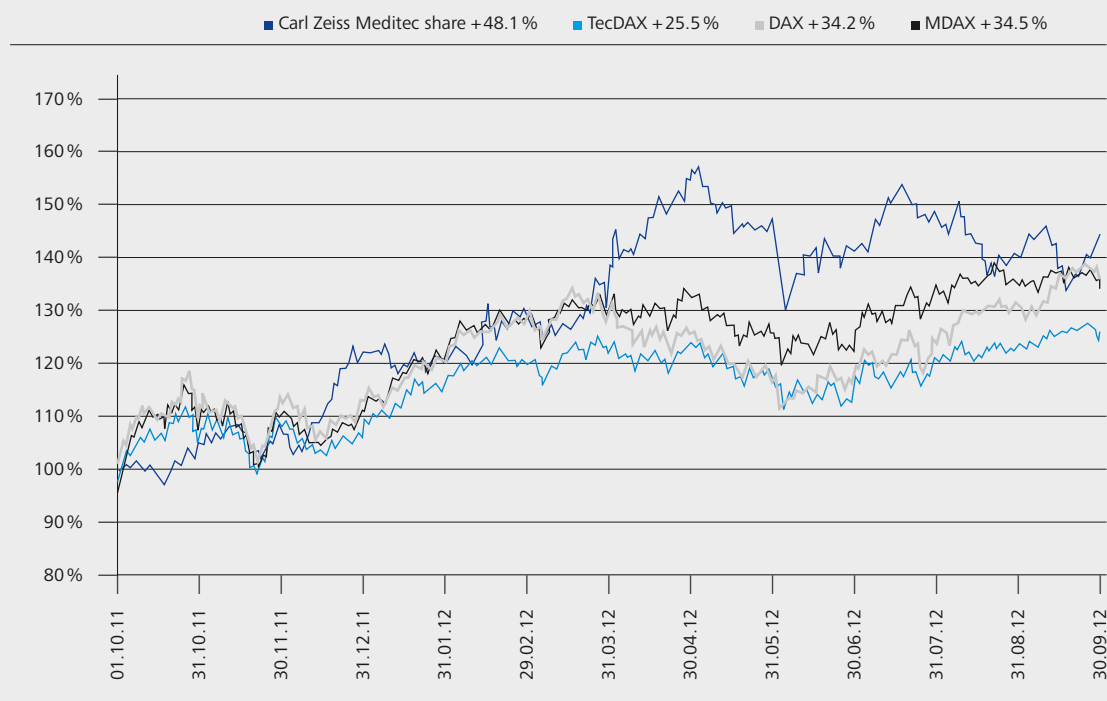
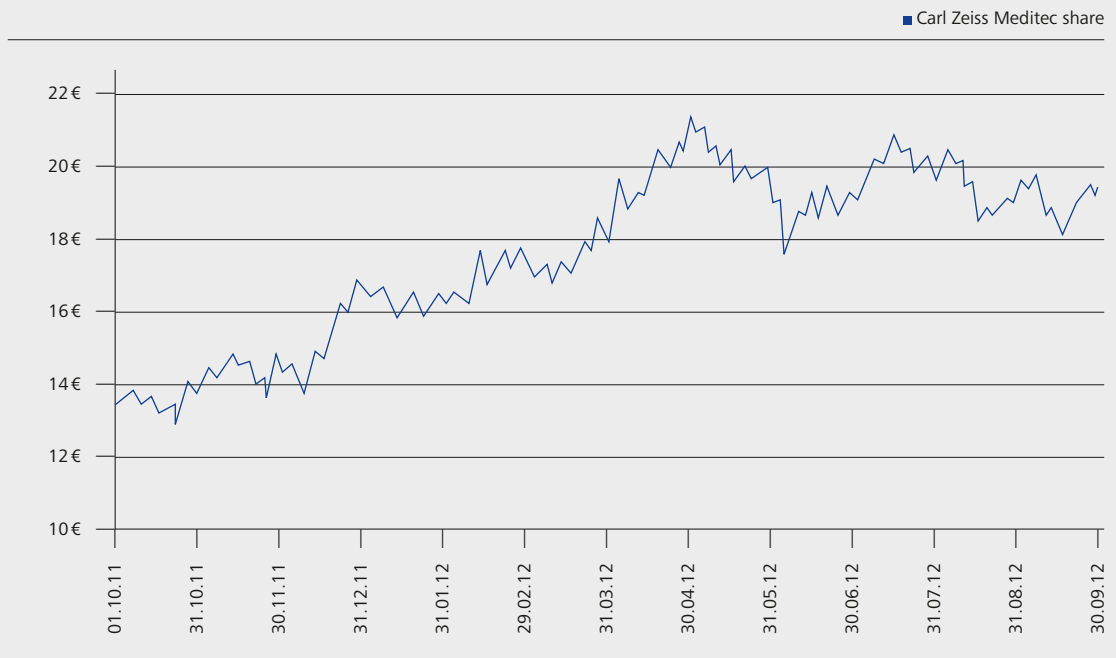


Figure 2: Development of Carl Zeiss Meditec share (period from 1 October 2011 to 30 September 2012)



Market capitalization and trading volume

Carl Zeiss Meditec AG's market capitalization (product of shares issued multiplied by the share price at the end of the reporting period) was higher as of 30 September 2012, compared with the previous year, due to the price increase by 48.1 %, from € 1.09 billion to € 1.62 billion. The trading volume (number of shares traded on the Frankfurt Stock Exchange multiplied by the respective share price at which they were traded) in financial year 2011/2012 was € 295.44 million, corresponding to a 15.9 % increase compared with the transaction volume in the previous year (€ 254.89 million).

Figure 3: Market capitalization of Carl Zeiss Meditec

■ Market capitalization (as of 30 September of the financial year)

in € billion

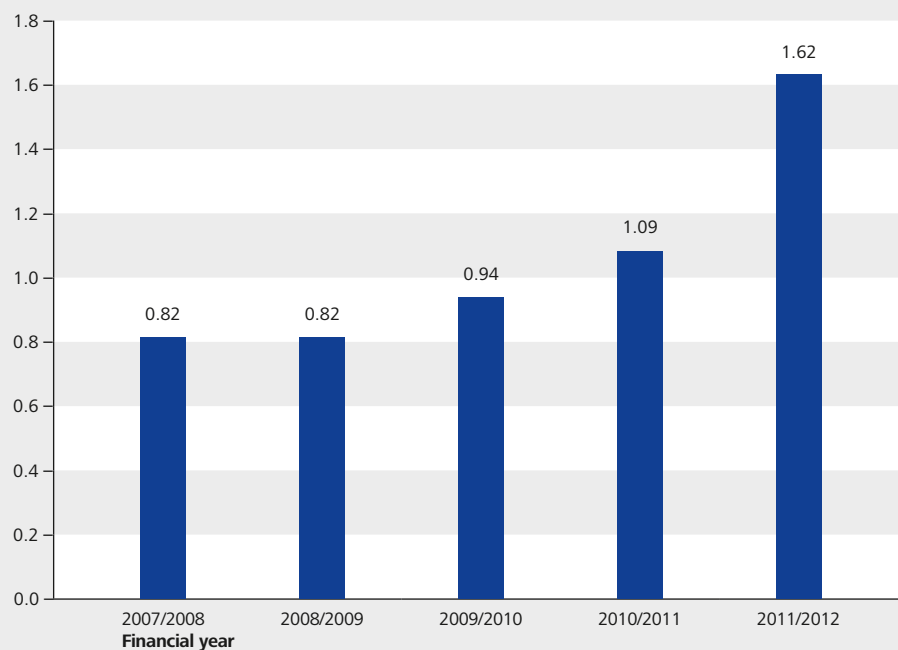
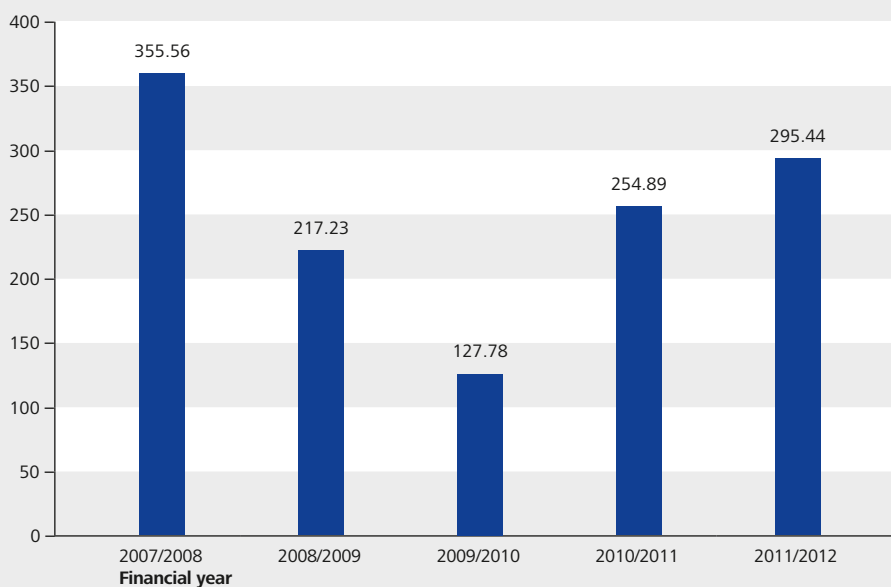


Figure 4: Trading volume of the Carl Zeiss Meditec share on the Frankfurt Stock Exchange in financial year

■ Trading volume (in total financial year)

in € million



During the reporting period, an average of 64,800 ordinary shares (previous year: 69,500) of Carl Zeiss Meditec AG were traded each trading day.

The German TecDAX share index brings together the 35 largest technology companies in terms of market capitalization and trading volume on the Frankfurt Stock Exchange. All technology companies are listed on a quarterly basis. Carl Zeiss Meditec AG advanced to 10th place in the ranking for market capitalization as of 30 September 2012 (previous year: 14th place). In terms of stock market turnover or trading volume, the Carl Zeiss Meditec share moved up from 28th place in the previous year to 18th place.

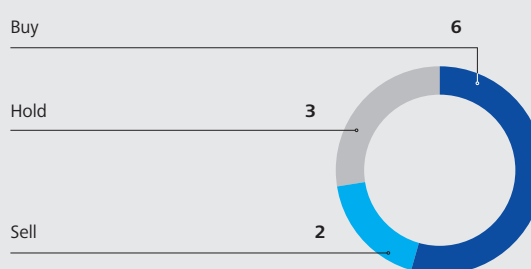
The Carl Zeiss Meditec share as seen by the capital market

A large number of German and international financial analysts monitor the movements of the Carl Zeiss Meditec share. Due to strong sales forecasts and positive business results, a majority of the analysts from banks and investment companies give Carl Zeiss Meditec share a positive assessment and therefore award it a buy recommendation. At present, we are in contact with 11 analyst firms. The analysts covering our share see the current price target at an average of € 20.32.

Research institutes covering Carl Zeiss Meditec AG:

• J. P. Morgan Cazenove	12.10.2012	Overweight
• HSBC	10.10.2012	Underweight
• Berenberg Bank	12.09.2012	Buy
• Nord LB	15.08.2012	Buy
• Landesbank Baden-Württemberg	14.08.2012	Buy
• DZ Bank	14.08.2012	Sell
• Jefferies	13.05.2012	Hold
• Deutsche Bank		Hold
• Commerzbank	08.05.2012	Buy
• CA Cheuvreux	25.01.2012	Underperform
• Kepler Capital Markets	19.01.2012	Buy

Figure 5: Analyst recommendations as of 31 October 2012



A continuously updated overview of the individual analysts' recommendations can be found on our website at www.meditec.zeiss.com/ir.

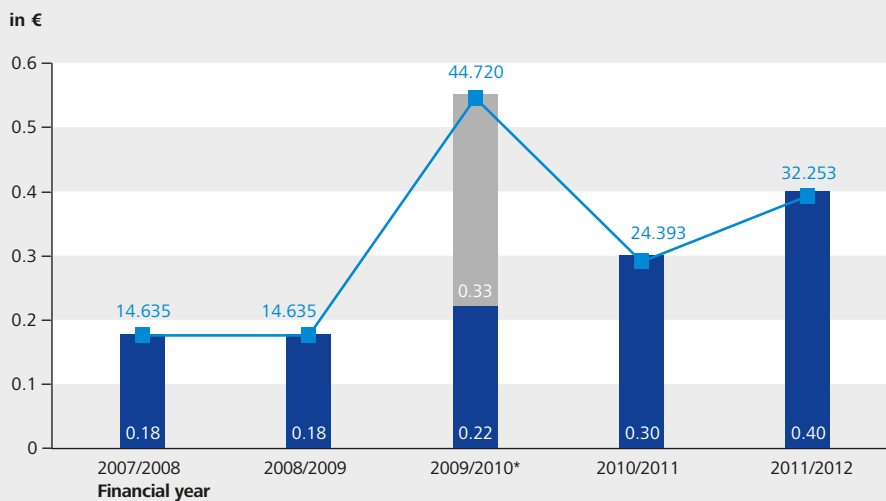
Dividend continuity

Even in times of economic turbulence, we remain in pursuit of a profit-driven and continuous dividend policy. We aim to adhere to this policy in future and to continue to allow shareholders to participate to a reasonable extent in the Company's success.

On 5 March 2013, therefore, the Management Board and the Supervisory Board of Carl Zeiss Meditec AG shall propose to the Annual General Meeting the distribution to shareholders of a regular dividend of € 0.40 per share for financial year 2011/2012. This would equate to a total distribution of € 32.5 million and a dividend ratio, based on consolidated net income after non-controlling interests, of 45.3 % (previous year: 36.5 %). The dividend return (ratio of dividend per share to opening price for the respective financial year) would be 3.0 %.

Figure 6: Development of the dividend for the Carl Zeiss Meditec share: The shareholders of Carl Zeiss Meditec AG were paid a special dividend in financial year 2009/2010*

■ Cash dividend (€ per share) ■ Special dividend (€ per share) ■ Amount distributed (in € million)



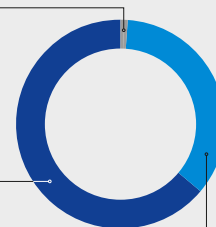
Shareholder structure

Figure 7: Shareholder structure for the Carl Zeiss Meditec share

Management Board and Supervisory Boards of Carl Zeiss Meditec AG <0.1 %

Carl Zeiss Group ca. 65 %

Free float ca. 35 %



Carl Zeiss Meditec AG's subscribed capital is composed of 81,309,610 ordinary shares, each with a theoretical par value of € 1 per share. The Carl Zeiss Group holds around 65 % of the shares. This percentage includes 7.47 % of the voting rights which Carl Zeiss AG indirectly holds via its second-tier subsidiary Carl Zeiss Inc., Thornwood, USA. According to our knowledge, the remaining around 35 % are in free float. The Management Board and Supervisory Board of Carl Zeiss Meditec AG together hold less than 0.1 % of the shares.

Investor relations

The comprehensive, transparent and up-to-the-minute information provided to our investors was once again the focus of our investor relations work in financial year 2011/2012, with the aim of boosting confidence in our sustainable corporate governance. This includes the publication of Carl Zeiss Meditec AG's strategy and management principles, its operative and financial business development, as well as the prospects for the Company vis-à-vis existing and potential investors and other market players, such as analysts, journalists, etc.

We regularly inform our shareholders about strategic and business development within the Group through quarterly, six-monthly and annual reports, as well as ad hoc disclosures and press releases. In addition, both the Management Board and the members of the Investor Relations team endeavour in many different ways to meet the high demand for information from all interest groups. Besides numerous conferences and roadshows, which were mainly held in London, Boston, New York, Munich and Frankfurt am Main, we also had regular telephone conferences concerning our interim financial statements, as well as a large number of one-on-one and group meetings with institutional and private investors.

Furthermore, our Annual General Meeting gives shareholders the opportunity to directly influence and directly quiz Carl Zeiss Meditec AG's Management Board. The Annual General Meeting in the last financial year was held on 9 March 2012 in Weimar. Around 81 % of the voting share capital was represented at this General Meeting.

During the last financial year we modernized our online presence for investor relations and made it more user-friendly in terms of design and structure in connection with the global relaunch of the Carl Zeiss website, and made further improvements with regard to transparent reporting. Visitors to www.meditec.zeiss.com/ir can now gain a better overview of reportable information and all other publications that we provide, and can therefore very easily get a detailed summary on what is happening at Carl Zeiss Meditec AG.

Listing and stock market trading

Carl Zeiss Meditec AG share

Segment	Prime Standard		
ISIN	DE 0005313704		
German securities code (WKN)	531370		
Trading volume	around 64,800 shares/trading day		
Indices	TecDAX	CDAX	DAX International Mid 100
	DAXsector All Pharma & Healthcare		DAXsector Pharma & Healthcare
	DAXsubsector All Medical Technology		DAXsubsector Medical Technology
	Prime All Share		Technology All Share
	DAXglobal Sarasin Sustainability German Index	MIDCAP MKT K-IN	HDAX
Price performance:			
Share price at beginning of financial year 2011/2012			€ 13.13
Share price at end of financial year 2011/2012			€ 19.92
Share price on 30 November 2012			€ 22.31
Highest share price in financial year 2011/2012			€ 21.40
Lowest share price in financial year 2011/2012			€ 13.00
Shareholder structure:			
Free float			~35 %
Carl Zeiss Group			~65 %
Management Board and Supervisory Board of Carl Zeiss Meditec AG			< 0.01 %
Evaluation:			
Market capitalization of share capital as of 30 November 2012			€ 1.81 billion
Market capitalization of free float as of 30 November 2012			€ 634.0 million
Designated sponsor:			Cheuvreux

SINGLE-ENTITY AND CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated management report for financial year 2011/2012¹

1 THE CARL ZEISS MEDITEC GROUP

1.1 Business

A distinction is made within the Carl Zeiss Meditec Group essentially between two main areas in which the Company operates: Ophthalmology and Microsurgery.

1.1.1 Ophthalmology

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

Ophthalmology within the Carl Zeiss Meditec Group unites the two strategic business units (SBUs) **Ophthalmic Systems** and **Surgical Ophthalmology**. The Ophthalmic Systems SBU covers almost the entire spectrum of laser and diagnostic systems for ophthalmology. The Surgical Ophthalmology SBU combines Carl Zeiss Meditec's activities in the field of ophthalmic implants (intraocular lenses or IOLs) and single-use products.

1.1.2 Microsurgery

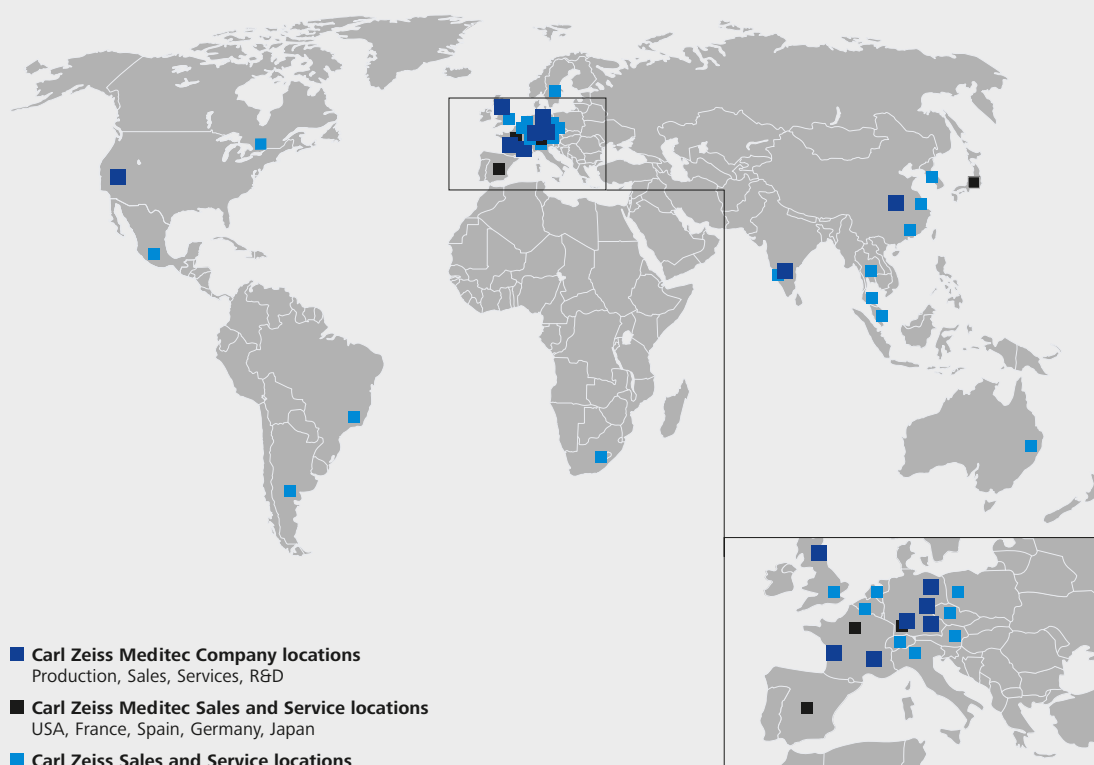
In the **Microsurgery** SBU, Carl Zeiss Meditec offers surgical microscopes and visualization solutions, e. g. for ear, nose and throat surgery or neurosurgery. The products are mainly used as support equipment for the removal of tumours as well as the treatment of vascular diseases and functional disorders. The promising future technology for intraoperative radiation therapy have also been assigned to this SBU.

¹ This management report contains certain forward-looking statements. Forward-looking statements are all statements contained in this management report that do not relate to historical facts or events, including information regarding the future net assets, financial position and results of operations of the Carl Zeiss Meditec Group, its strategy, plans, expectations and goals, as well as future developments and possible regulatory changes in its existing or target markets. These forward-looking statements are based on the Group's current assessment, to the best of its knowledge, of its future prospects and financial development. Words such as "anticipate", "assume", "believe", "estimate", "expect", "intend", "can/could", "plan", "project", "should" and similar terms are characteristic of such forward-looking statements. By their nature, such forward-looking statements involve risks, uncertainties, assumptions and other factors that may cause the Carl Zeiss Meditec Group's actual results of operations, including its financial condition and profitability, to differ materially from or be more negative than those made or described in, or suggested by, these forward-looking statements. Furthermore, even if the Carl Zeiss Meditec Group's results of operations are consistent with the expectations contained in this Annual Report, those results may not be indicative of results in subsequent periods.

1.2 Markets

The Carl Zeiss Meditec Group has operations all over the world. With headquarters in Jena (Germany) and operating sites and subsidiaries in Germany, France, Spain, the USA and Japan the Company has a direct presence in the world's most important markets. The Company can also exploit the Carl Zeiss group's powerful global distribution network and use its around 40 sales companies and more than 100 agencies worldwide to obtain close links to customers and gain a distinct advantage over international rivals.

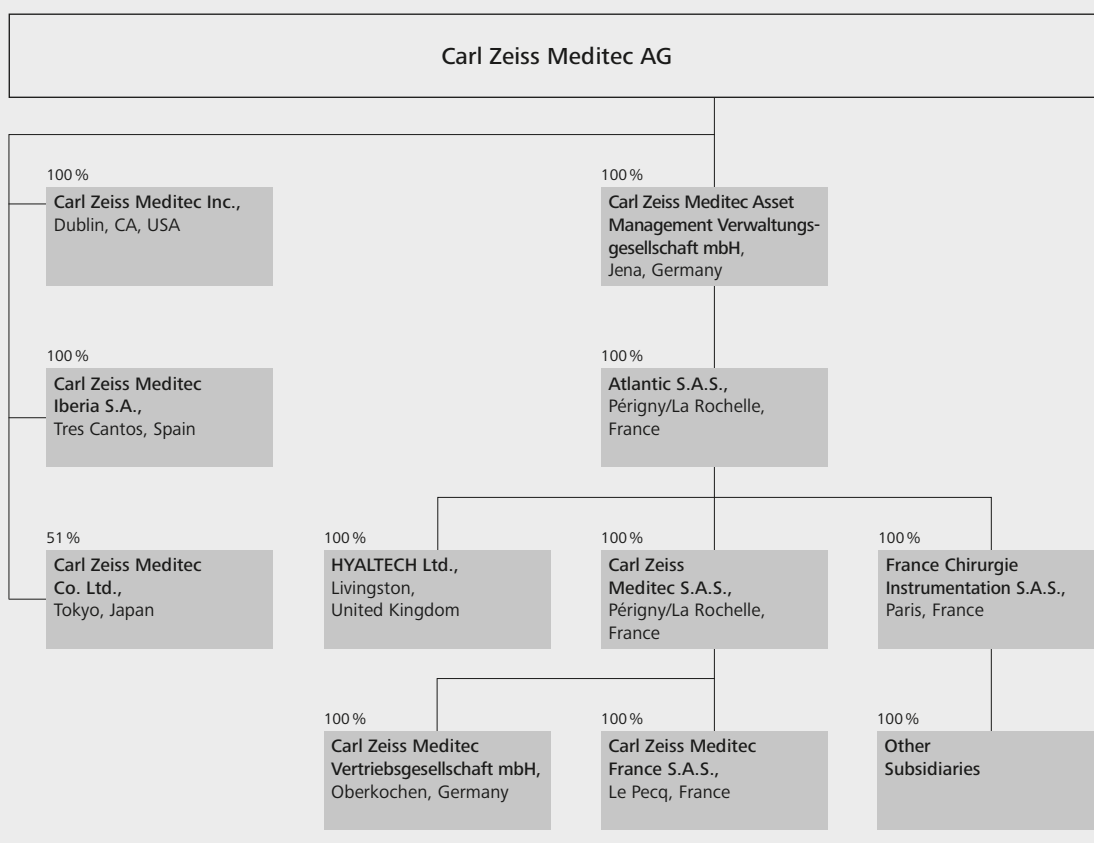
Figure 1: Carl Zeiss Meditec locations



1.3 Group structure

Carl Zeiss Meditec AG, Jena, Germany, is the parent company of the Carl Zeiss Meditec Group ("Carl Zeiss Meditec", the "Group", the "Company"), which comprises additional subsidiaries. These are presented in the chart below, which shows the investment structure of the Carl Zeiss Meditec Group as of 30 September 2012.

Figure 2: Investment structure of the Carl Zeiss Meditec Group as of 30 September 2012



The Group's reporting entity changed as follows in the financial year:

At the end of financial year 2010/2011 we took the first step towards acquiring and integrating the intraocular lens (IOL) and viscoelastics (OVD) business of IMEX Clinic S.L., Paterna, Spain (IMEX) into the Company's sales organization in Spain as part of an asset deal. This transaction was completed in November 2011. (For more information on this acquisition see also "3 Purchase and sale of business operations" in the accompanying notes to the consolidated financial statements and section 2.8 of the management report.)

Carl Zeiss Meditec Iberia, S.A., assumed the above business activities with effect from 4 November 2011, as contractually agreed.

There were no substantial changes to the structure of the consolidated financial statements in financial year 2011/2012.

1.4 Group strategy – Meditec Excellence and Growth Agenda (MEGA)

The Carl Zeiss Meditec Group has set itself the task to develop innovative products to improve the diagnosis and treatment of diseases. The solutions the Company develops aim to simplify clinical workflows and allow physicians to focus all their attention on their work and their patients. After all, at the end we want the patient to leave the clinic with the best possible outcome and a high level of satisfaction.

Our objective with the MEGA 2015 program is to focus on mission-critical areas, and to address these in a targeted manner. The individual focus areas are Innovation, Customer Care, New Markets, Employees and Processes. We have made major progress in each of these areas, and the Company is now reaping the benefits. What we have to do now is to continue on the course we have taken and to secure a long-term high-income future for the group. Consistently implementing this program requires the involvement of the entire Company and each individual employee.

1.5 Group management

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

2 BUSINESS REPORT

2.1 Underlying conditions for business development

2.1.1 Macroeconomic conditions⁴

The global economy has lost momentum on a broad scale over the past financial year. General uncertainty increased, particularly due to the sovereign debt crisis, and especially in the eurozone. According to information from the Joint Economic Forecast Project group, the expansion of the global economy progressively lost momentum. This trend has intensified since autumn 2011. The restrained development in the USA in the year under review is above all attributable to the private sector. Efforts to consolidate public budgets in the eurozone and the UK increasingly depressed the economy. The poor demand from the advanced economies also led to a slowdown in growth in the rapidly developing economies (RDEs). The overall forecast for the global economy in 2012 is GDP (gross domestic product) of 2.4 % compared with the previous year.

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

³ Calculation: FCF = EBIT +/- changes in trade receivables +/- changes in inventories including advance payments +/- changes in current provisions +/- changes in current accrued liabilities +/- changes in trade payables [- increase in investments in intangible assets and property, plant and equipment] [+ amortization of intangible assets and depreciation of property, plant and equipment] = Free Cash Flow

⁴ Joint Economic Forecast project group (publisher): Autumn 2012 "Euro crisis curbs economic activity – Risks to stability remain high", Joint Economic Forecast Autumn 2012, 9 October 2012, Kiel, Germany

In spite of a rise in real income available in the USA, there has been no perceptible increase of note in private consumption to date. The slight improvement on the labour market thus failed to give the economy any major boost in the course of the year. Economic experts forecast continued stable economic development in the USA with anticipated growth of 2.1 % in 2012. Up until autumn 2012 the US dollar experienced a short-term and medium-term upwards trend due to the worsening sovereign debt crisis and the banking crisis in the eurozone. The fear of a possible disintegration of the eurozone caused some investors to turn away from the euro. The euro thus fell by more than 6 % against the US dollar in the past financial year.

The economic situation in the eurozone continued to deteriorate over the course of 2012. Efforts to consolidated public budgets curbed economic development in the reporting year. Overall, it was a very mixed picture in the eurozone. In some cases the situation became even worse in countries such as Greece, Spain, Italy and Portugal. Germany has always played a special positive role up until now, due to its stable economic development. Now, however, the stresses and strains of the euro crisis are also being felt here. The Company's optimism has dwindled further. This was noticeable not least from declining investments in companies in the first six months of 2012. Positive impetus continued to come from exports and from the rise in spending by private households. Germany's GDP is expected to grow by 0.8 % in financial year 2012. The eurozone is expected to shrink by 0.5 %.

The comparatively restrained economic expansion in Asia thus far in 2012 is particularly attributable to the decline in economic growth in China. Growth in China has cooled noticeably since mid-2011, to the current rate of 7.6 %. Japan experienced renewed growth of 2.3 %, due in particular to the special effects of the reconstruction following the earthquake disaster – although momentum slowed considerably over the course of the year. In India, growth has slowed to around 3 % so far this year. Overall, the Asian economy is expected to grow by 5.0 % in 2012.

2.1.2 Situation in the medical technology industry

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

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

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

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

a) Market for ophthalmic products

The market for ophthalmic products in the broader sense includes devices and systems for the diagnosis, treatment and post-treatment of ophthalmic diseases, implants for ophthalmic surgery and pharmaceuticals for ophthalmology, contact lenses, contact lens care products, consumables – with the exception of glasses and glasses frames. According to the Company's estimates, the market had a global volume of around US\$ 31.9 billion (about € 22.9 billion) last year.

The Group's product range includes devices and systems, implants, consumables and instruments for ophthalmology and ophthalmic surgery. According to Company estimates, these sub-markets had a volume of around US\$ 8.7 billion, or around € 6.2 billion, last year.

The market share of the section of the "devices and systems for ophthalmology" market segment addressed by Carl Zeiss Meditec is estimated at about 22 % in the last year. The theoretical global market share taken up last year by the market segment for "implants, consumables and instruments for ophthalmic surgery" – again, according to the Company's estimates – amounts to around 4 %, although it should be noted that the Company is not active in all markets. In this market segment, the regional market shares in the countries the Company is currently focusing on are in part substantially higher and range between 5 % and 20 %.

Overall, based on the knowledge at hand, it is assumed that the market shares in the market segments Carl Zeiss Meditec addresses were maintained or increased slightly compared with the previous year.

b) Market for microsurgery products

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

According to the Group's estimates, the "Visualization" market segment addressed by the Company, which includes the sub-segments "Surgical microscopes" and "Other visualization" (especially endoscopes), had a volume of about US\$ 0.9 million or around € 0.7 million in the last year. Carl Zeiss Meditec addresses this market segment with its surgical microscopes for the neuro/ENT range and is the largest provider in this segment with a market share estimated to be around 20 %. The Company increased its market share in the sub-segment "Surgical microscopes", and thus extended its global market leadership, with an estimated market share of more than 50 %.

2.2 Financial position of the Group at the end of the financial year

In spite of the economic imponderables and economic risks which hampered the markets regionally during the past financial year in their various manifestations, the Carl Zeiss Meditec Group successfully maintained its growth trend even exceeded its revenue forecast slightly (€ 830–860 million), generating revenue of € 861.9 million. Each strategic business unit made its own positive contribution to this result. Regional development was also characterized all-round by encouraging growth rates. The Group also increased its earnings before interest and taxes (EBIT) disproportionately, and thus further improved its profitability, to a 14.3 % (previous year: 13.6 %) EBIT margin.

The Group's financial position continues to look very healthy. It is also helping towards the achievement of the Company's growth and excellence-driven objectives, and protects the Group against external influences.

Once again, more than 10% of revenue was invested in research and development, thus further strengthening the innovative strength of the Company. The employees in the individual areas made a crucial contribution to the positive development of business in the past reporting year.

2.3 Comparison of actual business development with forecast development

Table 1: Comparison of actual business development with forecast development in the financial year 2011/2012

	Forecast Financial year 2011/2012	Results Financial year 2011/2012	Objective achieved
Revenue	€ 830 – 860 million	€ 861.9 million	✓
EBIT margin	Target until 2015: 15 %	14.3 %	✓
Cash flow from operating activities	High 2-digit millions	€ 92.1 million	✓
Research and development expenses/revenue	~ 10 %	10.8 %	✓
Free cash flow	–	€ 130.8 million	
Economic Value Added® ("EVA®")	–	€ 57.3 million	

After the first six months of 2011/2012 the management gave a quantified sales forecast based on the heterogeneous economic development in Europe, the persistently tense economic situation in the USA and the slowdown of growth in Asia. According to this forecast, the management was anticipating growth of between 9% and 13%. With a revenue increase of 13.6% and sales revenue of € 861.9 million the Group achieved its forecast and even exceeded it slightly.

Carl Zeiss Meditec came another good step closer to achieving its medium-term objective of continuously and sustainably increasing profitability to a 15% EBIT margin by 2015 in the past financial year: at 14.3%, the EBIT margin was up by 0.7 percentage points compared with the previous year (13.6%). Another goal the Group has reached in the past financial year was to increase its operative cash flow into the high double-digit millions, among other things through active working capital management (€ 92.1 million). According to plan, around 10% of revenue shall be allocated to research and development expenses each year. Once again in the past financial year the Group continued to invest at this level (10.8% of revenue) in innovative products and solutions, to ensure the future growth and the sustainable performance of the Company.

2.4 Results of operations

2.4.1 Presentation of results of operations

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

	Financial year 2010/2011	Financial year 2011/2012	Change
Revenue	758,793	861,875	+13.6 %
<i>Gross margin</i>	54.7 %	53.5 %	-1.2 %-pts
EBITDA	122,508	140,795	+14.9 %
<i>EBITDA margin</i>	16.1 %	16.3 %	+0.2 %-pts
EBIT	103,566	122,900	+18.7 %
<i>EBIT margin</i>	13.6 %	14.3 %	+0.7 %-pts
Earnings before income taxes	100,881	116,179	+15.2 %
<i>Tax rate</i>	28.4 %	34.2 %	+5.8 %-pts
Consolidated net income after non-controlling interests	66,906	71,870	+7.4 %
Earnings per share after non-controlling interests	€ 0.82	€ 0.88	+7.3 %

2.4.2 Revenue

The Carl Zeiss Meditec Group increased its revenue by a significant 13.6 % year-on-year, from € 758.8 million to € 861.9 million. Based on constant exchange rates, revenue increased by 9.4 %. This growth is attributable both to all strategic business units and to the strong demand in all business regions. Development was very positive particularly in the strategic business units “Microsurgery” and “Surgical Ophthalmology”, each achieving double-digit growth rates.

a) Consolidated revenue by strategic business unit

The two largest strategic business units accounted for more than 85 % of revenue in the year under review. The “Ophthalmic Systems” SBU generated 43.6 % of this (previous year: 45.6 %). The “Microsurgery” SBU accounted for 43.9 % (previous year: 42.3 %) of consolidated revenue. In the strategic business unit “Surgical Ophthalmology” the share of consolidated revenue generated increased from 12.1 % in the same period of the previous year to 12.5 %.

Figure 3: Share of strategic business units in consolidated revenue in financial year 2011/2012

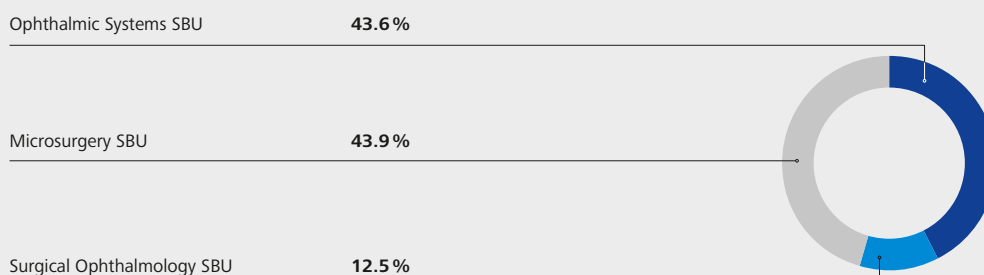


Figure 4: Consolidated revenue by strategic business unit (figures in € '000)

	Financial year 2011/2012	Financial year 2010/2011	
Surgical Ophthalmology SBU	107,741	91,661	+17.5 %
Ophthalmic Systems SBU	375,909	345,972	+8.7 %
Microsurgery SBU	378,225	321,160	+17.8 %
Consolidated revenue	861,875	758,793	

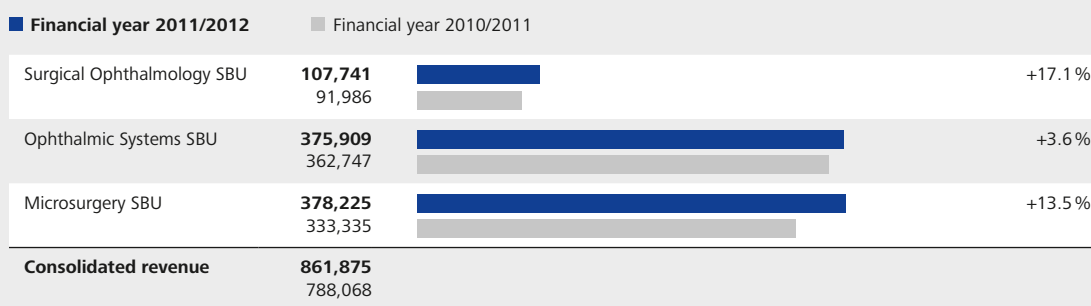
Revenue in the “**Ophthalmic Systems**” SBU increased by 8.7 % to € 375.9 million (previous year: € 346.0 million). Based on constant exchange rates, this corresponds to growth of 3.6 % for this SBU. The development of business in this unit is due both to the continued stable development of business with diagnostic equipment and to a significant increase in demand for refractive lasers. The new ReLEx® smile procedure for refractive laser surgery, launched in this SBU 2011, enables a new kind of treatment for vision defects.

With a revenue increase of 17.8 %, from € 321.2 million to € 378.2 million, the “**Microsurgery**” SBU once again made a very positive contribution to growth in the period under review. Based on constant exchange rates, this corresponds to growth of 13.5 % compared with the same period the previous year. The top-selling products in this business unit were the surgical microscope OPMI® Pentero® used in neurosurgery and the ophthalmic surgery microscope OPMI LUMERA®. The radiation therapy business also continued to develop very well and thus contributes significantly to growth in this business unit.

The strategic business unit “**Surgical Ophthalmology**” increased its revenue by 17.5 % in the past reporting period, from € 91.7 million to € 107.7 million. This business remained largely unaffected by foreign exchange rate fluctuations due to revenue being generated mostly in euros or within the eurozone, so that,

based on constant exchange rates, revenue growth was on almost the same level as the previous year, at 17.1 %. The increase in revenue is to a great extent due to the strong demand for innovative intraocular lenses and multifocal and toric premium lenses, such as the IOL product lines CT ASPHINA®, AT TORBI® and AT LISA® for minimally invasive cataract surgery, as well as to the continuous expansion of distribution in this area. Before the end of the last financial year the first step was taken to acquire and integrate the IOL and OVD business of IMEX Clinic S.L., Paterna, Spain (IMEX) into our sales organization in Spain. This transaction was completed in November 2011.

Figure 5: Consolidated revenue by strategic business unit based on constant exchange rates (figures in € '000)



b) Consolidated revenue by region

The positive development of business in the past financial year is also evident from the regional perspective. All three business regions made a positive contribution to revenue growth, achieving considerable growth rates.

Figure 6: Share of strategic business units in consolidated revenue in financial year 2011/2012

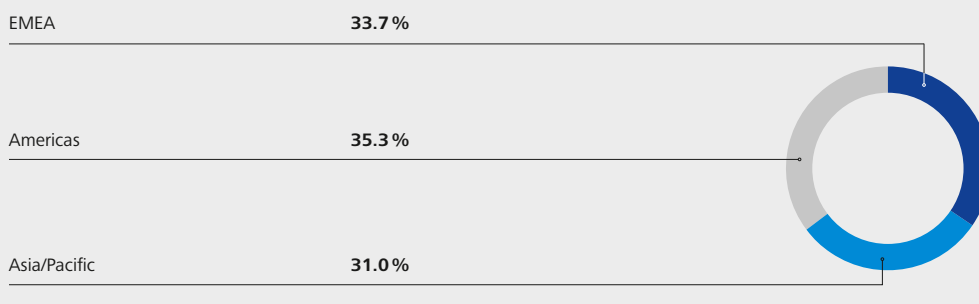
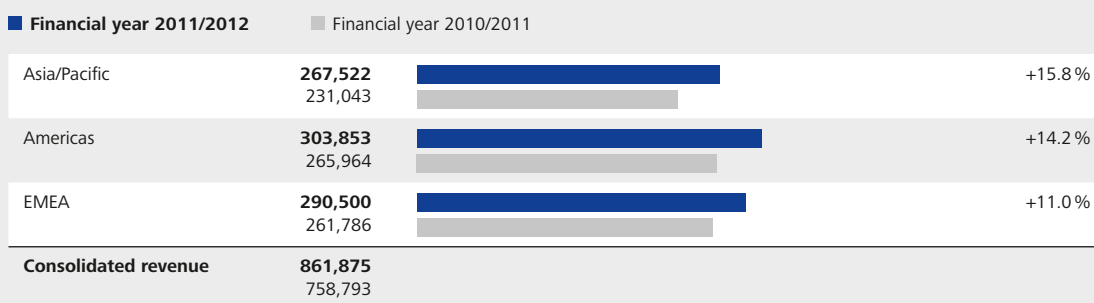


Figure 7: Consolidated revenue by region (figures in € '000)



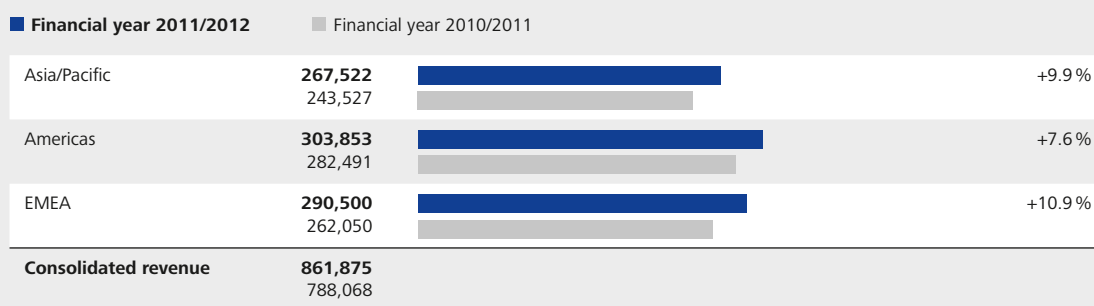
The “Asia/Pacific” (“APAC”) region made the largest contribution to growth, with 15.8 %. Revenue in this region increased to € 267.5 million (previous year: € 231.0 million). Based on constant exchange rates, revenue increased by 9.9 %. Significant growth impetus came from China, India and Southeast Asia. Japan, which accounted for around 50 % of revenue generated in the APAC region, also performed well. Both the very good growth rates and the positive trend in all countries of this region indicate the significant growth potential in the Asia/Pacific region.

In the “Americas” region the Carl Zeiss Meditec Group achieved revenue growth of 14.2 % (adjusted for currency effects: 7.6 %), increasing its revenue from € 266.0 million in the same period last year to € 303.9 million. The USA – accounting for over 80 % of revenue in this region, and as the most important medical technology market – continued to perform well. The region also continues to benefit from substantial revenue growth in Latin America.

Revenue in the “Europe, Middle East and Africa” (EMEA) region increased by 11.0 % (adjusted for currency effects: 10.9 %) to € 290.5 (previous year: € 261.8 million). As a result of stable growth in the core markets and a significant increase in revenue in Russia and the Middle East, individual declines in Southern Europe were considerably overcompensated. Growth in this region also includes the consolidation of the business operations acquired from IMEX Clinic S.L., Paterna, Spain.

The chart below shows consolidated revenue by region based on constant exchange rates.

Figure 8: Consolidated revenue by region based on constant exchange rates (figures in € '000)



2.4.3 Gross profit

In financial year 2011/2012 gross profit increased from € 414.8 million to € 461.4 million. The gross margin for the reporting period amounts to 53.5 % (previous year: 54.7 %). The lower margin compared with the previous year is attributable, among other things, to the relocation of intraocular lens production to Henningsdorf/Berlin and the associated temporary decline in productivity. Sales initiatives for some products also impaired the development of the gross margin. Currency fluctuations and a slightly different country and product mix also played a role.

2.4.4 Functional costs

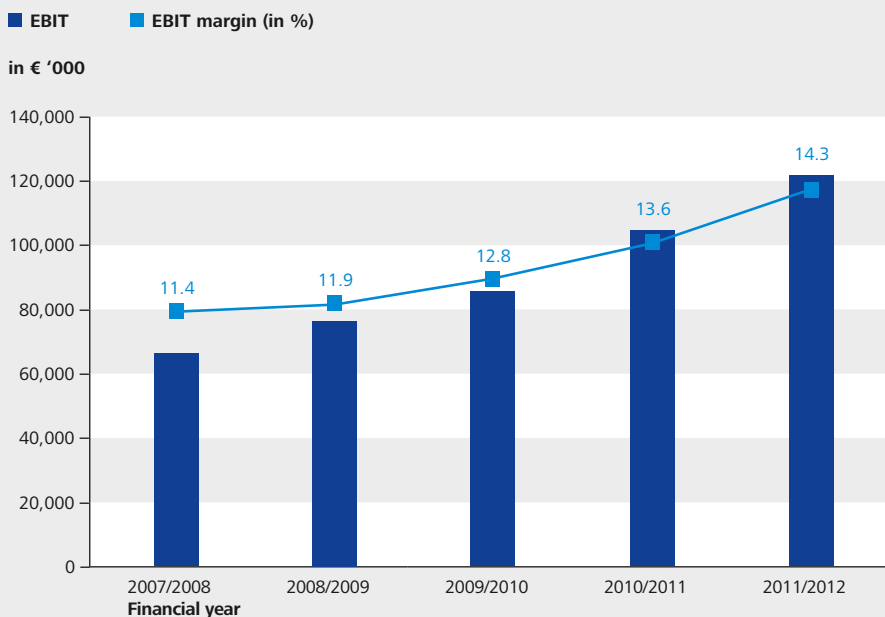
Functional costs for the reporting year amount to € 338.5 million (previous year: € 311.6 million). Due, among other things, to effective cost management, functional costs increased less than proportionately to revenue, rising 8.6 %. Accordingly, the share of functional costs in revenue decreased from around 41 % last year, to around 39 %. The main reasons for the absolute increase in costs were thus the higher sales volume, in addition to strategic initiatives on the expansion of a number of business fields, and further investments in innovation.

- **Selling and marketing expenses:** Selling and marketing expenses increased by 9.0 % in the year under review, from € 187.1 million to € 204.0 million. This increase is primarily attributable to the acquisition of the Spanish distribution partner, IMEX Clinic S.L., Spain at the start of November 2011. In addition, the higher volume sales accordingly resulted in a rise in freight and commission costs, as well as marketing costs. However, relative to sales revenues, selling and marketing costs decreased in the reporting year, due to the optimization of operating costs, from 24.7 % to 23.7 % overall.
- **General and administrative expenses:** Expenditure in this area increased only slightly, by 1.7 % to € 41.0 million (previous year: € 40.3 million). The proportion of these expenses relative to revenue decreased from 5.3 % in the previous year to 4.8 %.
- **Research and development expenses (R&D):** Continuous investments are made in R&D to further develop the Company's product portfolio. R&D expenses increased by 11.0 % in the reporting period to € 93.5 million (previous year: € 84.2 million). The R&D ratio was 10.8 % (previous year: 11.1 %).

2.4.5 Development of earnings

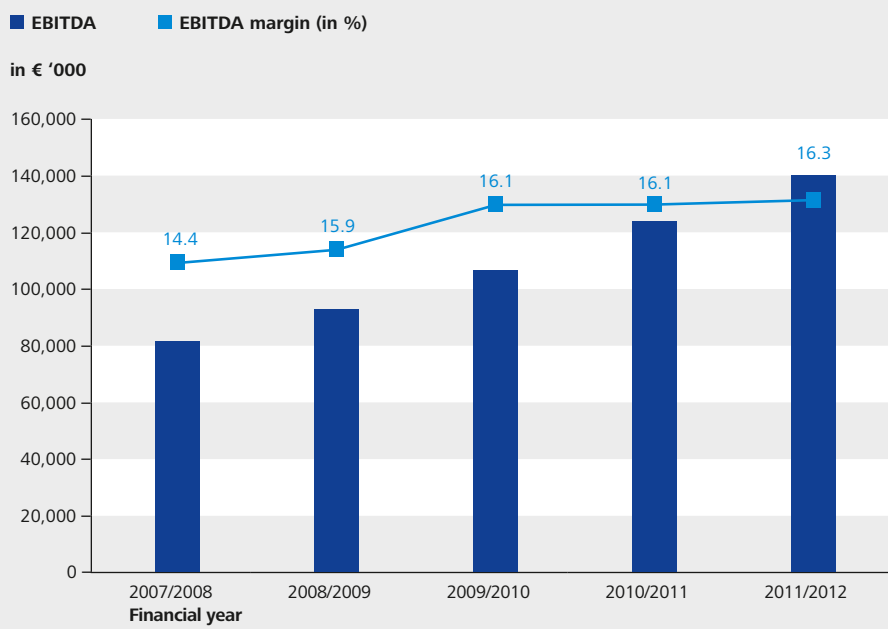
The Carl Zeiss Meditec Group uses earnings before interest and taxes (EBIT = operating result) as a key performance indicator. Development of the Group's earnings was very positive in the financial year under review. EBIT increased by 18.7% – and thus disproportionately to revenue – to € 122.9 million (previous year: € 103.6 million). The EBIT margin also increased accordingly, by 0.7 percentage points, from 13.6% the previous year to 14.3%. The rise in profitability is mainly attributable to economies of scale and to an efficient cost management system.

Figure 9: EBIT and EBIT margin over a five-year period



In the financial year, earnings before interest, taxes, depreciation and amortization (EBITDA) improved from € 122.5 million in the previous year to € 140.8 million. The EBITDA margin was thus 16.3%, which was 0.2 percentage points higher than the previous year (16.1%).

Figure 10: EBITDA and EBITDA margin over a five-year period



Interest income/expenses (net) amounted to € -3.1 million in the reporting period (previous year: € -2.6 million). Currency effects in the form of foreign exchange losses, which at 30 September 2012 were mostly pure valuation effects, amounted to € 6.4 million (previous year: € 2.6 million).

The tax rate increased year-on-year from 28.4 % to 34.2 %. Generally, an average annual tax rate of between 30 % and 32 % is assumed. Whereas as a result of the merger of Carl Zeiss Meditec AG's German subsidiaries on 1 October 2010 brought with it one-off tax relief, one-off effects arose in financial year 2011/2012 that resulted in a higher tax burden. These one-off effects relate in particular to changes in the measurement of deferred taxes, due, among other things, to changes in compliance with tax relief programs in the USA and to changes in tax rates in Japan.

In financial year 2011/2012 the basic consolidated revenue⁵ increased to € 71.9 million (previous year: € 66.9 million). Non-controlling interests accounted for € 4.5 million (previous year: € 5.4 million). In financial year 2011/2012, therefore, basic earnings per share of the parent company⁵ amount to € 0.88 (previous year: € 0.82).

2.5 Financial position

2.5.1 Objectives and principles of financial management

A primary objective of financial management at Carl Zeiss Meditec is to ensure the solvency of the Company and to manage this efficiently throughout the Group. The Group's main source of liquidity comes from the

⁵ Attributable to shareholders of the parent company

business operations of the individual business units, upon which the financial activities and the strategic orientation of the Group are also based. The Company therefore operates a global financial management system that covers all of its subsidiaries and is centrally organized at Group level. The Company also strives to continuously improve its financial power and reduce financial risks by keeping a constant check on the solvency of its debtors, which also involves the use of financial instruments.

The Company deposits any liquidity it does not require at normal market conditions with the Group treasury of Carl Zeiss AG or directly with banks. When investing surplus liquidity, short-term availability mainly comes before the goal of maximising earnings, so that funds can be accessed quickly if, for example, acquisition opportunities arise. The Group has production facilities in the USA and Europe and is thus only partly exposed to a direct currency risk, which it hedges against using simple currency forward contracts. Details on these can be found in the notes to the consolidated financial statements under "(2) (i) Financial instruments", "(29) Additional disclosures on financial instruments", "(38) Financial risk management", "(2) (u) and (35) Related party disclosures".

2.5.2 Financial management

The ratio of borrowed capital to total assets increased to 38.4 % as of 30 September 2012 (30 September 2011: 36.8 %).

The Group's dynamic debt ratio⁶ improved in the course of financial year 2011/2012, to 0.2 years (2010/2011: 0.7 years). This means that the Company will very quickly be in a position to pay off its entire debt with cash flow from its operating activities.

The interest coverage factor, in other words the coverage of interest income by the operating result before depreciation and amortization (EBITDA), remained stable (€ 46.0 million in financial year 2011/2012; previous year: € 46.2 million).

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

For further information on the financial liabilities of Carl Zeiss Meditec please refer to note "(26) Noncurrent financial liabilities", "(27) Current accrued liabilities" and "(28) Other current non-financial liabilities" in the accompanying notes to the consolidated financial statements.

Since Carl Zeiss Meditec possesses enough cash funds to finance its operating and strategic objectives, changes in credit conditions are not currently having any material effect on the Company's financial situation.

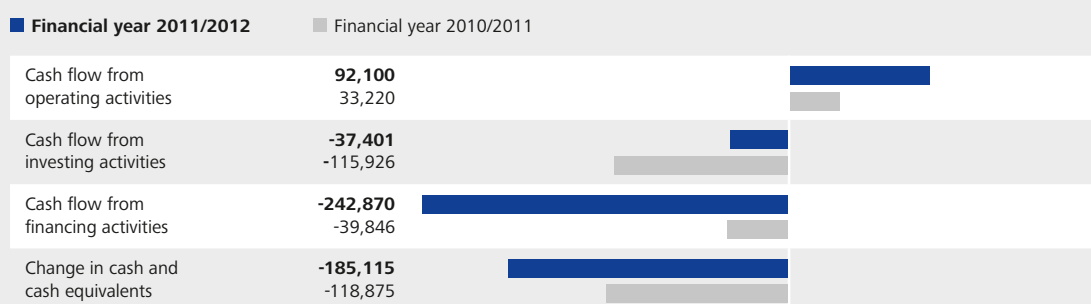
2.5.3 Statement of cash flows

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

⁶ Calculation: (borrowings excluding non-controlling interests, less cash and cash equivalents and treasury receivables)/cash flow from operating activities

Changes in individual items in the income statement and the statement of financial position are recorded in the statement of cash flows. In contrast, the consolidated statement of financial position presents the figures as they stood at the end of the reporting period on 30 September 2012. As a result, the statements in the analysis of the financial position may differ from the presentation of net assets based on the consolidated statement of financial position.

Figure 11: Summary of key ratios in the consolidated statement of cash flows (figures in € '000)



Cash flow from operating activities amounted to € 92.1 million in the reporting period (previous year: € 33.2 million). A higher consolidated net income contributed to this. An intensive receivables management and inventory management system also had positive effects.

Cash flow from investing activities amounted to € -37.4 million in the period under review (previous year: € -115.9 million). The significant difference in the amount is due to financial investments in financial year 2010/2011, of € 110 million. The cash outflow in financial year 2011/2012 is mainly attributable to the increase in the financial investment by € 10.0 million and to the acquisition of the IOL/OVD business of IMEX Clinic S.L., Spain, as well as to investments in the new administration and production building in Berlin.

Cash flow from financing activities in financial year 2011/2012 amounted to € -242.9 million (previous year: € -39.8 million). This is due mainly to an accounting reclassification of cash and cash equivalents to treasury receivables from the treasury of Carl Zeiss Financial Services. Note "(2) (m) Cash and cash equivalents" in the notes to the consolidated financial statements contains further information on this. In addition, the distribution of the dividend resulted in a cash outflow of € 24.4 million (previous year: € 44.7 million).

2.5.4 Investment and depreciation policy

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

In terms of the production of devices and systems, the Company mostly confines itself to the integration of individual components to create system solutions. For this reason, the ratio of property, plant and equipment to total assets and investments in such property, plant and equipment are comparatively low. One exception, however, is the production of intraocular lenses. This generally requires higher investments due to the larger range of vertical manufacture.

Nevertheless, the investment of capital in real assets is only necessary to a relatively limited extent within the Group, which is evident from the development of the capex ratio – the ratio of total investments⁷ in property, plant and equipment to consolidated revenue. In financial year 2011/2012, it was 1.7 %; in the previous financial year 0.8 %.

At Carl Zeiss Meditec intangible assets and property, plant and equipment are subject to scheduled, straight-line amortization and depreciation, respectively, over their estimated useful lives. Further details on this can be found in note “(2) (g) Other intangible assets” and “(2) (h) Property, plant and equipment” in the accompanying notes to the consolidated financial statements.

2.5.5 Key ratios relating to financial position

Table 3: Key ratios relating to financial position (figures in € '000)

Key ratio	Definition	30 September 2011	30 September 2012	Change
Cash and cash equivalents	Cash-in-hand and bank balances	194,641	9,526	
Net cash	Cash-in-hand and bank balances + Treasury receivables from Group treasury of Carl Zeiss AG ./ Treasury payables to Group treasury of Carl Zeiss AG + Financial investments ⁸	313,131	356,318	+13.8 %
Net working capital	Current assets including financial investments ⁸ ./ Cash and cash equivalents ./ Treasury receivables from Group treasury of Carl Zeiss AG ./ Current liabilities excl. treasury payables to Group treasury of Carl Zeiss AG	265,282	258,766	-2.5 %
Working capital	Current assets ./ Current liabilities	468,413	495,084	+5.7 %

Table 4: Key ratios relating to financial position

Key ratio	Definition	Financial year 2010/2011	Financial year 2011/2012	Change
Cash flow per share	Cash flow from operating activities Weighted average number of shares outstanding	€ 0.41	€ 1.13	>100.0 %
Capex ratio	Investment (cash) in property, plant and equipment Consolidated revenue	0.8 %	1.7 %	+0.9 %-pts

⁷ In financial year 2011/2012 total investments in property, plant and equipment (cash) amounted to € 14.5 million, compared with € 5.8 million the previous year.

⁸ € 120 million in 2011/2012; € 110 million in 2010/2011

2.6 Net assets

2.6.1 Presentation of net assets

Total assets increased to € 962.9 million as of 30 September 2012 (30 September 2011: € 867.5 million). The increase is mainly due to the expansion of the business volume associated with the growth and to the resulting increase in working capital, and to the successful acquisition at the beginning of financial year 2011/2012 of the IOL/OVD business of IMEX Clinic S.L., Spain, as well as to the significant increase in new cash and cash equivalents.

The following chart summarizes the development of key items in the consolidated statement of financial position:

Figure 12: Structure of the consolidated statement of financial position (figures in € '000)

Assets	30 September 2012	30 September 2011
Goodwill	121,627	113,212
Noncurrent assets*	132,417	113,452
Cash and cash equivalents**	250,915	209,116
Current assets***	457,916	431,714
Consolidated total assets	962,875	867,494

Liabilities and equity	30 September 2012	30 September 2011
Equity	695,797	634,069
Noncurrent liabilities	53,331	61,008
Current liabilities	213,747	172,417
Consolidated total assets	962,875	867,494

* excluding goodwill

** including treasury receivables

*** excluding cash and cash equivalents and treasury receivables

ASSETS

Goodwill

As of 30 September 2012, Carl Zeiss Meditec AG's goodwill amounted to € 121.6 million and was thus slightly higher compared with the previous year (30 September 2010: € 113.2 million). This change in goodwill is due to both currency effects and to the acquisition of the IOL/OVD business of IMEX Clinic S.L., Spain.

Other noncurrent assets

Other noncurrent assets increased to € 11.1 million as of 30 September 2012 (30 September 2011: € 0.2 million). The increase is mainly attributable to the allocation of the plan assets from pension commitments.

Inventories

As of 30 September 2012 the value of inventories amounts to € 143.0 (30 September 2011: € 133.6 million). The increase in inventories is primarily due to the acquisition of the IOL/OVD business of IMEX Clinic S.L., Spain, and to currency translation. As a result of an efficient inventory management system other inventories were only increased to a small extent, to ensure readiness to supply.

Treasury receivables and cash and cash equivalents

Treasury receivables amounted to € 241.4 million as of 30 September 2012 (30 September 2011: € 14.5 million). Cash and cash equivalents decreased at the same time. As of 30 September 2012 this item totalled € 9.5 million (30 September 2011: € 194.6 million). The change in both these items in the statement of financial position is mainly attributable to the change in the recognition of cash pool balances. Further information on this can be found in note "(2) (m) Cash and cash equivalents" of the notes to the consolidated financial statements. Cash and cash equivalents also decreased due to the increase in fixed-term deposits by € 10.0 million, the dividend distribution in the amount of around € 24 million, and the acquisition of IMEX Clinic S.L., Spain.

LIABILITIES AND EQUITY

Equity

As of 30 September 2012 equity totalled € 695.8 million (30 September 2011: € 634.1 million). Net income for the year thus significantly over-compensated for the dividend-related reduction in equity. At 72.3 % (30 September 2011: 73.1 %), the equity ratio remains very high.

Trade payables

The increase in trade payables compared with 30 September 2011, from € 29.2 million to € 36.9 million as of 30 September 2012 is mainly attributable, based on the end of the reporting period, to the high revenue in the fourth quarter of the financial year.

Noncurrent financial liabilities

Noncurrent financial liabilities amount to € 2.4 million as of 30 September 2012 (30 September 2011: € 8.7 million). This decline is due to the change in the recognition of loans with a term of less than one year at the end of the period. Accordingly, the balance sheet item "Current portion of noncurrent financial liabilities" increased from € 0.4 million as of 30 September 2011 to € 6.4 million as of 30 September 2012.

2.6.2 Key ratios relating to net assets

Table 5: Key ratios on net asset position

Key ratio	Definition	30 September 2011	30 September 2012	Change
Equity ratio	Equity	73.1 %	72.3 %	-0.8 %-pts
	Total assets			
Rate of inventory turnover	Cost of goods sold	2.7	2.9	+7.4 %
	Average inventories			
Days of sales outstanding (DSO)	Trade receivables including receivables from related parties	84.5 days	76.8 days	-9.1 %
	Consolidated revenue (annualized) x 360 days			

2.7 Orders on hand

The Carl Zeiss Meditec Group's current orders on hand increased. As of 30 September 2012 orders on hand amounted to € 100.8 million, which corresponds to an increase of 13.7 % compared with the previous year (30 September 2011: € 88.7 million).

2.8 Events of particular significance

As part of the further expansion and consolidation of the distribution activities in Spain, an agreement was signed on 21 September 2011 pertaining to the acquisition and integration of the IOL and OVD business of IMEX Clinic S.L., Paterna, Spain (IMEX) into existing sales organization in Spain. IMEX, the successful partner for the distribution of intraocular lenses (IOLs) and viscoelastics (OVD) in Spain, has firmly established itself on the market over the past few years. Customers of Carl Zeiss Meditec shall in future receive an end-to-end service from a partner across the entire solutions portfolio for ophthalmology and shall benefit from less complexity. This step shall not least promote the Group's growth on the Iberian peninsula. This transaction was completed in November 2011.

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

3 NON-FINANCIAL PERFORMANCE INDICATORS

3.1 Employees

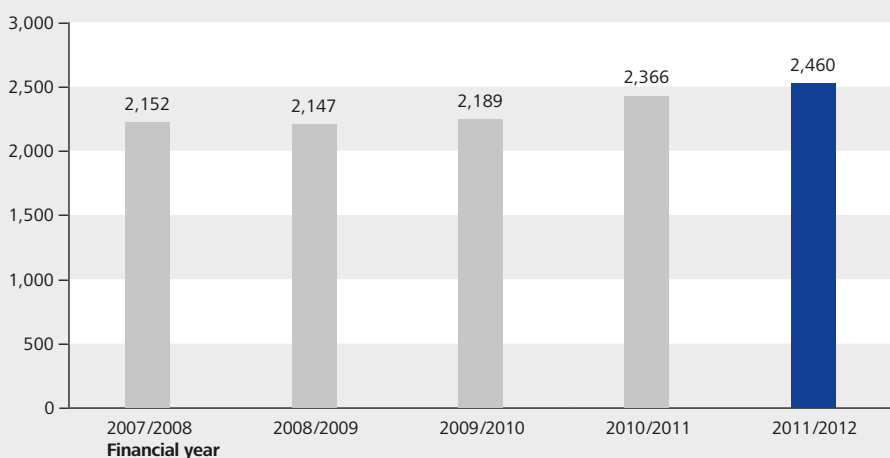
3.1.1 Development of employee numbers

Highly qualified and motivated employees are a necessity for the long-term success of a company. Responsible human resources development and continuous improvement play a crucial role here. As of 30 September 2012 the Carl Zeiss Meditec Group had 2,460 employees worldwide (previous year: 2,366). The increase in the number of employees compared with the same period the previous year is mainly attributable to the

acquisition and integration of the IOL and OVD business of IMEX Clinic S.L., Paterna, Spain (IMEX) into existing distribution organization in Spain, and to the general investment in strategic initiatives and the associated growth of the workforce in Research & Development and Distribution.

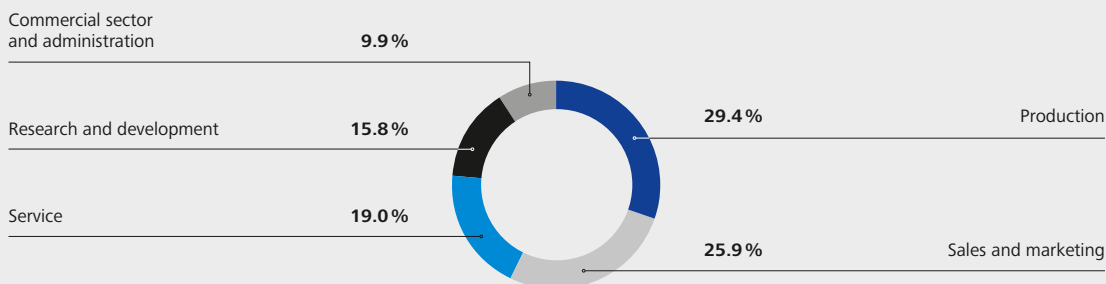
Figure 13: Workforce of the Carl Zeiss Meditec Group at the end of the financial year

Employee numbers



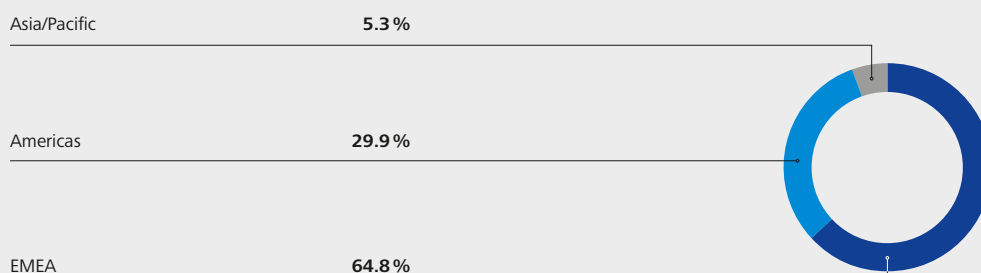
The following charts provides an overview of the distribution of employees by function and region:

Figure 14: Personal structure of the company by business unit



At 29.4 % (previous year: 30.1 %) and 25.9 % (previous year: 25.7 %) the majority of employees were employed in Production and in Sales and Marketing. As of 30 September 2012, 19.0 % (previous year: 19.2 %) of the workforce were employed in Service, and 15.8 % (previous year: 15.1 %) were employed in Research and Development. A total of 9.9 % of the workforce (previous year: 9.9 %) were employed in the commercial area.

Figure 15: Personnel structure by region



At 64,8 % (previous year: 63.1 %), almost two thirds of Carl Zeiss Meditec Group's employees work in Europe. A total of 29.9 % of the workforce work in the "Americas" region (previous year: 31.5 %), while 5.3 % work in the "Asia/Pacific" region (previous year: 5.4 %).

3.1.2 Strategic employee development planning

It is the Company's employees, with their expertise and their achievements, who lay the foundations for Carl Zeiss Meditec's global success. That is why the sustained development and targeted promotion of all employees' potential is the core task of human resources management at Carl Zeiss Meditec. The focus here is particularly on the personal and professional development of employees in the Group. The Company considers this a basis for ensuring long-term economic success. The Group aims to increase its attractiveness as an employer through strategic employee development.

3.2 Production

3.2.1 Production sites

The Carl Zeiss Meditec Group manufactures its products in Jena, Oberkochen and Berlin in Germany, Dublin in the USA and in La Rochelle in France. The Group also has a number of smaller sites belonging to subsidiaries of Carl Zeiss Meditec S.A.S. in Besançon (France), Livingston (Scotland) and Mauritius. Systems and devices for ophthalmology are manufactured by the Company in Dublin and in Jena. The Group manufactures ophthalmic and microsurgical visualization solutions in Oberkochen; intraocular lenses are mainly manufactured in La Rochelle and Berlin. The broad product portfolio is rounded off by viscoelastics, which are produced at the facility in Livingston and are mainly used for treating cataracts. The two remaining production facilities of Carl Zeiss Meditec S.A.S. manufacture instruments and consumables for the treatment of ophthalmic diseases.

3.2.2 Production concept

The production of devices and systems at Carl Zeiss Meditec focuses on the assembly of system components. Intraocular lenses (IOL), on the other hand, are largely manufactured in-house, i. e., no pre-manufactured products are purchased from third-parties. Only certain specific steps in the production process are outsourced to external companies.

Less than half of all preliminary products purchased were procured from suppliers within the Carl Zeiss Group. The rest are procured from other suppliers outside the Carl Zeiss Group. In order to reduce its dependency on individual suppliers, the Carl Zeiss Meditec Group strives to qualify additional suppliers for key components and vendor parts.

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

3.2.3 Production planning

Production planning in Jena, Oberkochen and Dublin is based on the rolling forecast method. The majority of distribution partners prepare a sales forecast once a quarter for the next 15 months. The sales forecast is then translated into a demand forecast for production units, taking inventory changes into account. In order to keep stocks to a minimum, products are usually assembled to customer order (series production of individual items). The rolling forecast method described above is also applied for the manufacture of intraocular lenses. Limited quantities of the finished products are stockpiled, however, since customers expect the implants to be delivered very quickly. To this end replenishment orders are forwarded by the customers to a central warehouse; these, in turn, trigger a new order thus ensuring customers are served as quickly as possible. The Carl Zeiss Meditec Group also operates consignment warehouses in clinics and hospitals, which – depending on consumption – are continually restocked.

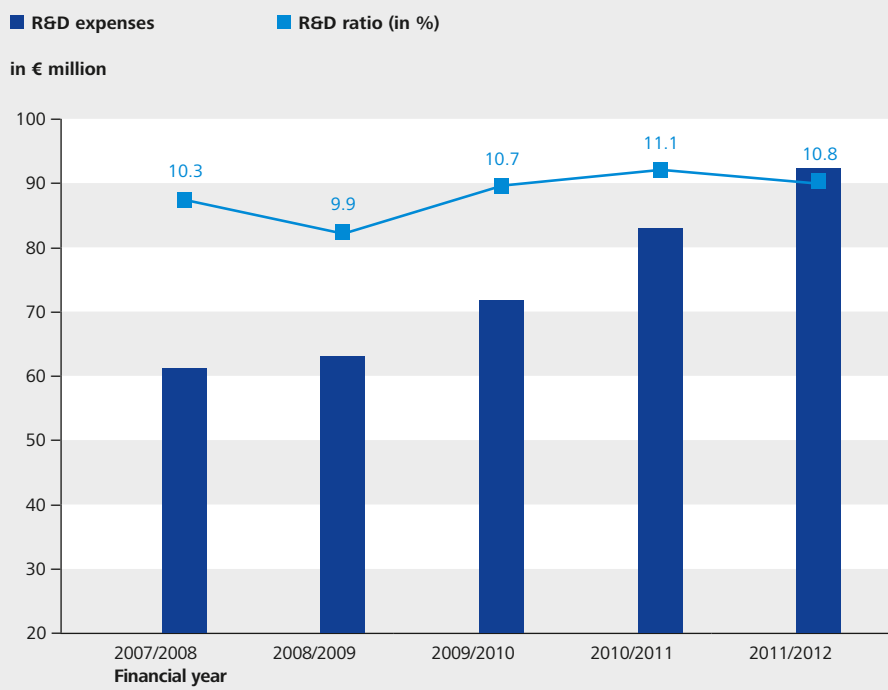
3.3 Research & development

3.3.1 Objectives and focus of research and development

Our excellence in the area of research and development (R&D) is measured based on our ability to continuously and sustainably raise the performance and increase the growth of the Group through innovations. In line with our strategy, innovations are a major driver of future growth. Carl Zeiss Meditec Group has the necessary resources to secure the Company's future earnings strength with its research and development activities. Thus we also want to offer innovations in future that make leading technologies available for our customers, and thus improve treatment results for patients. It is therefore our aim to expand our broad product range and continuously improve products already on the market. Our focus in this respect shall in particular be to increase the efficiency and effectiveness of diagnosis and treatment. We place a high value on the needs of our customers and constantly work closely together with them.

Research and development plays an important role within the Carl Zeiss Meditec Group. Our objective is to enable our customers and physicians to continuously improve treatment results through improvements in efficiency and innovative new products. In financial year 2011/2012 research and development expenses increased by 11.0 % to € 93.5 million (previous year: € 84.2 million). At 10.8 %, the R&D ratio remained on almost the same level as the previous year (11.1 %).

Figure 16: R&D expenses and R&D ratio to revenue



In the reporting period 15.8% of the entire workforce of the Carl Zeiss Meditec Group were employed in Research and Development.

3.3.2 Focus of research and development in the reporting period

Research and development at Carl Zeiss Meditec mainly focuses on:

- examining new technological concepts in terms of their clinical relevance and effectiveness, with the concept of “evidence-based medicine” playing an important role. i.e. proving the efficacy of the developed diagnostic and treatment methods is extremely important to us.
- the continuous development of the existing product portfolio;
- the development of new products and product platforms based on the available basic technologies and
- networking systems and equipment to increase the efficiency of diagnosis and treatment and to improve treatment results for patients.

A number of new innovations were thus launched on the market both during the reporting period and directly thereafter.

AT LISA® tri

AT LISA® tri is a trifocal intraocular lens for improved intermediate vision. This lens enables patients to switch between near, distance and intermediate visual acuity without corrective glasses, even in poor light conditions. The AT LISA® tri is suitable for microincision cataract surgery (MICS), which allows for simple and safe implantation. This prevents intraoperatively induced astigmatism. The preloaded AT LISA® tri can be used in combination with the innovative BLUEMIXSTM 180 Injector, through a narrow incision of just 1.8 millimeters. The BLUEMIXSTM 180 Injector also ensures the correct placement of different IOLs (multifocal, toric and multifocal toric lenses) and covers the entire dioptric range of ZEISS MICS IOLs.

INFRARED 800/FLOW® 800

The fluorescence model INFRARED 800 is intended for use in neurosurgery, plastic and reconstructive surgery, as well as coronary bypass surgery. It is used to check intraoperative blood flow during the treatment of aneurysms or during bypass surgery and now also offers plastic surgeons the possibility to assess perfusion (blood circulation) during transplantation of skin and muscle tissue. Thus, vascular occlusions become visible within seconds and can be treated immediately, intraoperatively. FLOW® 800 is an analytical visualization tool for the quick and detailed interpretation of the fluorescence video sequences generated with INFRARED 800. These are created in the form of visual maps, diagrams or comparisons and thus enable a visual analysis of blood flow dynamics.

ReLEx® smile

ReLEx® smile is a minimally invasive laser procedure for the correction of vision defects. This procedure enables physicians to operate accurately and in the least invasive way possible. It involves creating a lens-shaped lenticule (corneal lens), which is then removed through a 4 mm incision. This means that the incision area created in the patient's upper cornea is about 80 % smaller in this procedure than in other treatment methods to date. Compared with previous methods of treatment, which were performed with a femtosecond laser and an excimer laser, ReLEx® smile makes it possible, for the first time, to perform the entire refractive correction using only the femtosecond laser VisuMax®. This innovation means that the patient does not need to be moved to another laser during the operation.

PRESBYOND® Laser Blended Vision

PRESBYOND® Laser Blended Vision is a new method for the compensation of presbyopia, the age-related loss of the accommodative capacity of the lens, using laser treatment. The procedure improves the patients' quality of vision by increasing the depth of sharpness. Compared with conventional monovision, the binocular approach of this procedure enables the correction of not only near and distance vision but also vision correction in the intermediate range, without impairing vision in poor light conditions. PRESBYOND® Laser Blended Vision is also suitable for a larger patient group, meaning that patients with astigmatism, for example, can also be treated now.

VISALIS® 500

Carl Zeiss Meditec now covers the entire spectrum of services in the area for cataract treatment and aftercare (diagnostic equipment, surgical microscope, phaco system, CALLISTO eye® OP cockpit and IOL). The VISALIS® series of phacoemulsification devices enables the opaque, natural lens of the eye to be removed from the eye during cataract surgery. The new VISALIS® 500 system launched in many markets expands this series. In addition to its use in treating cataracts, the VISALIS® 500 can also be used for retinal surgery. It therefore offers all functionalities necessary in the ophthalmic operating room.

FORUM® 3.0

FORUM® 3.0 offers ophthalmologists central storage of examination data and images from different devices, in order to be able to access them quickly, efficiently and clearly at all times. Medical practices and clinics can also flexibly and conveniently exchange data with several locations. Preconfigured “clinical views” speed up workflows by allowing the relevant examination data for various clinical pictures to be automatically loaded and displayed. The visual presentation of test results help ophthalmologists both to make a diagnosis and to inform the patients.

3.3.3 Brands and patents

The Carl Zeiss Meditec Group currently owns more than 700 patent families worldwide. Patent protection varies from country to country. However, the Company aims to protect all its products in the various markets by patent. Therefore, Carl Zeiss Meditec invests in innovations and solutions and ensures that these have an innovative edge with patents. Carl Zeiss Meditec is granted an average of one patent a week. As a number of products have been on the market for a while, the patent protection does not extend to the basic functionality of these products, but only to specific features and enhancements that protect beneficial solutions. As a result, the Group is able to successfully and permanently maintain its position on the market.

In addition, the Company has more than 510 registered brands and brand registrations (as of 30 September 2012). These include, among other things, names for products, slogans, photos, logos and other specific characteristics of the Company.

4 REMUNERATION REPORT

4.1 Remuneration of the Management Board

The members of the Management Board are remunerated based on Section 87 German Stock Corporation Act (*Aktiengesetz*). Based on this, the Supervisory Board determines the remuneration, which includes fixed and variable components, as well as payments in kind. The Supervisory Board's General Committee proposes the amount and structure of the remuneration to be paid to the Management Board, and the Supervisory Board as a whole makes the final decision. The appropriateness of the remuneration paid to the Management Board is based on the responsibilities and the personal contribution of the individual Management Board members, as well as the Company's financial position and general market conditions.

At its meeting on 5 December 2011, the General and Personnel Committee of the Supervisory Board addressed the objectives for the Management Board for financial year 2011/2012 and the achievement of the objectives of the Management Board members with respect to financial year 2010/2011. The relevant variable remuneration amounts were then stipulated during the Supervisory Board meeting on the same date. This meeting also reviewed the salaries of Dr. Ludwin Monz, Dr. Christian Müller and Thomas Simmerer and adjusted them, taking into consideration the usual remuneration. The meeting of the General and Personnel Committee on 8 March 2012 resolved to extend the appointments of Management Board members Dr. Monz and Dr. Müller. The contracts of both members were extended for a period of five years.

4.2 Structure and amount of remuneration paid to the Management Board

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

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

The **variable portion of the remuneration**, which relates to targets set for the respective financial year, is contingent upon the achievement of certain quantitative and qualitative targets. The quantitative targets, which bear the most weight, are mainly EBIT, free cash flow and Economic Value Added® ("EVA®"), as well as the two non-financial values NPS (Net Promoter Score) and CPO (Customer Perfect Order). Strategic targets agreed individually between the Chairman of the Supervisory Board and the members of the Management Board are also taken into consideration. This portion of the remuneration is paid after the end of the respective financial year. The amount is contingent upon the degree of target fulfilment.

In addition to the two components of the Management Board remuneration mentioned above, there is also a Long Term Incentive Program ("LTIP"), which – after being suspended due to the global financial crisis in financial years 2008/2009 and 2009/2010 – was redefined and reinstated in 2011. This program offers a remuneration component with a long-term incentive, which allows the members of the Management Board to achieve an additional annual income after a three-year period. This amounts to 50 % of the individual short-term variable remuneration for the financial year that precedes the beginning of the term of an LTI tranche, plus interest. A precondition for payment of this remuneration is that the members of the Management Board have not handed in their notice at the end of the applicable three-year period per tranche, and the equity ratio of the Carl Zeiss Group is higher than 20 % at this point. A payment shall be distributed for the first time on 1 December 2014.

Table 6: Itemized breakdown of the remuneration paid to the members of the Management Board of Carl Zeiss Meditec AG (figures in € '000)

Management Board remuneration for financial year 2011/2012						
	Fixed remuneration	Payments in kind ⁹	Variable remuneration ¹⁰	Total remuneration paid directly	LTIP ¹¹	Total remuneration pursuant to Section 314 (1) No. 6a) HGB
Dr. Ludwin Monz 2010/2011	249.7 244.8	17.0 9.6	187.4 213.8	454.1 468.2	– 10.0	454.1 478.2
Dr. Christian Müller 2010/2011	198.7 186.3	20.4 8.4	140.2 141.7	359.3 336.4	– 2.6	359.3 339.0
Thomas Simmerer 2010/2011 (from 1 April 2011)	220.0 110.0	17.4 10.3 ¹²	151.6 81.2	389.0 201.5	– 0.0	389.0 201.5
Ulrich Krauss (until 12 April 2011) 2010/2011	– 102.4	– 7.9	– 89.1	– 199.4	– 7.3	– 206.7

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

4.3 Pension scheme for members of the Management Board

The appropriation to the pension provisions or pension funds should be stated annually with respect to the retirement benefit commitments for the members of the Management Board. The expenses relating to pension commitments attributable to the individual members of the Management Board are presented in the following overview.

Table 7: Itemized breakdown of the pension commitments to the members of the Management Board of Carl Zeiss Meditec AG (figures in € '000)

Pension commitments for financial year 2011/2012		
	Appropriation to pension provisions for retirement benefit commitments	Present value of pension commitment, total
Dr. Ludwin Monz 2010/2011	295.1 36.1	941.4 646.3
Dr. Christian Müller 2010/2011	94.0 3.6	222.1 128.1
Thomas Simmerer 2010/2011 (from 1 April 2011)	44.4 12.3	99.9 55.5
Ulrich Krauss (until 12 April 2011) 2010/2011	– 14.9	– 557.7

⁹ Payments in kind include other benefits such as non-cash benefits like the provision of a company car and the reimbursement of employer contributions to the pension schemes, as well as contributions to group accident insurance.

¹⁰ Variable remunerations include both the formation of a provision for the bonus for the current financial year and payments for the bonus for the previous year, insofar as this differs from the previous year's figure.

¹¹ Information on the "Long Term Incentive Program" (LTIP) in financial year 2010/2011 relates to the payments made in this financial year for the performance period 1 October 2007 to 30 September 2010, if these differ from those in the previous year.

¹² incl. reimbursement of costs relating to job-related relocation amounting to € 4.6 thousand

The significant increase in appropriations to pension provisions in financial year 2011/2012 and their present values in comparison with the previous year is due to the considerable decline in the actuarial interest rate used to calculate the pension provisions as of 30 September 2012.

The appropriation to the pension provision for former Management Board member Ulrich Krauss, who stepped down from the Management Board during financial year 2010/2011, relates to the period up until his departure. Carl Zeiss Vision International GmbH, a subsidiary of the Carl Zeiss Group, has assumed the obligation for retirement benefit commitments, both for the past and the future. The pension provision set up at Carl Zeiss Meditec AG at the date of Mr. Krauss's departure has accordingly been transferred to Carl Zeiss International GmbH.

Projected unit credits for pensions for other former members of the Management Board of Carl Zeiss Meditec amounted to € 488.7 thousand (previous year: € 368.3 thousand).

4.3.1 Departure of members of the Management Board

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

4.4 Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board has been changed, effective from 1 October 2010, by way of an amendment of Art. 19 of Carl Zeiss Meditec AG's Articles of Association, resolved during the Annual General Meeting on 12 April 2011.

In addition to a basic remuneration and remuneration for work on the committees, the Supervisory Board remuneration determined on this basis also includes a variable component, which takes appropriate account of the Company's earnings per share. The basic remuneration for each member of the Supervisory Board is € 20,000. The Chairperson of the Supervisory Board receives double this amount and the Deputy Chairperson one-and-a-half times this amount. With the exception of members of the Nominating Committee and the Chairman and Deputy Chairman of the General Committee, members of committees receive an additional, fixed remuneration of € 5,000; the Chairman of the Audit Committee receives double this amount.

If consolidated earnings per share amount to at least € 0.20, a total amount of € 1,000.00 shall be calculated for each full € 0.02 consolidated earnings per share above € 0.20 consolidated earnings per share for the respective financial year just ended, multiplied by the number of members of the Supervisory Board. From this total amount, each member shall be entitled to a portion equivalent to his/her share of the annual remuneration of all members – consisting of basic and committee remuneration. The amount of variable remuneration paid is limited to the annual fixed remuneration (sum of basic and committee remuneration).

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

Table 8: Itemized breakdown of the remuneration paid to the Supervisory Board of Carl Zeiss Meditec AG pursuant to Art. (1) of the Articles of Association of Carl Zeiss Meditec AG (figures in € '000)

Supervisory Board remuneration for financial year 2011/2012				
	Basic remuneration	Committees	Remuneration for earnings per share	Total remuneration
Dr. Michael Kaschke (Chairman)	40.0	5.0	45.0	90.0
2010/2011	40.0	5.0	41.9	86.9
Dr. Markus Guthoff (Deputy Chairman)	30.0	–	30.0	60.0
2010/2011	30.0	–	27.9	57.9
Thomas Spitzenpfeil	20.0	5.0	25.0	50.0
2010/2011 (from 12 April 2011)	9.3	2.3	10.9	22.5
Dr. Wolfgang Reim	20.0	10.0	30.0	60.0
2010/2011	20.0	10.0	27.9	57.9
Cornelia Grandy (from 11 Oktober 2011)	19.4	–	19.4	38.8
2010/2011	–	–	–	–
Jörg Heinrich (from 11 Oktober 2011)	19.4	4.7	24.1	48.2
2010/2011	–	–	–	–
Franz-Jörg Stündel (until 11 Oktober 2011)	0.6	0.2	0.7	1.5
2010/2011	20.0	5.0	23.3	48.3
Wilhelm Burmeister (until 11 Oktober 2011)	0.6	–	0.6	1.2
2010/2011	20.0	–	18.6	38.6
Dr. Dieter Kurz (until 12 April 2011)	–	–	–	–
2010/2011	10.7	2.7	12.4	25.8

The Company did not pay members of the Supervisory Board any additional remunerations or benefits for personally rendered services (in particular consultancy and agency services) in financial year 2011/2012.

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

5 RISK REPORT

5.1 Risk management

The term “risk” refers to all circumstances and developments within and outside the Company which could have an adverse effect on the fulfilment of business targets and objectives within a defined period of assessment.

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

The risk management of the Carl Zeiss Meditec Group is generally organized locally. The legally independent entities are responsible for their own local risk management. At Group level the same principles apply for the Group functions. Risks are communicated along the legal and organizational structure. The provision of a standard, group-wide conceptional framework and the coordination of the local entities with respect to the risk management process is incumbent upon the Group risk manager, who reports directly to the Management Board.

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

- **Risk reporting system:** In order to be able to identify risks in good time, evaluate them and take the appropriate countermeasures, the Group has set up an efficient risk reporting system. This is a clearly structured, traceable feedback loop which encompasses all corporate activities, is integrated in the organizational structure and processes and comprises a systematic and ongoing process. The following phases are defined: Identification – Evaluation – Control/Monitoring – Documentation. A key component of this is a database-assisted software solution, which is used to regularly record, systematize and evaluate risks, their estimated probability of occurrence and their damage potential.
- **Internal control system:** The internal control system is the set of all of the activities (control activities) prescribed by management that serve to control the systematic, enduring risks and thus ensure proper running of operations and correct management reporting. The organizational measures are integrated in the operative business processes. This means that they occur concomitantly with the process, are immediately upstream or downstream from the process steps, occur during the period at planned and monitored intervals through additional sequences of operations.

The internal control system provides support for:

- achieving business policy objectives via effective and efficient business management
- compliance with acts of law and regulations
- protecting company assets
- ensuring the reliability and completeness of internal and external accounting
- timely and reliable financial reporting

5.1.1 Risk reporting system

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

- The coordinated adoption of the risk reporting system is ensured through the compilation of all relevant facts in Carl Zeiss Meditec's corporate directive on risk management, which contains information about the functioning of the risk management system, provides a comprehensive overview of potential risk areas, sets out regulations regarding responsibility for monitoring these and contains instructions for dealing with such risks.
- Under the direction of a local Group risk manager, the local risk managers at the different sites, together with local management, regularly assess processes, transactions and developments for existing risks.
- Risks are identified and evaluated according to standard risk matrices.
- An early-warning system assesses business risks according to their potential implications in a planning period of typically five years. The risks are evaluated and classified according to their probability of occurrence and damage potential.

Regular risk reports are sent to the Management Board, the Managing Directors of the subsidiaries and other decision-makers within the Group on the basis of specified thresholds for relevant risks and in accordance with the classification using the risk matrices. Significant risks arising at very short notice are immediately reported to Carl Zeiss Meditec's Management Board.

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

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

5.1.2 Internal control system (ICS)

The structure of the internal control system of Carl Zeiss Meditec Group is based on the component dimension of the internationally accepted COSO (Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management Framework. The processes established in the course of Carl Zeiss Meditec's business are compared for this purpose with the components of the COSO Enterprise Risk Management Framework. Based on the objectives of the COSO Enterprise Risk Management Framework and taking into consideration the standardized risk catalogue of the Carl Zeiss Group, process-related risks have been identified by a multi-functional team and the associated, typical process/control measures have been recorded with the relevant organizational responsibilities. The result is a complete, Group-wide, risk-based ICS description, which is maintained within the scope of the quarterly risk reporting cycles and is available for independent assessments or audits. Information about the function of the internal control system, the regulation of responsibilities and instructions are compiled in the Group guidelines on risk management at Carl Zeiss Meditec.

The **accounting-related part** of the internal control system is a system structured under the CFO's supervision which ensures that the preparation of the consolidated annual financial statements is in line with International Financial Reporting Standards (IFRS) and that external financial reporting is reliable.

The operative, timely implementation of the systemic requirements is effected by the affected areas of Carl Zeiss Meditec AG and its subsidiaries. These are supported and monitored by Carl Zeiss Meditec's **Finance Group** department. Group Finance is responsible for consolidated reporting, including Group-wide financial and management information, forecasts, budgets and risk reporting. Acts of law, accounting standards and other pronouncements are constantly analyzed with regard to their relevance for and impact on the consolidated and annual financial statements. Relevant requirements are communicated in consolidated accounting guidelines and, together with the applicable Group-wide financial reporting calendar, form the basis for the financial statement preparation process. In addition, supplementary instructions for methods, standardized reporting formats, IT systems and IT-supported reporting and consolidation processes support the process for uniform and proper consolidated accounting.

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

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

In order to control the risks associated with the course of business, the internal control system constitutes an integral part of the risk management system and corporate management.

5.2 Assessment of the internal control system

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

Like any organizational model, the internal control system can only provide reasonable but not absolute assurance regarding the attainment of the relevant targets, regardless of how carefully it is structured and operated. Measures performed within the scope of the internal control system may therefore only aim to overcome the known or potential systematic sources of error. In addition, the cost/benefit ratio must be taken into account when setting up an internal control system; in other words, the benefits of the controls must be proportionate to the costs incurred.

Evidence of the effectiveness of the internal control system is shown from the results of the measures specifically set up to assess the effectiveness of the internal control system or from the observation of processes anchored in the normal course of business. Information and data from other sources is also a key component of management assessment, as these can show up management shortcomings or confirm the effectiveness of the established measures.

These information sources include:

- Reports of the Group Auditing department of Carl Zeiss AG;
- Reports on audits performed by the supervisory authorities or on their behalf;
- Reports by external auditors;
- Reports commissioned to assess the effectiveness of processes outsourced to third parties.

The effectiveness of the internal control system is monitored by the **Audit Committee** of the Supervisory Board of Carl Zeiss Meditec AG. Monitoring in this respect is based on an adequate level of information. It is supported firstly by a transparent description and structure of the internal control system based on the COSO Enterprise Risk Management Framework and, secondly, by risk-related auditing activities.

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

5.3 Significant risks

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

5.3.1 Economic environment

The worldwide distribution of Carl Zeiss Meditec's products and system solutions and its research and production locations in Germany, France, the UK and the USA attest to the global nature of the Company. As a company with global operations, Carl Zeiss Meditec is particularly exposed to developments that pose a risk for the global economy. Therefore, in addition to the types of risks described above, the general global political situation, major natural disasters, overall economic development and market trends in individual regions of the world may have diverse effects on Carl Zeiss Meditec Group's chances of success.

In particular the underlying conditions in the global economy grew more volatile over the past few years, which has heightened economic risks overall. Although there was a substantial revival in incoming orders in the medical technology business in financial year 2011/2012, economic growth may be significantly curbed by the euro crisis and the debt situation in the United States, as well as by a slowdown of growth in China. Growth prospects in the short to medium term depend on whether and how these debt problems are resolved. Thanks to the early-warning system established within the Carl Zeiss Meditec Group, these risks are recognized in good time and can be countered accordingly. In addition, the international presence makes the Company more independent from regional crises. Furthermore, Carl Zeiss Meditec's highly differentiated product and customer structure limits its marketing risks.

The development of the overall economic situation may have an adverse effect on the economic situation of the Company's customers and their demand for the Company's products. This could lead, at least temporarily, to demand shortfalls and thus negative consequences for sales and earnings.

5.3.2 Market and competition

The search for new treatment methods in the medical technology industry has intensified as a result of global competition. Some competitors are larger than the Carl Zeiss Meditec Group in terms of their total sales and have greater financial resources at their disposal to deal with this competitive pressure. Existing competitors may also be bought up by large, financially powerful companies, new competitors may enter the market, or existing competitors may join to form alliances. The resulting or heightened competitive pressure this would cause could lead to lower selling prices, margin pressure and/or the loss of market shares. The Company prepares for the potential risks of a changing market environment by continuously observing the market, in order to be able to react with the necessary foresight.

Aside from the growing competitive pressure, the fluctuating willingness to consume among consumers, which is particularly contingent upon general economic conditions, poses a fundamental business risk. Health insurance funds, insurance companies or government health schemes reimburse the costs of certain medical treatments carried out using products of the Carl Zeiss Meditec Group. Changes in health and reimbursement policy in Germany or abroad could lead to the denial or reduction of reimbursement services. If reimbursement rates are too low, the profit margin of doctors and hospitals may fall, prompting them to suspend or restrict the performance of the respective treatments. Market and competition-related risks are thus posed by possible benefit cuts in the health care sector, which could have an impact on growth opportunities. In addition, there can be no guarantee that patients will be willing or able to cover all or some of the costs of the treatment carried out with products of the Carl Zeiss Meditec Group themselves. In addition: in the case of new products, it is also impossible to predict with any certainty whether health insurance funds, insurance companies or government health schemes will offer any reimbursement at all. The complete or partial denial of reimbursements could reduce the demand for products of Carl Zeiss Meditec.

Some of the Company's products are mainly used for treatments for which patients receive no reimbursement from health insurance funds, insurance companies or government health schemes. This applies in particular to laser treatments for the correction of vision defects. Demand behaviour in this case may be influenced by factors such as a fall in the disposable income of private households, uncertainty regarding the further development of the income of private households, the publication of press reports about potential risks of such treatments, or changes in fashion and trends. A decline in the demand for such treatments may lead to a decrease in the Carl Zeiss Meditec Group's revenue, as physicians and treatment centers may no longer purchase the same quantities of such devices.

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

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

5.3.3 New technologies and products

The markets in which the Company operates are characterized by a constant stream of technological innovations. A capacity for innovation and rapid product development are key competitive factors. New scientific findings may lead to shorter development and product cycles, alternative technologies or new pharmaceutical procedures. Whoever is first to launch innovative products for better treatment methods on the market may gain market shares from other suppliers. The success of the Carl Zeiss Meditec Group therefore depends heavily on the quick development of innovative and market-driven products, and on the timely recognition and conversion of new technology trends and new medical findings into new products. Should the Group lose touch with technological developments on the market, react too late to major technological developments, or fail to identify a market trend in due time or at all, this could have an impact on its competitive position. There is also a risk of one or more of the Group's products being entirely superseded by alternative technologies, pharmaceutical procedures or treatment methods. This could diminish or even completely eliminate demand for certain products in future, resulting in losses in sales and earnings.

Carl Zeiss Meditec actively counters this risk by investing heavily in the research and development of products with a technological edge and unique selling points, as well as in the upstream areas of market intelligence, strategic business development and advanced technology. To this end, the management concerns itself with detailed market and competition analyses, market scenarios, the relevant cost drivers and critical success factors of the Company.

5.3.4 Personnel risks

The ability of the Group to develop new products and technologies or enhance existing ones and market these successfully also depends on its ability to recruit well qualified employees and keep them with the Group long term. Employee competence, commitment and motivation play a vital role in determining the Group's success and its competitive chances. Carl Zeiss Meditec relies on qualified specialists and executives to realize the Company's strategic objectives. When looking for qualified employees, the Company has to compete with many other companies in the same sector. In order to grow further, it is an absolute necessity for the Company to recruit and retain highly qualified employees for all functions in all regions; otherwise, the technological advancement and sale of the products and services the Company offers could become compromised. Carl Zeiss Meditec counters this risk with active employee development and successor planning. It is therefore very important for the Company to maintain and increase its attractiveness as an employer.

5.3.5 Product approval and political environment

In almost all of the countries in which the Carl Zeiss Meditec Group operates, business activities in the medical technology sector are subject to extensive government regulations. Particular attention must be paid to legal requirements concerning the manufacture and marketing of medical devices. In many countries, medical devices require explicit marketing approval or certification. Since the Group's products are intended for a global market, they must comply with the relevant legal requirements.

Although the relevant legal requirements are incorporated into all stages of development, production and distribution, there is no guarantee that products requiring approval will be granted regulatory approval at all or in time for their planned launch in the market, or that the various registrations of the Group will still exist or be renewed in the future. This could lead to losses in sales. If, for instance, the regulatory approval of a product is delayed, competitors may launch new products in the meantime and thereby win market

shares, as a product whose market launch is delayed may, in some circumstances, not be met with (full) acceptance. It is also possible for a sales ban to be imposed on the products of the Company, or for the regulatory approval requirements to be tightened in future.

In order to be able to identify such developments in good time and react appropriately, the Group keeps a close eye on developments in this area and monitors approval procedures extremely closely as part of its quality management system.

5.3.6 Dependence on affiliated companies and external suppliers

The Carl Zeiss Meditec Group and the Carl Zeiss Group have close contractual relationships in some areas. This applies in particular to the procurement of IT services and agreements with distribution companies of the Carl Zeiss Group, to ensure the distribution of the Carl Zeiss Meditec Group's products in various markets where the Company is not represented by its own distribution staff. This distribution network provides major opportunities, which are rooted particularly in the close-meshed coverage worldwide, a high level of professional distribution expertise, and a more cost-efficient market development approach

A brand licensing agreement exists with Carl Zeiss AG pertaining to the use of the "ZEISS" brand name, which regulates the use of brand licensing rights and the fee to be paid for them. According to this agreement no brand usage fee is due on Carl Zeiss Meditec products at the present time. It cannot be excluded that this group of products will grow in future and that the Company may be subject to higher licensing costs as a result.

To a very large extent Carl Zeiss Meditec uses components from external suppliers to manufacture its products. Cooperation with external suppliers is becoming progressively more intense, due to general cost pressure and the complexity of the components being supplied, which is leading to mutual dependencies. Outsourcing contracts to third parties is associated with a risk of non-delivery or delivery delays, if individual business or cooperation partners do not duly fulfil their contractual obligations. No guarantee can be given that external suppliers will not raise the prices of the services they render in future. In addition, suppliers may decide, for a large number of reasons, to terminate their business relationships with the companies of Carl Zeiss Meditec. Qualifying new suppliers, which would be necessary in this case, could take a long time. Furthermore, Carl Zeiss Meditec may be liable vis-à-vis its own customers for the breach of contractual obligations by its business and cooperation partners. This could have negative implications for the production, sale and the quality of Carl Zeiss Meditec's products.

No assurance can be given that the conditions for the services provided by suppliers will not deteriorate in future. This presents the risk that the Carl Zeiss Meditec Group may not be able to quickly turn to other, lower-cost providers.

Monitoring supplier risks plays a key role in the early-warning, risk information and management system. In a difficult economic climate, suppliers must ensure their own solvency. There is an increased risk of supplier insolvency, which means there is at least a possibility of temporary shortages of specific goods and vendor parts. In order to limit the risks of such supplier shortages, the Carl Zeiss Meditec Group selects its suppliers carefully. By implementing consistent supply chain measures, such as qualifying its suppliers, identifying secondary suppliers and preparing a strategic inventory plan, Carl Zeiss Meditec protects itself as best it can against supplier dependencies and changes on the commodities market.

5.3.7 Patents and intellectual property

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

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

In order to avoid the above-mentioned legal disputes, patents and patent applications in the relevant fields are analysed by the Patents department at regular intervals.

5.3.8 Loss of confidential data

The Carl Zeiss Meditec Group owns a large number of business secrets. No guarantee can be given that the confidentiality of these business secrets will be effectively protected and remain intact. If business secrets of Carl Zeiss Meditec leak to competitors, this may have adverse effects on the Group's competitive position. To limit this risk, ethical rules of behaviour were laid down in the Carl Zeiss Group's "Code of conduct" and brought to the attention of all employees.

In the sphere of IT solutions the Group has established a number of mechanisms to protect confidential data. Conformance to and the effectiveness of these measures is continuously monitored.

5.3.9 Product liability risk

There is an inherent risk of malfunctions in some of the medical technology devices, systems solutions and implants manufactured by the Company causing injury or treatment errors to patients. This can be due, among other things, to components and raw materials purchased from external suppliers not meeting the specified quality requirements. These risks cannot be entirely excluded, even if the Carl Zeiss Meditec Group applies all reasonable quality control measures and complies with all legal requirements. Although no significant product liability claims have been made against the Company to date, no guarantee can be given that Carl Zeiss Meditec will not be faced with such claims in the future. This may lead, on the one hand, to considerable legal costs, irrespective of whether a claim for damages ultimately materialises. On the other hand, it could damage the reputation of Carl Zeiss Meditec in the long term.

The Company covers itself against potential product liability claims by taking out product liability insurance. Potential product liability claims brought against Carl Zeiss Meditec Group in the USA pose a particular risk in this respect, as the damages awarded by the courts there can be very high. Product liability cases may also require costly recall campaigns. The possibility cannot be entirely excluded that the Carl Zeiss Meditec Group's existing insurance coverage may not be sufficient for potential claims. Nor can it be guaranteed that the Company will be able to take out insurance policies against product liability risks at acceptable economic conditions in future.

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

5.3.10 Infrastructure risks

Terrorist attacks and other acts of violence, or acts of war, the long-term failure of energy networks, pandemics or natural disasters, such as earthquakes, tsunamis or hurricanes could have an adverse effect on the respective affected economy or beyond. A disaster causing the Company to lose a significant number of its employees or requiring it to interrupt its business operations at the affected locations could prevent the Company from rendering regular production, distribution and other services in these areas and generating the expected earnings. In addition, it could have material adverse effects on the Company's customers domiciled in the affected region and on their willingness to invest, as well as its local suppliers there and their readiness to supply. As a result, the Company's reputation, business activities, financial condition and results of operations, and its cash flow, could become significantly compromised.

The Group has taken a number of precautions to minimize these effects. The headquarters, with main research and development departments, and other central corporate functions are situated in Germany. This region is not generally afflicted by severe natural disasters. In order to minimize potential damage and enable a concerted, effective reaction by corporate management, Carl Zeiss Meditec has set up a crisis management system, and has also developed local and central plans for maintaining the functionality of critical business processes (business continuity plans). Although the described risks may materialize, the Company believes, in view of these measures and the organization of Carl Zeiss Meditec, that the risk of material adverse effects on its business activities, financial condition and results of operations, and on its cash flow, is limited.

Information technology plays a crucial role in the execution of the Company's business processes. Providing and exchanging up-to-date, complete and correct information, and being able to implement fully functional IT applications, are of central importance for a global company like Carl Zeiss Meditec. Risks that, in the event of damage, could result in an interruption of business processes due to IT system failures or the loss or falsification of data, are therefore identified and evaluated across the entire life cycle of the

applications and IT systems. Carl Zeiss Meditec has defined appropriate measures so that risks can be avoided and potential losses can be limited. The Company continuously adapts these measures to changing circumstances. For example, the Groups minimizes potential disruptions to operations in the computer centres through measures such as mirrored databases, local data management, outsourced archiving, high-availability computers, as well as appropriate contingency plans. In spite of all precautionary measures taken, it cannot fully be guaranteed that disruptions to information technology will not occur and have adverse effects on the Company's business processes.

5.3.11 Acquisition of businesses

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

Pursuant to IFRS 3, the goodwill usually arising from the acquisition of other companies is not subject to scheduled amortization but, rather, is regularly examined for impairment. This involves an impairment test pursuant to IAS 36. In this test, the cash flows anticipated in the future are allocated to the goodwill-bearing cash-generating units (CGUs) and discounted to the end of the reporting period. It is determined whether the carrying amount of the CGUs exceeds the recoverable amount. Impairment is indicated if the recoverable amount is lower than the carrying amount. Carl Zeiss Meditec reviews its goodwill for impairment at least once a year. In the event of a deterioration in the net assets, financial position or results of operations of the goodwill-bearing CGUs, it is possible that the Group will be obliged to recognize in its income an impairment of the reported goodwill in its consolidated financial statements.

Based on past acquisitions Carl Zeiss Meditec reported goodwill totalling € 121.6 million in its consolidated statement of financial position as of 30 September.

The impairment tests carried out in the current financial year did not give any indication of impairment of the goodwill-bearing CGUs. Based on the development of business, the Group also anticipates positive results for subsequent tests. For the future, however, the possibility cannot be entirely ruled out that the net assets, financial position and results of operations of individual or all of the goodwill-bearing CGUs may deteriorate. In such an event, Carl Zeiss Meditec may be forced to recognize in income an impairment of the reported goodwill in its consolidated financial statements.

In future, the Group may achieve further growth by acquiring other companies, among other things. When looking for suitable acquisition targets, the Carl Zeiss Meditec Group competes with other manufacturers. There is a risk that there may not be any suitable companies for acquisition or that these cannot be acquired at acceptable conditions. Acquisitions also bear the additional entrepreneurial risk of the acquired company not performing as well economically as expected in the market, or of the sales and earnings targets being pursued with its acquisition not being reached, or of intended synergy effects not being achievable. With regard to other companies that may be acquired in future, there is a fundamental

possibility of it being impossible to fully integrate these companies into the Carl Zeiss Meditec Group. In such an event, this could have adverse effects on the net assets, financial position and results of operations of the Group. Further details on business acquisitions concerning Carl Zeiss Meditec can be found in note "(3) Purchase and sale of business operations" in the notes to the consolidated financial statements.

5.3.12 Legal risks

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

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

Further details on litigation and arbitration proceedings involving Carl Zeiss Meditec can be found in note "(31) Contingent liabilities and other financial commitments" in the accompanying notes to the consolidated financial statements.

5.3.13 Financial risks

As a result of the European debt crisis there is a latent credit quality risk concerning business banks at which Carl Zeiss Meditec holds deposits. These risks have been reduced by the package of measures adopted by the EU to stabilize the capital markets and the affected countries. Nonetheless, Carl Zeiss Meditec has taken a number of additional measures to limit these risks. One of these measures was to introduce a monitoring procedure to monitor the current situation on the capital markets.

The financial risks also include liquidity risks, price fluctuation risks for financial instruments and risks associated with fluctuations in cash flows. These risks and their management are adequately described in note "(38) Financial risk management".

In spite of the enduring financial crisis, the Company has categorized Carl Zeiss Meditec's financial risks as low. The basis for this categorization is the sound financing structure with an equity ratio of 72.3 %, the large reserve of cash and cash equivalents, and a strong cash flow from operating activities.

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

5.3.14 Risks relating to the Group accounting process

The main risks in the accounting process are that the financial statements may not provide a true and fair view of the financial position and results of operations as a result of unintentional errors or wilful actions, or that there is a delay in publishing these. Accounting then does not present a true and fair view of the Company's net assets, financial position and results of operations if the figures included in the financial statements differ materially from a correct disclosure. Deviations are classified as significant if they could individually or collectively influence the economic decisions taken by the recipients of the financial statements based on the financial statements.

The accounting process integrates internal controls that have been defined under risk aspects. These aim to minimize the risk of errors in the financial statements. The accounting-related ICS includes both preventative and investigative controls, including IT-assisted and manual comparisons, function separation, the dual control principle, general IT controls, such as access regulations for IT systems or a quality management system and monitoring thereof.

With regard to consolidated accounting, workflows with integrated controls ensure that the consolidated financial statements are complete and correct. These processes to organize and execute the consolidation work and to create the consolidated financial statements, as well as the associated controls, have been documented and are reviewed regularly. All of the Group's internal accounting and valuation guidelines are collated in an accounting manual, which is available to all of the relevant organizational units and all of the Company's employees via the Group's intranet.

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

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

Potential risks of default on trade receivables – particularly given the euro and debt crisis and the generally greater risk of bad debt losses that comes with it – are minimized by way of an active credit control system. The Group also regularly sets up adequate provisions to cover such risks. On the whole, however, we consider this to be a limited risk. The ratio of valuation allowances on trade receivables to consolidated revenue was 0.6% in the year under review, the same as in the previous year.

Carl Zeiss Meditec's financial situation can be considered stable. Cash and cash equivalents amounted to € 9.5 million at the end of the reporting period on 30 September 2012. We also had credit balances, recognized as receivables from the Group treasury of Carl Zeiss AG, of € 241.4 million. The Group also generated cash flow from operating activities of € 92.1 million in the reporting period. At the current time, therefore, there are no liquidity risks.

Carl Zeiss Meditec is not subject to any significant fluctuations in cash flow that would result, for example, from a distinct seasonality of its business.

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

Carl Zeiss Meditec is exposed to the effects of exchange rate fluctuations. In order to hedge against this currency risk, Carl Zeiss Meditec concludes currency forward contracts based on planned transactions in foreign currency. These contracts generally cover a period of up to one year.

5.4 Overall statement on the Company's risk situation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 SUPPLEMENTARY REPORT

No events of material significance for the Company's net assets, financial position and earnings occurred after the end of financial year 2011/2012. The development of business at the beginning of financial year 2012/2013 validates the statements made in the following "Outlook".

8 OUTLOOK

8.1 Meditec Excellence and Growth Agenda (MEGA)

We aim to continue the success of the past 12 months in financial year 2012/2013. Our ambitious objectives are stated in the MEGA program in the five defined strategic focus areas. Together, we are working continuously to further develop our excellence in these areas and to generate sustainable growth. We anticipate growth opportunities in the fields of innovation, customer care, as well as new markets. Innovation is our main driver of growth.

Innovation:

A key element of our growth strategy is to make cutting-edge technology for medical applications available to our customers, thus creating clinical benefit. In so doing, we aim to use our products to set new standards in medical diagnostics and therapy, so that our systems become established as the standard (gold standards).

Another focal point, particularly in the field of ophthalmology, is to use the breadth of our product portfolio and, by cleverly combining various devices and systems, to support the workflows of our customers in such a way that greater efficiency in daily work or an improvement in clinical results is achieved to the patients' benefit in the end. We have made major progress with solutions, particularly with the MICS platform, the FORUM® data management solution and the "Toric Solution" (procedure for the implantation of toric IOLs).

New markets:

Currently, our greatest market opportunities lie in the RDEs, which we are striving to systematically develop through our own expansions. Product requirements in RDEs such as India or China are often very different to the requirements in established markets. That is why it is important to establish a market-specific product range.

The Company has taken this step for the first time with the introduction of the phaco device Visalis® 100. This device was specially adapted to the requirements of the RDEs and has become very well established in the market there. However, we are also aware that meeting customer needs demands a stronger on-site presence. With the application and research centre “CARIn” (Center of Application and Research in India) targeted investments are being made in research and development projects in the immediate vicinity of our customers. Carl Zeiss Meditec’s strong distribution and service network serves at the same time to further develop its presence.

Customer care:

A primary objective of our innovation strategy is to improve the diagnosis and treatment of diseases. Our customers value our support and service in order to be able to satisfy the ever-growing demands for treatment quality and efficiency. We are continuously striving to improve our customer care and to be a reliable and, above all, sought-after partner for our customers. Consequently, the ongoing expansion of the global Service business remains a core concern and an important growth driver for the next few years. Within the past financial year, we therefore continued to invest in our service activities and introduced the new OPTIME service agreements. This worldwide framework for service agreements includes, among other things, the definition of various service levels and other important information for customers. This also includes a definition from Carl Zeiss Meditec of the service times customers can expect for a problem. The clear objective, however, is to offer customers optimum support so that they can concentrate fully on their patients.

Process excellence:

Our aim is to surpass our customers’ expectations with excellent quality. This requires stable processes in all areas of the Company that are constantly further developed. Within the globally networked organization it is vital to adapt and harmonize processes with each other. That is why we have continued to drive the harmonization of our workflows during the past year, and we shall continue this development in future, too. As a result of the merger of Carl Zeiss Surgical GmbH, *Acri.Tec GmbH and Carl Zeiss Meditec Systems GmbH with the parent company Carl Zeiss Meditec AG in financial year 2010/2011 procurement processes were harmonized, among other things, in the reporting year. Purchasing processes at these locations were brought into line with each other and standardized, in order to utilize synergy effects in the procurement process and to create improvements in efficiency through cost savings at the same time.

Employees:

Forward-looking human resources policy focuses on sustainable development and targeted support of employee potential. Success has already been achieved in this area, too, within the scope of the MEGA program, and we plan to expand and continue this going forward. Of key importance in this connection are, for example our mentoring program, the intensified employee training and a systematic successor planning system.

8.2 Future conditions for business development

8.2.1 Macroeconomic conditions¹³

Growth in the global economy will be very moderate at best in 2013, according to the predictions of the Joint Economic Forecast project group. In order for global GDP to increase by 2.6 %, as expected, companies, private households and investors will have to gradually learn to put some confidence in the reform and consolidation efforts being made in the eurozone. In autumn 2012 the main business climate indicators are stagnating at quite a low level or are even on a downward trend. As a result no stimuli of note are expected for the global economy for the rest of 2012, with overall growth of 2.4 %.

In the USA, economic development is expected to be curbed in the coming year by negative fiscal impulses. The forecast is GDP stagnation at the beginning of the year and a slowdown of growth throughout 2013, to 1.6 %.

With regard to the eurozone, economic experts predict a gradual stabilization of the economy in 2013. With growth of 0.1 %, however, dynamism shall remain low. Growth in Europe as a whole is expected to be 0.8 % in 2013. According to the assumptions, additional impetus is expected to come from countries like Russia, among others. For the German economy the research institutes are forecasting growth of 1.0 %. This would mean Germany would remain the nation with the highest growth rate among the largest economies in the eurozone. Overall, the heterogeneous development in the individual countries is expected to continue. A major revival will not be possible in countries that were already stuck in recession in 2012. If the initiated structural reforms and the consolidation of the budgets succeed in building the confidence of the markets, 2013 should gradually see a slight improvement in economic development for the eurozone.

For Asia, the financial institutes are once again predicting a slight increase in growth rates. GDP is expected to rise by 5.1 %, particularly because the Asian economies are expected to benefit disproportionately from the slight growth of the global economy. China, in particular, is expected to regain some momentum in its economy and be able to grow by 8.1 %. The situation is reversed in Japan: Growth there is expected to slow to 1.3 % in 2013. India is not expected to be able to achieve any additional impetus for its own economic growth in the short term, but is expected to grow by 6.5 %.

8.2.2 Future situation in the medical technology industry

Medical technology is emerging as one of the fast-growing industries of the future, particularly in view of demographic trends. An ever-growing global population, as well as the constantly rising number of elderly people due to an increasing life expectancy, mean a prospective rise in the demand for health care services and thus also for medical technology. The medical technology industry strives, through technological innovations, to develop faster, more precise and less invasive diagnostic and therapeutic procedures, with the aim of lowering mortality, reducing the disease burden and improving quality of life – particularly in the case of chronic illnesses. In addition, the demand for health care services has been proven to depend significantly on income. Particularly in the advanced economies, the demand for medical technology innovations and better quality is expected to increase with rising income levels. Medical technology also makes a crucial contribution to better medical care and this is particularly the case in countries where access to basic medical care has yet to be ensured through infrastructural measures.

¹³ Joint Economic Forecast project group (publisher): Autumn 2012 "Euro crisis curbs economic activity – Risks to stability remain high", Joint Economic Forecast Autumn 2012, 9 October 2012, Kiel

Furthermore, from an efficiency and cost perspective, higher requirements on the innovations in the medical technology sector are playing an increasingly important role. On the one hand, the health insurance providers must prospectively ensure the balance between benefit payments and income from contributions. On the other hand, the care providers, such as hospitals have to cover their costs with flat-rate compensation for services rendered. There major challenge is to give patients the treatment they need and at the same time to achieve good profit margins. Consequently, the products and procedures of medical technology manufacturers are no longer measured based on their effectiveness and safety, but also on their long-term effectiveness and cost-efficiency, particularly in comparison with competing technologies. Manufacturers wanting to participate in the growth of this industry must consider these aspects. Integrated system solutions for simplified workflows at the customer play a role that is not to be neglected.

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

Sociodemographic and cultural peculiarities of the population, as well as the patients' self-perception of their state of health, or their risk aversion, are reaching widely varying regional manifestations worldwide and constitute additional factors that affect the demand for health care services and thus the requirements placed on medical technology.

At the present time the medical technology industry is expected to grow in the coming years until 2020 in the low to mid-single-digit percentage range.

The statements on the future development of Carl Zeiss Meditec's business were made on the basis of the above-mentioned assumptions, which are in line with the information the Company currently has at hand.

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

Based on the persistent underlying long-term growth trend, the management of Carl Zeiss Meditec anticipates positive business development in the coming 24 months, despite the uncertain general economic conditions.

a) Strategic business unit "Ophthalmic Systems"

In the past financial year we further consolidated our market position and protected our market share and we shall strive to do this again in the coming year. These endeavours are helped in particular by our technological core competencies in products already on the market for the diagnosis and therapy of ophthalmic diseases. With our broad product range it is our ambition to be able to provide our customers with the most efficient solutions for a smooth workflow, with the best possible benefit for the patient. Besides our products, system networking and integrated data management are another important strategic focus points in this. In the past financial year, for example, the development of CIRRUSTM photo played an important role, the launch of which is planned for the beginning of the new financial year. The multifunctional system combines the imaging fundus camera used in retinal examinations with the CirrusTM HD-OCT, and enables comprehensive retinal analysis. FORUM[®] 3.0 offers ophthalmologists centralized storage of patient examination data and images from various devices, in order to be able to access these quickly, efficiently and clearly at all times, thus speeding up workflows. Equally, it enables medical practices and clinics with several locations to flexibly and conveniently exchange information.

We anticipate further significant contributions to growth from our business with refractive lasers. The minimally invasive ReLEx® smile procedure, for example, became well established in the market during the past financial year. In this procedure, femtosecond laser technology and precise lenticule extraction merge to enable a minimally invasive laser correction of vision defects. ReLEx® smile is therefore the first-ever procedure to enable complete refractive correction using only the femtosecond laser VisuMax®. Furthermore, compared with existing procedures, ReLEx® smile only requires a minimal incision in the cornea to remove the thin corneal lens (lenticule).

b) Strategic business unit “Surgical Ophthalmology”

The SBU “Surgical Ophthalmology” continued to grow in the past financial year. Here we need to exploit and exhaust any remaining potential in the markets in which we operate for the next two financial years and beyond, and further consolidate and improve our market position. In the past financial year we took a decisive step forward with the acquisition of our longstanding Spanish distribution partner, IMEX Clinic S.L., Paterna, Spain. The new production and administration areas of the new building for the production of intraocular lenses in Berlin were also commissioned at the beginning of the year. These new premises enable us to meet the significant increase in demand for intraocular lenses. In addition, an international training centre for cataract surgeons has been set up to train physicians how to handle systems for treating cataracts. On the product side we are focusing in particular on minimally invasive surgery. The MICS lenses already well established in the market play a key role in this, as well as the injectors suitable for implantation, and the VISALIS® 500 phaco system, which is capable of microincision surgery and has been well established in the market since the past financial year. Carl Zeiss Meditec’s AT LISA® tri, in combination with the BLUEMIXS™ 180 Injector, offers the only preloaded MICS-compliant trifocal IOLs on the market.

c) Strategic business unit “Microsurgery”

In the year under review we once again achieved a very good level of growth in Microsurgery and an extraordinarily high level of growth for the business, with double digit growth rates, and thus further improved our extremely strong market position. With our surgical microscopes OPMI® Pentero® for neuro, spinal or plastic surgery, the OPMI LUMERA® for surgical procedures on the eye, and the OPMI® VARIO, which is used in the ENT department, among others, we are very diversified and are exploiting the associated market opportunities to an even greater degree by upgrading the products in terms of additional supporting applications for the user, and increasing the benefit to our customers and, ultimately, the patient. For example, the fluorescence modules INFRARED 800 and FLOW® 800 enable neurosurgeons to accurately and quickly interpret the speed and direction of blood flow during operations. The integration of fluorescence technology in the surgical microscope thus gives the surgeon greater reliability during the procedure in the case of clinical doubt.

We are also in a very good position going forward in Microsurgery, in terms of products, and expect this business unit to continue to make significant contributions to earnings. Nevertheless, growth rates in this SBU are expected to return to the single-digit percentage range.

Our product INTRABEAM® presents us with another opportunity. The clinical efficacy of targeted single-dose radiation using INTRABEAM® during surgery has already been documented for one patient group with

early-stage breast cancer in a long-term international trial (TARGIT-A). Further results from this study covering almost 3,500 patients are expected in 2013. This procedure therefore has the potential in future to establish itself as the new standard treatment for early-stage breast cancer (typically detected by mammography screenings). Other areas of application in oncology are currently explored. Thus, first clinical studies on the treatment of spine metastases show promising results. As anticipated, business with INTRABEAM® continued to progress very well in the year under review.

8.4 Future selling markets

As a global Company, our continued aim in the years ahead shall be to maintain as balanced a distribution of revenue as possible across our individual markets. Carl Zeiss Meditec is currently generating around one third of its revenue in all three of its strategically important business regions: “EMEA”, “Americas” and “Asia/Pacific”. In particular the Asia/Pacific region’s share of revenue has increased and this rose again compared with last year. We consider business prospects here to be particularly promising, and these prospects shall become even more important in the medium to long term, due to the rapid economic growth in the Asia/Pacific region. The growth rate here was also in the high double-digit range last year, and we expect very good growth contributions from this region in future, too. Research centers in India and China serve to develop and ensure this growth. These centers help us to work closely together with our customers on site and thus to gear our activities, in respect of the marketing, development, procurement and production of our products, to the market conditions specific to the region, and to the prevailing needs of customers there. Another promising market, which we consider to hold significant market potential for our products, is Latin America. In future, we want to better exploit the potential in these countries, too, and generate additional revenue growth.

8.5 Future research & development activities

We aim to continue to be a pioneer of innovative solutions and processes and to continuously develop our expertise in this area. Carl Zeiss Meditec invests around ten percent of its revenue in research and development projects and new venture. Efficient and targeted development processes play a key role in this. Upstream from these is the search for new technologies and market trends, which are systematically identified and evaluated on an ongoing basis, in order to specifically carry over the most promising ideas to new development projects and then to establish ourselves on the market with new solutions. The important thing is to consider the regional market conditions and the needs of our customers in the development process from the outset. The existing application and research centers in India and China help us to bring the greatest possible efficiency to our development projects and to purposefully strengthen our presence in these growth markets.

We plan to invest around 10 % of our revenue in research and development in financial year 2012/2013 and the following years. At the same time we are also interested in future in sustainably and purposefully expanding our product portfolio in our three strategic business units.

8.6 Future investments

Investments are a basic requirement to be able to maintain our technology leadership in future, too. The investment ratio at Carl Zeiss Meditec has been largely constant in the past few years. The investments required to realize growth targets will not lead to a material change in the current investment ratio in the coming financial year. We are aiming to invest around 1 % to 3 % of revenue in property, plant and equipment in financial year 2012/2013, and thus remain at the previous years' level.

8.7 Future dividend policy

Carl Zeiss Meditec AG pursues a long-term and earnings-oriented dividend policy. The Company's management plans to propose to the Annual General Meeting the distribution of a dividend of € 0.40 per share for the past financial year. The management also intends to allow shareholders to continue to participate fairly in the Company's success in future. This means that Carl Zeiss Meditec AG shall distribute an appropriate dividend in future, too, depending on the Company's financial and operating situation. The special dividend, an instrument that has been used several times in the past, may also be used again in future.

8.8 Future employee development

Our employees hold the necessary potential for us to be able work innovatively and profitably in future, and they are indispensable for the Company's success. It is also just as important to us to continue to invest in the further development of our existing employees as it is to invest in new employees. We endeavour to continuously offer our employees further training opportunities and opportunities to gradually take on more responsibility, and we also engage in the intense competition to recruit qualified staff externally. We strive to attract well-trained professional and executives. We therefore expect our workforce to grow in the coming periods in line with the growth of the Company's business.

8.9 Future financial position

Interest income and expenses depend on changes in interest rates on the financial markets. At present, the Company does not expect any marked improvements in investment conditions in the next two years. Interest income and interest expenses are thus expected to remain around the previous year's level. As of 30 September 2012 current cash and cash equivalents of € 356.2 million were available for financing. In view of this and the ongoing expectation of positive business development and a positive cash flow from operating activities as a result, as well as the possibility to use other financial instruments and sources of financing, we consider Carl Zeiss Meditec's financing capacity to be adequate.

Carl Zeiss Meditec shall continue to aim for an operative cash flow in the high double-digit millions in 2012 and 2013, based on an active working capital management system.

8.10 Future opportunities

The global medical technology market is primarily characterized by sustainable underlying growth. A number of fundamental trends, such as the demographic changes, contribute to Carl Zeiss Meditec's growth opportunities. This applies to both ophthalmology and microsurgery and assures us that the good selling conditions shall continue for the Company.

We believe that there will be positive growth in particular in the rapidly developing economies (RDEs) Asia and Latin America. We plan to further strengthen our market presence and exploit the existing potential there in order to establish ourselves even more firmly in these markets. We also see other opportunities in our innovative and broad product range, which we shall continue to develop in the coming financial year. This should secure us market shares and increase them. Our strong financial profile, which shields the Company's development against external influences, should also have a positive effect. The Company is in a position to protect itself in the short term against direct risks, without losing sight of its long-term objectives. Our further development in future also includes exploiting external growth opportunities in some areas. Using a systematic process we look for strategically meaningful expansion opportunities, which we evaluate and follow up, where appropriate. It is not possible at this point to gauge how feasible such opportunities might be.

Our ZEISS brand means that our customers always regard us as a reliable, trustworthy partner, and we look back on a long, successful collaboration. We shall therefore be able to build upon an extremely positive brand image when we develop our Company further. To this end, we shall focus our activities on areas from our MEGA program that are critical to our success, to achieve both excellence and success.

8.11 Overall assertion on future development

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

General economic conditions and economic development are crucial to making a forecast about the future development of business. Given the large number of imponderables in the individual regions in the year under review and the growing uncertainty with regard to future development, the Company plans to keep a close eye on the further course of general business so that it can react to any changes in good time. Staying in regular contact with our customers shall also play an important role in this. The investment behaviour of our customers depends heavily on economic development. Planned investments in the private sector may be delayed, or significant cuts in public budgets may adversely affect demand.

Based on the generally favourable conditions for market development in the medium to long term and Carl Zeiss Meditec's strategically good position, which is reflected in the continuously good development of business in the past few years, the management's current assumption for the next two years is further growth and an improvement in earnings – provided that general economic conditions remain somewhat stable. We anticipate revenue growth at least on a par with the market growth expected for the industry.

A crucial advantage for even greater stability of our overall business is a higher proportion of revenue with case-number-dependent products and services, since there is generally less fluctuation in these areas than in the capital goods business, for example. Currently, recurrent sales account for around 22 % of total revenue. We assume that this percentage will increase to at least 25 % by 2015 and make a sustainable contribution to increasing profitability.

In financial year 2011/2012, we increased our EBIT margin further, from 13.6 % in the previous year to 14.3 %. We are still pursuing our objective of achieving a sustainable operating margin of 15 % in 2015, without foregoing any necessary investments that can help us to sustainably secure our Company. We aim to take further steps towards achieving this medium-term target over the next two years.

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

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

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

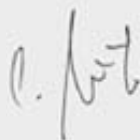
10 DECLARATION ON CORPORATE GOVERNANCE PURSUANT TO SECTION 289A HGB

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

Jena, 22 November 2012



Dr. Ludwin Monz
President and
Chief Executive Officer



Dr. Christian Müller
Chief Financial Officer
and Member of the
Management Board



Thomas Simmerer
Member of the
Management Board

Consolidated income statement (IFRS) for the period from 1 October 2011 to 30 September 2012

(Figures in € '000)	Note	Financial year 2011/2012 1 October 2011 – 30 September 2012	Financial year 2010/2011 1 October 2010 – 30 September 2011
Revenue	(2q) (4)	861,875	758,793
Cost of goods sold		(400,511)	(343,957)
Gross profit		461,364	414,836
Selling and marketing expenses		(204,037)	(187,140)
General and administrative expenses		(40,977)	(40,276)
Research and development expenses	(34)	(93,450)	(84,215)
Other income	(5)	–	361
<i>Earnings before interests, income taxes, depreciation and amortization</i>		<i>140,795</i>	<i>122,508</i>
<i>Depreciation and amortization</i>		<i>17,895</i>	<i>18,942</i>
Earnings before interests and income taxes		122,900	103,566
Results from investments accounted for using the equity method	(7) (14)	10	(68)
Interest income	(7)	3,023	4,522
Interest expense	(7)	(6,083)	(7,171)
Foreign currency gains/(losses), net	(2d) (7)	(6,358)	(2,570)
Other financial result	(7)	2,687	2,602
Earnings before income taxes		116,179	100,881
Income tax expense	(8)	(39,787)	(28,607)
Net income		76,392	72,274
Attributable to:			
Shareholders of the parent company		71,870	66,906
Non-controlling interest		4,522	5,368
Profit/(loss) per share, attributable to the shareholders of the parent company in the current financial year (€):			
– Basic/diluted	(2s) (9)	0.88	0.82

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

Consolidated statement of comprehensive income (IFRS) for the period from 1 October 2011 to 30 September 2012

(Figures in € '000)	Note	Financial year 2011/2012 1 October 2011 – 30 September 2012	Financial year 2010/2011 1 October 2010 – 30 September 2011
Net income		76,392	72,274
Fair value measurement of available-for-sale financial assets			
Reclassification to net income		–	166
Changes in equity from investments accounted for using the equity method	(7) (14)	–	1
Foreign currency translation	(2n) (23)	9,729	7,366
Other comprehensive income		9,729	7,533
Comprehensive income		86,121	79,807
Attributable to:			
Shareholders of the parent company		80,346	71,475
Non-controlling interest		5,775	8,332

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

Consolidated statement of financial position (IFRS) for the year ended 30 September 2012

(Figures in € '000)	Note	30 September 2012	30 September 2011
ASSETS			
Goodwill	(2f) (11)	121,627	113,212
Other intangible assets	(2g) (12)	20,922	24,168
Property, plant and equipment	(2h) (13)	48,484	40,502
Investments	(15)	364	364
Deferred tax assets	(2j) (16)	47,198	45,513
Noncurrent trade receivables	(19)	4,393	2,727
Other noncurrent assets	(17)	11,056	178
Total noncurrent assets		254,044	226,664
Inventories	(2k) (18)	143,013	133,601
Trade receivables	(19)	136,662	134,753
Accounts receivable from related parties	(2u) (35)	42,718	40,626
Treasury receivables	(2u) (35)	241,389	14,475
Tax refund claims		2,380	1,700
Other current financial assets	(2b) (2i) (20)	124,064	113,047
Other current non-financial assets	(2b) (21)	9,079	7,987
Cash and cash equivalents	(2m) (22)	9,526	194,641
Total current assets		708,831	640,830
Total assets		962,875	867,494

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

(Figures in € '000)	Note	30 September 2012	30 September 2011
LIABILITIES AND EQUITY			
Share capital	(23)	81,310	81,310
Capital reserve	(23)	313,863	313,863
Retained earnings	(23)	261,309	213,832
Gains and losses recognized directly in equity	(2n) (23)	(1,491)	(9,967)
Equity before non-controlling interest		654,991	599,038
Non-controlling interest	(23)	40,806	35,031
Total equity		695,797	634,069
Provisions for pensions and similar commitments	(2o) (24)	12,973	13,283
Other noncurrent provisions	(2p) (25)	12,583	12,981
Noncurrent financial liabilities	(26)	2,386	8,712
Noncurrent leasing liabilities	(2l) (30)	14,366	15,398
Other noncurrent non-financial liabilities		7,532	6,300
Deferred tax liabilities	(2j) (16)	3,491	4,334
Total noncurrent liabilities		53,331	61,008
Current provisions	(2b) (2p) (25)	29,728	25,957
Current accrued liabilities	(2b) (27)	65,126	56,513
Current financial liabilities	(2i)	5,938	5,885
Current portion of noncurrent financial liabilities	(26)	6,432	379
Current portion of noncurrent leasing liabilities	(2l) (30)	1,787	1,607
Trade payables		36,935	29,176
Current income tax liabilities		10,723	6,140
Accounts payable to related parties	(2u) (35)	13,613	13,224
Treasury payables	(2u) (35)	14,597	5,985
Other current non-financial liabilities	(28)	28,868	27,551
Total current liabilities		213,747	172,417
Total liabilities		962,875	867,494

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

Consolidated statement of cash flow (IFRS) for the period from 1 October 2011 to 30 September 2012

(Figures in € '000)	Note	Financial year 2011/2012 1 October 2011 – 30 September 2012	Financial year 2010/2011 1 October 2010 – 30 September 2011
Cash flows from operating activities:			
Net income		76,392	72,274
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Income tax expenses	(8)	39,787	28,607
Interest income/expenses	(7)	3,060	2,649
Results from investments accounted for using the equity method	(7) (14)	(10)	68
Result from other participations	(7)	(21)	–
Depreciation and amortization	(12) (13)	17,895	19,022
Appreciation and write-ups	(13)	–	(80)
Gains/losses on disposal of fixed assets		786	764
Dividends received		21	–
Interest received		1,824	2,366
Interest paid		(2,141)	(3,143)
Income tax reimbursement		1,365	17,985
Income taxes paid		(38,344)	(55,715)
Changes in working capital:			
Trade receivables	(19)	(1,937)	(40,984)
Inventories	(18)	(5,611)	(15,249)
Other assets	(17) (20) (21)	(11,306)	3,073
Trade payables		7,357	795
Provisions and financial liabilities	(24) (25) (27)	1,513	(2,494)
Other liabilities	(28)	1,470	3,282
Total adjustments		15,708	(39,054)
Net cash provided by operating activities	(2b)	92,100	33,220
Cash flows from investing activities:			
Investment in property, plant and equipment	(13)	(14,541)	(5,763)
Investment in intangible assets	(12)	(714)	(731)
Proceeds from fixed assets		603	568
Proceeds from liquidation of investments accounted for using the equity method		10	–
Investment in fixed term deposits		(10,000)	(110,000)
Acquisition of IOL/OVD-business IMEX Clinic S.L., Spain	(3)	(12,759)	–
Net cash used in investing activities	(2b)	(37,401)	(115,926)
Cash flows from financing activities:			
Change of short-term debt		87	67
Change of noncurrent financial liabilities	(26)	(307)	(300)
(Increase)/decrease in treasury receivables	(35)	(225,187)	10,754
Increase/(decrease) in treasury payables	(35)	8,612	(4,275)
Change of leasing liabilities	(30)	(1,682)	(1,372)
Dividend payments to shareholders of Carl Zeiss Meditec AG	(10)	(24,393)	(44,720)
Net cash provided by/(used in) financing activities		(242,870)	(39,846)
Effect of exchange rate fluctuation on cash and cash equivalents		3,056	3,677
Net increase/(decrease) in cash and cash equivalents		(185,115)	(118,875)
Cash and cash equivalents, beginning of reporting period	(22)	194,641	313,516
Cash and cash equivalents, end of reporting period	(22)	9,526	194,641

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

Consolidated statement of changes in equity (IFRS)

(Figures in € '000)

		Gains and losses recognized directly in equity							
	Note	Share capital	Capital reserve	Retained earnings	Reserves from currency conversion	Fair value reserve for afs financial instruments	Equity before non-controlling interest	Non-controlling interest	Total equity
As of 1 October 2010		81,310	313,863	191,646	(14,369)	(167)	572,283	26,699	598,982
Reclassification of losses from fair value measurement of available-for-sale financial assets into net income		–	–	–	–	166	166	–	166
Foreign currency translation	(2d) (23)	–	–	–	4,402	–	4,402	2,964	7,366
Changes in equity from investments accounted for using the equity method	(2n) (23)	–	–	–	–	1	1	–	1
Changes in value recognized directly in equity	(2n) (23)	–	–	–	4,402	167	4,569	2,964	7,533
Net income		–	–	66,906	–	–	66,906	5,368	72,274
Sum of comprehensive income for the period	(2n) (23)	–	–	66,906	4,402	167	71,475	8,332	79,807
Dividend payments	(10)	–	–	(44,720)	–	–	(44,720)	–	(44,720)
As of 30 September 2011		81,310	313,863	213,832	(9,967)	–	599,038	35,031	634,069
Foreign currency translation	(2d) (23)	–	–	–	8,476	–	8,476	1,253	9,729
Changes in value recognized directly in equity	(2n) (23)	–	–	–	8,476	–	8,476	1,253	9,729
Net income		–	–	71,870	–	–	71,870	4,522	76,392
Sum of comprehensive income for the period	(2n) (23)	–	–	71,870	8,476	–	80,346	5,775	86,121
Dividend payments	(10)	–	–	(24,393)	–	–	(24,393)	–	(24,393)
As of 30 September 2012		81,310	313,863	261,309	(1,491)	–	654,991	40,806	695,797

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

Notes to the consolidated financial statements for financial year 2011/2012 (IFRS)

GENERAL INFORMATION, ACCOUNTING AND VALUATION PRINCIPLES

1. The Company

(a) Description of operations

Carl Zeiss Meditec AG, Jena, Germany, is the parent company of the Carl Zeiss Meditec Group (the "Company", "Carl Zeiss Meditec", the "Group"), which comprises additional subsidiaries. The Group offers end-to-end solutions for the diagnosis and treatment of ophthalmic diseases, including implants and consumables. In microsurgery, the Group provides innovative visualization solutions. The Group's customers are physicians in various fields and hospitals worldwide.

Carl Zeiss Meditec AG's headquarters are located in 07745 Jena, Germany (Göschwitzer Straße 51–52), Germany's traditional centre of excellence for optical and optical-related technologies. The Company has major subsidiaries in the USA, France, Japan, Spain, the United Kingdom and Germany.

Carl Zeiss Meditec AG is recorded in the commercial register of Jena Local Court under HRB 205623.

The consolidated financial statements may be obtained from the Company's headquarters and are published on the Internet and in the Federal Gazette (*Bundesanzeiger*).

(b) Basis of presentation

The consolidated financial statements of Carl Zeiss Meditec AG are based on the going concern assumption. They were prepared in accordance with the International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board ("IASB"), London, and take into account all accounting standards and interpretations adopted by 30 September 2012 for which application is mandatory, as they are to be applied in the EU. The present version of the consolidated financial statements complies with the provisions of Section 315a of the German Commercial Code (*Handelsgesetzbuch, HGB*). It forms the legal basis for group accounting in accordance with international standards in Germany, in conjunction with the Regulation ("EC") No. 1606/2002 of the European Parliament and Council dated 19 July 2002 relating to the application of international accounting standards.

The financial year of Carl Zeiss Meditec and its subsidiaries ends on 30 September.

2. Accounting and valuation principles

(a) Principles of consolidation

The consolidated financial statements comprise the financial statements of Carl Zeiss Meditec AG and all of its subsidiaries and joint ventures. Subsidiaries are all companies controlled by Carl Zeiss Meditec.

A company is controlled if Carl Zeiss Meditec has the opportunity to determine the financial and business policy in order to derive benefit from the company's activities. Carl Zeiss Meditec holds the majority of voting rights in all of the companies it controls. Joint ventures are companies jointly managed with other companies. A full breakdown of the shareholdings of Carl Zeiss Meditec can be found in note (41) "Other mandatory disclosures pursuant to Section 314 and Section 285 (1) No. 10 HGB" in these notes to the consolidated financial statements.

All relevant intragroup transactions, balances and interim results from transactions between Group companies were eliminated within the scope of consolidation. Non-controlling interests in the net assets of consolidated subsidiaries were calculated and shown in the consolidated statement of financial position separate from the equity attributable to shareholders of the parent company.

(b) Reclassifications compared with previous year

In the current financial year the credit card receivables of Carl Zeiss Meditec were reclassified according to their characteristics in accordance with IAS 32 and IAS 1.54, and were consequently reclassified from other current non-financial assets to other current financial assets. The reclassification shall be made with retrospective effect.

The following table illustrates the effect of the reclassification on the previous year's figures for the affected items in the statement of financial position:

(in € '000)	30 September 2011	30 September 2010
Other current financial assets:		
as reported	111,696	2,061
Reclassification credit card receivables	1,351	828
Adjusted	113,047	2,889
Other current non-financial assets		
As reported	9,338	8,839
Reclassification credit card receivables	(1,351)	(828)
Adjusted	7,987	8,011

In the current financial year provisions for Carl Zeiss Meditec's personnel were reclassified pursuant to IAS 1.54 and reposted to current accrued liabilities according to their character. The reclassification shall be made with retrospective effect.

The following table illustrates the effect of the reclassification on the previous year's figures for the affected items in the statement of financial position:

(in € '000)	30 September 2011	30 September 2010
Current provisions:		
As reported in previous year	35,036	36,306
Reclassification	(9,079)	(7,324)
Adjusted	25,957	28,982
Current accrued liabilities:		
As reported in previous year	47,434	46,936
Reclassification	9,079	7,324
Adjusted	56,513	54,260

In addition, pursuant to the new version of IDW RS HFA 2 subsection 88, Carl Zeiss Meditec amended the presentation of the change in plan assets in its statement of cash flows according to IAS 19, and, in accordance with the recommendation of the IDW, classified the contribution of cash to the fund as a cash flow from ordinary activities. This amendment also conforms to the opinion of the German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung, DPR) which favors, within the scope of a preliminary assessment, the recognition of the allocation of the plan assets as part of cash flow from operating activities. The reclassification shall be made with retrospective effect. The effects of the reclassification on the categories in the statement of cash flows are presented in the table below.

(in € '000)	Financial year 2010/2011	Financial year 2009/2010
Cash flow from operating activities		
As reported in previous year	37,545	65,211
Reclassification of investments in plan assets	(4,325)	(1,557)
Adjusted	33,220	63,654
Cash flow from investing activities		
As reported in previous year	(120,251)	(8,452)
Reclassification of investments in plan assets	4,325	1,557
Adjusted	(115,926)	(6,895)

(c) Business combinations

Capital consolidation takes place in accordance with the acquisition method pursuant to IFRS 3 “Business combinations”. This means that the first-time valuation values the identifiable assets and liabilities at their respective fair values at the date of acquisition. Non-controlling interests are thus stated as a proportion of the attributable fair values of the assets and liabilities. The acquisition costs of the acquired interests are offset against the Group’s share in the subsidiary’s equity valued at fair value. Acquisition costs are recorded as an expense as they are incurred. Insofar as an asset-side difference remains after this offsetting, this is reported as goodwill.

The figures for the acquired subsidiaries are incorporated in the consolidated income statement according to their affiliation to the Group, i. e., from their effective date of acquisition (possibility to be controlled). A subsidiary is deconsolidated as soon as Carl Zeiss Meditec loses its control over the company. Third-party equity interests are recorded in the consolidated financial statements as part of consolidated equity under the item “Non-controlling interests”.

Jointly controlled entities within the meaning of IAS 31 “Interests in Joint Ventures” are reported according to the equity method of accounting pursuant to IAS 31.38. When applying the equity method pursuant to IAS 28 “Investments in associates”, equity investments are initially recorded at cost in the statement of financial position and are subsequently adjusted to reflect the Group’s share in the equity (net assets) after acquisition and for losses due to impairment. Insofar as the acquisition of shares results in goodwill, this is included in the investment book value and is not subject to scheduled amortization.

Investments in which Carl Zeiss Meditec holds less than 20 % are carried in the accounts as a financial instrument (see 2(i)), if Carl Zeiss Meditec is unable to exercise any material or significant influence over the investee enterprise and the investee enterprise is not jointly controlled.

Intragroup business combinations, uniting of interests or similar transactions are regarded – both from the perspective of the superordinate parent company (Carl Zeiss AG) and from the perspective of the participating subsidiary (Carl Zeiss Meditec) – as “transactions under common control” which, pursuant to IFRS 3.2 (c), are not to be classified as company acquisitions. Transactions under common control are treated in Carl Zeiss Meditec’s statement of financial position according to the principle of “predecessor accounting”¹, with the assumption that the consolidated financial statements of Carl Zeiss Meditec are to be regarded merely as an excerpt from the consolidated financial statements of the superordinate parent company, Carl Zeiss AG. The respective assets and liabilities are thus carried at book value.

(d) Foreign currency translation

The consolidated financial statements have been prepared in euros, as the majority of Group transactions are executed in this currency, and because the euro is the functional currency of Carl Zeiss Meditec AG. Unless there is a note to the contrary, all amounts are stated in thousands of euros (€ '000 or € thousand). Figures are rounded according to proper commercial standards; this may result in slight discrepancies.

¹ Cf. IDW RS HFA 2, new version subsection 41

The assets and liabilities of those foreign subsidiaries whose functional currency is one other than the euro are translated using the exchange rate as of the reporting date. Equity transactions are translated at historic rates of exchange at the date of the transaction. The figures in the income statement are converted at the average exchange rate for the financial year. Differences arising from currency translation are allocated to gains and losses recognized in other comprehensive income.

Transactions executed in foreign currencies are recorded using the rate of exchange in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency, such as cash and cash equivalents, trade receivables or payables, are revalued at each reporting date until settlement. The resulting income or expenses are shown in the income statement under "Foreign currency gains/(losses), net".

The following table shows the exchange rates applied in the preparation of the consolidated financial statements:

	Exchange rate 30 September 2012	Exchange rate 30 September 2011	+/- %	Average exchange rate 2011/2012	Average exchange rate 2010/2011	+/- %
US\$	0.7738	0.7408	4.5	0.7701	0.7168	7.4
JPY	0.0100	0.0096	4.2	0.0098	0.0088	11.4
GBP	1.2529	1.1551	8.5	1.2140	1.1513	5.4
CAD	0.7888	0.7090	11.3	0.7643	0.7268	5.2
SEK	0.1185	0.1079	9.8	0.1133	0.1104	2.6
CHF	0.8270	0.8217	0.6	0.8261	0.7950	3.9

(e) Use of estimates

The preparation of the consolidated financial statements in accordance with the IFRSs requires the use of certain assumptions and estimates that relate to the recognition and measurement of assets and liabilities, income and expenses, and contingent liabilities. The assumptions and estimates are mostly based on the uniform stipulation within the Group of useful lives, the determination of values in use of cash-generating units, the accounting and valuation of provisions, as well as the certainty of realizing future tax relief. Actual values may vary in individual cases from the assumptions and estimates made. Changes are shown at the time the true value became known.

(f) Goodwill and other intangible assets with an indefinite useful life

Goodwill and other intangible assets with an indefinite useful life are not subject to scheduled amortization but are reviewed regularly for impairment (impairment test). During impairment testing as stipulated by IAS 36, the Company assesses whether or not an asset has been impaired.

To do this, Carl Zeiss Meditec determines (i) the cash-generating units, (ii) the respective net assets of the cash-generating units and (iii) the recoverable amounts for the cash-generating units.

The cash-generating units of goodwill correspond to the business segments pursuant to IFRS 8.5, which constitute the lowest level at which goodwill is monitored for internal management purposes.

Insofar as the recoverable amount of the asset – which corresponds to the higher of fair value less costs to sell and the value in use – falls below the carrying amount, an impairment shall be made. If the reason for previous impairment no longer applies, assets, with the exception of goodwill, are written up to a maximum of the amortized cost.

The recoverable amount for the cash-generating units is determined – as value in use – using cash flow forecasts. These forecasts are based on financial forecasts approved by the Company's management and modified to the current state of knowledge in each case. These financial forecasts, or management forecasts, relating to the development of sales, costs and earnings, which are taken as a basis for the impairment test, are, in turn, based on a planning horizon of five years. They are determined based on historical values, detailed budgets for the following year and the future strategic orientation of the business unit or cash-generating unit (medium-term planning). In addition, external information sources, such as market studies and the results of market surveys and publications are used in order to take macroeconomic trends into account to a reasonable extent.

Sales planning considers a usual market growth of between around 4 % and 6 % in the relevant market according to industry surveys and in relation to corporate strategy. Cost planning also considers strategic aspects as well as price trends on the procurement markets. Pursuant to IAS 36.44, the cash flow projections resulting from the management's financial forecasts do not contain any cash flows from future restructuring measures, enhancements or improvements to increase earnings power. The estimates of future cash flows also contain no inflows or outflows of cash from financing activities or income tax revenues or payments (see IAS 36.50). The value in use of the cash-generating unit is derived from the sum of discounted future cash flows at a standard, risk-adjusted capitalization interest rate.

The capitalization interest rate is calculated from the parameters risk-free base rate, risk premium (market risk premium and beta factor), borrowed capital spread and tax effect, and reflects the capital structure usual for the industry. To extrapolate (perpetuity) the cash flow forecasts beyond the five-year period, the capitalization interest rate is used without assuming a particular growth rate.

The carrying amount of a cash-generating unit includes all assets that stimulate the flow of cash, i.e., that contribute to the creation of a saleable service. This means that all non-operating items and interest-bearing borrowings are excluded from the calculation. The discount rates applied for cash flow forecasts is 9.5 %. This interest rate was derived from the interest rate first calculated taking income taxes into account, and conforms to IAS 36.55.

Carl Zeiss Meditec reviews its goodwill for impairment at least once a year or at the onset of major events or changed circumstances which indicate that the fair value of a reporting unit of the Group has fallen below its carrying amount. In addition, capitalized intangible assets with an indefinite useful life and intangible assets not yet available for use are examined at least once a year for impairment.

Carl Zeiss Meditec completed its annual impairment testing of goodwill and capitalized intangible assets with an indefinite useful life, and intangible assets not yet available for use, in the last quarter of financial year 2011/2012. The results of these tests, based on values in use, did not give any indication of a need for impairment of goodwill or capitalized intangible assets with an indefinite useful life, or intangible assets not yet available for use. Based on this result a calculation of fair value less costs to sell pursuant to IAS 36.19 was omitted.

The sensitivity analyses performed by the Company showed a devaluation of goodwill with a change in the discount rate to 12.4 % (SBU Surgical Ophthalmology), or 36.0 % (SBU Ophthalmic Systems), or a reduction in EBIT for the last detailed planning period and the perpetuity by 33.0 % (SBU Surgical Ophthalmology) or 94.0 % (SBU Ophthalmic Systems), respectively. Such changes are currently considered to be unlikely.

For details on the change in goodwill in financial year 2011/2012 and the previous year please refer to note (11).

(g) Other intangible assets

Intangible assets acquired separately are valued at cost less accumulated amortization and impairment.

Research and development expenses are recorded as expenses in the period in which they arise.

A self-constructed intangible asset, which results from development activities (or from the developmental phase of an internal project), is recorded, if evidence can be provided that the criteria according to IAS 38.57 are fulfilled.

The amount at which a self-constructed intangible asset is first capitalized is equivalent to the sum of the expenses incurred from the date on which the intangible asset fulfils the above-mentioned conditions. If a self-constructed intangible asset cannot be capitalized, the development costs are recognized in income in the period in which they arise.

In subsequent periods, self-constructed intangible assets are valued at cost less accumulated amortization and impairment.

All self-constructed intangible assets are allocated to the category "Development costs" (note 12).

Intangible assets acquired as part of a company merger are recorded separately from goodwill as soon as they conform to the definition of an intangible asset and can be individually identified. The acquisition cost of such intangible assets corresponds to their fair value at the date of acquisition. In subsequent periods, intangible assets acquired as part of a company merger shall be valued in exactly the same way as intangible assets acquired individually – at cost less accumulated amortization and accumulated impairment.

All other intangible assets which are ready for use are amortized on a straight-line basis over the following periods, unless an indefinite useful life is assumed (see note (12)):

• <i>Brand name</i>	5–10 years
• <i>Software</i>	1–10 years
• <i>Licenses</i>	3– 7 years
• <i>Patents and other industrial property rights</i>	2–19 years
• <i>Development costs</i>	3–10 years
• <i>Other intangible assets</i>	1–10 years

The amortization amounts for other intangible assets may be recognized in the income statement under both cost of goods sold and other operative costs. Assets are each allocated individually with respect to their intended purpose or assignment to certain areas of the company. These assets are also reviewed regularly for impairment (impairment test). The results of these tests did not give any indication of a need for impairment of capitalized other intangible assets in the current financial year. Please refer to (f) above with regard to the method applied in the impairment test.

(h) Property, plant and equipment

Property, plant and equipment are valued at cost, net of accumulated depreciation and impairment. In the case of property, plant and equipment acquired within the scope of a company merger, the acquisition costs correspond to their fair values at their date of acquisition. Depreciation is calculated using the straight-line method over the estimated useful life of each asset. The following depreciation periods were applied:

• <i>Buildings and leasehold improvements</i>	3–32 years
• <i>Plant and machinery</i>	2–21 years
• <i>Other office equipment, fixtures and fittings</i>	1–23 years

Leasehold improvements are depreciated over their estimated useful life or the term of the rental or lease agreement, if shorter. Estimated useful life is regularly reviewed by the Company's management, taking current technological advancement into account. Maintenance and repairs are expensed as incurred, while renewals and improvements that extend the useful life or increase capacity are capitalized if they fulfill the general recognition criteria under IAS 16. Property, plant and equipment are also reviewed for impairment (impairment test), if indicated. Please refer to (f) above with regard to the general method of calculating the value applied in the impairment test. Upon the sale or retirement of property, plant and equipment, the

accounts are relieved of the cost and the related accumulated depreciation and impairments, and any resulting gain or loss is recognized through profit or loss. The scheduled depreciation amounts and any impairment losses and write-ups recorded in the period on property, plant and equipment are recognized in the consolidated income statement according to the function for which the assets are used.

(i) Financial instruments

Financial assets and financial liabilities are taken into account in the consolidated statement of financial position from the date on which the Group becomes a contracting party to the financial instrument. Financial assets acquired or sold at standard market conditions are generally accounted for on the settlement date.

Financial assets and liabilities in the sense of IAS 39 are classified either as loans and receivables (LaR), held to maturity (HtM) investments, financial assets available for sale (AfS), financial assets or liabilities held for trading (FAHfT/FLHfT), or as financial liabilities at amortized cost (FLAC). The classification depends on the type and the intended purpose of the financial assets and liabilities and occurs upon addition.

Primary financial instruments

The Company's primary financial instruments mainly consist of cash and cash equivalents, financial assets, treasury receivables (group cash management [treasury] of Carl Zeiss Financial Services GmbH, Oberkochen), trade receivables and payables, current loans, noncurrent debts and other financial assets and liabilities.

Loans and receivables and current and noncurrent financial liabilities are carried at amortized cost. The amortized cost of a financial asset or financial liability is the term used to describe that amount at which a financial asset or liability was valued when first recorded, less any repayments using the effective interest method and losses for impairment.

The amortized cost of current assets and liabilities is generally equivalent to the nominal or repayment amount.

Trade receivables are disclosed at their nominal value, net of any allowance for accounts presumed to be uncollectible.

The Group calculates valuation allowances on doubtful receivables and loans with discernible collection risks based on regular, systematic reviews and credit control assessments. This control measure takes into account historical bad debt losses, the size and adequacy of securities, as well as other relevant factors. Impairments are carried out based on objective indicators and take account of the default risk. Objective indicators can include, for example, major financial difficulties of the debtor, a breach of contract, such as default on or arrears in interest or redemption payments owed, or the high probability of insolvency proceedings being brought against the debtor. Receivables and loans are written off against these valuation allowances, if they are considered uncollectible. Please refer to note (38) for further information on credit risks.

Primary financial assets which are not classified either as loans or receivables, held to maturity investments, financial assets or liabilities held for trading, or as financial liabilities at amortized cost, shall be allocated to the category financial assets available for sale. Existing financial assets are allocated to this category Due to the fact that these non-controlling interests are not listed on a stock exchange, meaning that their fair values cannot be reliably determined, these financial assets are carried at cost. There are no plans to dispose of these financial instruments at the present time.

Noncurrent, non-interest-bearing receivables and loans are discounted based on market conditions; interest is shown as income according to the effective interest method.

Derivative financial instruments and hedging

The Group is a company with global operations, and as such it is subject to the effects of exchange rate fluctuations. In order to hedge against this currency risk, it concludes currency forward contracts based on planned transactions in foreign currency. Hedge accounting within the meaning of IAS 39 is not applied. These contracts generally cover a period of up to one year. Asset-side derivative financial instruments are shown under the item "Other current financial assets" in the statement of financial position, and liabilities-side derivative financial instruments are shown under the item "Current financial liabilities". The sole purpose of the derivative financial instruments is currency hedging.

Net income from the financial instruments recognized at fair value through profit and loss would, if relevant, also include income from interest and dividends. Please refer to note (38) for further information on currency risks.

(j) Deferred income taxes

Deferred income taxes are computed annually by the temporary concept pursuant to IAS 12 "Income taxes". All liabilities or claims relating to taxes on income and earnings arising during a financial year are reflected in the consolidated financial statements pursuant to the relevant tax laws. In order to take account of the tax effects of differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases, and of differences arising from consolidation processes, and loss carryforwards, deferred taxes are calculated each year for the taxable income based on enacted or soon-to-be-enacted tax rates, if these differences are expected to be offset over time.

Deferred tax assets are written down as necessary to reflect the net amount that is likely to be realized. Income tax expense comprises the taxes payable to or refundable by the tax authorities for the reporting period, plus or minus the changes in deferred taxes (to be recognized through profit or loss). The effects of changes in tax rates on deferred tax assets and liabilities are recognized in income in the period in which the change was legally enacted.

Deferred tax claims for tax losses carried forward are carried at the amount at which the associated tax benefits are expected to be realized as a result of future tax profits.

Deferred tax assets and liabilities are carried net, insofar as a right exists to offset actual income tax receivables and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same tax authorities and are owed to the same Group companies.

(k) Inventories

Inventories are valued at the lower of cost or net realizable value. Costs are determined using the weighted-average cost method. Production costs include materials and labor, as well as direct manufacturing and material overheads, including depreciation. In addition, the costs of company retirement benefits, the Company's social establishments and the Company's voluntary social benefits are also included to the extent that these can be allocated to the production area. Administrative costs are taken into account to the extent that these are attributable to production. Production costs do not include any borrowing costs. In the case of inventories acquired within the scope of a business combination, the acquisition costs correspond to their fair values at their date of acquisition.

The net realizable value is the estimated price that could be obtained in the ordinary course of business, less the estimated costs of completion and selling costs.

(l) Leasing

The Group has leased certain assets under long-term contracts. Leases are classed as finance leases if the lessee bears the majority of the risks and opportunities associated with ownership. All properties under arrangements that qualify as finance leases are capitalized as noncurrent assets pursuant to IAS 17 "Leases" at the lower of fair value and the present value of minimum lease payments. The corresponding leasing obligations are carried as current or noncurrent liabilities according to their time to maturity. The lease payments to be paid are divided into a redemption component and an interest component. The redemption component reduces the liability, while the interest component is carried as an interest expense. The capitalized assets are amortized in conformance with IAS 16. IAS 36 is observed with regard to possible impairment. The leasing obligations are carried at the present value calculated at the end of the respective reporting period. Conversely, the Group also acts as lessor for finance leases.

Other leasing transactions are treated as operating leases. The total payments required under operating lease agreements are reported as an expense on a straight-line basis over the term of the lease. Conversely, the Group also acts as lessor for operating leases.

(m) Cash and cash equivalents

Cash on hand and at the bank, as well as all financial investments with an original maturity of up to three months, which are only subject to minor risks of valuation changes, are disclosed as cash and cash equivalents. This also includes current financial investments at Carl Zeiss Financial Services GmbH, which are secured by a declaration of pledge. Current financial investments at Carl Zeiss Financial Services GmbH that are not secured by a declaration of pledge are carried under "Treasury receivables". Because of their short maturity, the carrying amounts of cash and cash equivalents are approximately equal to their fair value.

(n) Gains and losses recognized in other comprehensive income

The item "Gains and losses recognized in other comprehensive income" includes the other changes in equity not reflected in income that are not associated with transactions with shareholders. In the Group's case, this currently relates exclusively to foreign currency translation (see note (23)).

(o) Pension obligations

The Company pension scheme comprises obligations at Carl Zeiss Meditec AG and various subsidiaries arising from current annuities and defined benefit obligations. It also includes liabilities-side provisions of the US company for post-employment health care benefit obligations. The companies of the Group maintain a number of pension schemes: a distinction is made between defined contribution plans and defined benefit plans.

Defined contribution pension plans

In defined contribution plans, the Company does not enter into any commitments other than paying contributions to funds or public services with a specific purpose. The contributions are recognized under personnel expenses as due.

Besides a defined benefit plan, the US subsidiary maintains a savings scheme for the majority of its employees, which is described as a defined contribution plan. This plan enables the participating employees to save a proportion of their income in accordance with the specified guidelines. The Company currently contributes a percentage of employee contributions up to a certain limit. These plans also include the employer's statutory contributions of German and foreign companies to pension plans.

Defined benefit pension plans

The Group offers certain employees defined benefit plans. Such benefits are determined primarily on the basis of the employee's remuneration and length of service. Benefits of this kind exist at Group companies both in Germany and abroad.

Defined benefit plans within the Group are financed partly with provisions and partly with funds from external sources.

The Carl Zeiss Meditec companies, with their defined benefit pension plans, also participate in collective plans, which are sponsored by more than one employer. Participants of these collective plans are Carl Zeiss AG, Schott AG and their associated companies.

Commitments for pensions and similar pension-related commitments are determined at Group companies within Germany in accordance with actuarial principles based on the Heubeck Guideline Tables 2005 G devised by Prof. Dr. Klaus Heubeck. Commitments for pensions and similar pension-related commitments at foreign companies are determined according to country-specific accounting principles and parameters.

Pension obligations and related costs are calculated according to the prescribed projected unit credit method pursuant to IAS 19 "Employee benefits". The projected unit credit method reflects economic assumptions based on long-term expectations, as well as the performance of assets legally set aside to fund future benefit payments.

Actuarial gains or losses that may arise from changes in the valuation premises or a deviation in actual circumstances from the evaluation basis are only recognized through profit or loss if the balance of the accumulated actuarial gains or losses amounts to more than 10 % of the higher of the present value of the defined benefit obligation and the fair value of the plan assets. Any amount that lies outside this 10 % corridor is posted to income over the average residual term of service of employees eligible for pensions expected at 30 September 2012.

The pension provisions carried in the consolidated statement of financial position correspond to the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of the plan assets, adjusted for accumulated actuarial gains and losses not previously recognized in income.

(p) Provisions

Provisions are formed if the Group has a current (de facto or statutory) commitment as a result of a past event, the outflow of resources with an economic benefit to fulfill the commitment is probable and it is possible to reliably estimate the amount of the commitment. To the extent that the Group expects at least a partial reimbursement for a provision carried as a liability (as is the case, for example, in insurance policies), the reimbursement is only recorded as a separate asset if the reimbursement is as good as secure. Expenses for the formation of provisions are disclosed in the consolidated income statement after deduction of the reimbursement.

If the interest impact is material, provisions are discounted using a pre-tax interest rate, which reflects the specific risks for the liability. In the event of discounting, the increase in the provision over time is carried as an interest expense. Provisions are broken down into their expected maturities, with the result that provisions which are due in up to one year are carried as current provisions and provision which are due in more than one year are carried as noncurrent provisions.

Personnel and social commitments

The provisions for personnel and social commitments mostly relate to commitments for partial retirement and anniversary expenses.

The provisions for partial retirement and anniversaries are measured using a projected unit credit method based on actuarial surveys. The measurement parameters correspond to the economic assumptions for financing the pension commitments. Plan assets for partial retirement obligations were set up for the first time in the current financial year; these were offset at their fair value at the end of the reporting period with the provision for partial retirement.

Commitments from ongoing operations

The Company furnishes the buyer with a warranty for the perfect functioning of sold products for the contractually guaranteed period of 15 to 27 months, depending on the product. Provisions are set up for this purpose based on the average values of warranty claims made in the past. These provisions are regularly adjusted to reflect actual experience. The appropriation to these warranty provisions is recorded under cost of goods sold in the same period in which the sale occurred.

Other commitments

The provisions for other commitments relate to identifiable risks and uncertain obligations arising mainly from litigation risks, as well as the provisions for the earn-out from the acquisition of the business segment of IMEX Clinic S.L. and Dismedica S.A.

(q) Revenue recognition

The Group generates revenue from selling products on the basis of corresponding contracts. The sale takes place once all the parts of the product have been supplied, the risks have passed, the payment can be reliably determined and there are no major obligations towards the customer and the payment of the receivable is deemed probable. Revenue from services is recorded according to the percentage of completion, if this can be reliably determined.

Maintenance revenue from service contracts is realized on a proportionate basis throughout the contractual period of performance.

Revenue is reflected net of trade discounts, customer bonuses and rebates. The Group posts shipping and handling costs billed to customers to revenue and recognizes the corresponding expenses under the cost of goods sold. The freight costs not billed to customers are shown under selling and marketing expenses.

(r) Government grants

Pursuant to IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", government grants are only recognized if there is adequate assurance that the associated conditions will be fulfilled and the grants will be allocated.

The Group received subsidies from various public bodies within the scope of government economic stimulus programs, for example for the construction of production facilities, research and development activities and advanced training programs.

Investment grants and investment subsidies for which it is sufficiently certain that the associated conditions are being complied with and that they will be awarded, reduce the costs of the relevant assets. Investment subsidies, such as investment grants and tax-free investment allowances, are disclosed as income (as a reduction in depreciation of the subsidized property, plant and equipment).

Government grants received in financial years 2011/2012 and 2010/2011 are listed in note (34).

(s) Earnings per share

Basic earnings per share were calculated by dividing the consolidated net income attributable to shareholders of the parent company by the weighted-average number of ordinary shares issued during each individual accounting period. As in the previous year the number of shares in this financial year remained unchanged at 81,309,610 thousand. There were no conversion or option rights in circulation. As in the previous financial year there were no dilution effects in the year under review.

(t) Borrowing costs

Borrowing costs are recognized as expenses in the period in which they are incurred, since there are not usually any qualified assets pursuant to IAS 23.5.

(u) Related party disclosures

The parent company of Carl Zeiss Meditec AG is Carl Zeiss AG (which is controlled by the Carl Zeiss Foundation (*Carl-Zeiss-Stiftung*)). The Carl Zeiss Foundation, Heidenheim and Jena, Carl Zeiss AG, Oberkochen, and its subsidiaries, excluding the Carl Zeiss Meditec Group (the "Carl Zeiss Group"), Schott AG, Mainz, including its subsidiaries (the "Schott Group"), as well as the associated unconsolidated companies, are regarded as related parties, and business transactions, for example income, receivables from and liabilities to these companies, are reported separately in note 35.

The Group sells its products partly via the distribution companies of the Carl Zeiss Group. For the purposes of furnishing the Group with short-term funds and investing surplus liquidity, Carl Zeiss Meditec cooperates with the group cash management system of Carl Zeiss Financial Services GmbH, Oberkochen. Loans granted and monies invested within the scope of this business relationship are shown as treasury payables or treasury receivables, and as cash and cash equivalents, and usually are available daily.

Current loans and receivables carry interest at a rate based on the 1-month EURIBOR and conform to normal market conditions. Current financial investments with a term of no more than three months and secured by a declaration of pledge are recorded under cash and cash equivalents (see note (22)). Current financial investments at Carl Zeiss Financial Services GmbH that are not secured by a declaration of pledge are carried under treasury receivables.

In addition to financial services the Group procures various services from the Carl Zeiss Group, including Carl Zeiss AG. These include research and development services, HR and administrative services, as well as logistics, distribution and IT services provided on the basis of contractual agreements. In addition, preliminary products are procured from companies of the Carl Zeiss Group and the Schott Group. These transactions with related parties are conducted under the same conditions as arm's length transactions.

(v) Recent pronouncements on accounting principles

The Group was obliged to apply the following standards and interpretations for the first time at the beginning of this financial year:

Date of issue	Standard/Interpretation	Amendment/New statutory regulation
4 November 2009	Amendment IAS 24 "Related Party Disclosures"	Simplification of reporting obligations of state-controlled entities
15 November 2009	IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"	Establishment of the restriction on a performance-oriented asset and the minimum financing regulations and their interplay
6 May 2010	Improvements to IFRSs (2010)	Amendments to Standards IFRS 1 and 7, IAS 1 and 34, and IFRIC 13
7 October 2010	Amendment IFRS 7 "Financial Instruments: Disclosures"	Enhanced disclosure requirements regarding transfer of financial assets

For all standards and interpretations applied for the first time there were no significant changes to the accounting and valuation methods, nor are such changes expected.

The IASB and IFRS IC also issued the following standards, interpretations and revisions of existing standards; however, application of these is not yet mandatory for Carl Zeiss Meditec. The Company did not opt to apply these standards ahead of time:

Date of issue	Standard/Interpretation	Amendment/New statutory regulation	Date of first mandatory application	Adopted by the EU
12 November 2009	IFRS 9 "Financial Instruments"	Classification and measurement of financial assets	Financial years beginning on or after 1 January 2015	no
28 October 2010	Revision IFRS 9 "Financial Instruments"	Additional requirements for the accounting of financial liabilities	Financial years beginning on or after 1 January 2015	no
20 December 2010	Amendment IFRS 12 "Income Taxes"	Practical solution for problem of recognition at carrying amount through utilization or disposal	Financial years beginning on or after 1 January 2012	no
20 December 2010	Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards"	Enhanced provisions for severe hyperinflation and elimination of fixed effective dates for first-time adopters	Financial years beginning on or after 1 July 2011	no
12 May 2011	IFRS 10 "Consolidated Financial Statements"	Accounting regulations for the presentation of consolidated financial statements and notes on the principle of control	Financial years beginning on or after 1 January 2014	no
12 May 2011	IFRS 11 "Joint Arrangements"	Expansion of requirements for joint arrangements and their accounting treatment	Financial years beginning on or after 1 January 2014	no

Date of issue	Standard/Interpretation	Amendment/New statutory regulation	Date of first mandatory application	Adopted by the EU
12 May 2011	IFRS 12 "Disclosure of Interests in Other Entities"	Enhanced disclosure requirements for subsidiaries, joint ventures and associates, as well as unconsolidated structured entities	Financial years beginning on or after 1 January 2014	no
12 May 2011	IFRS 13 "Fair Value Measurement"	Guidance on measurement and disclosures on the measurement of fair value	Financial years beginning on or after 1 January 2013	no
12 May 2011	IAS 27 "Separate Financial Statements"	Guidance on the accounting treatment of investments in subsidiaries, associates and joint ventures in separate financial statements	Financial years beginning on or after 1 January 2014	no
12 May 2011	IAS 28 "Investments in Associates and Joint Ventures"	Guidelines for the accounting treatment of associates and principles for applying the equity method	Financial years beginning on or after 1 January 2014	no
16 June 2011	Amendment IAS 1 "Presentation of Financial Statements"	Presentation of items of other comprehensive income	Financial years beginning on or after 1 July 2012	yes
16 June 2011	Amendment IAS 19 "Employee Benefits"	Accounting treatment of defined benefit pension plans, definition of the individual types of employee benefits, and enhanced disclosures in the notes to the financial statements	Financial years beginning on or after 1 January 2013	yes
19 October 2011	IFRIC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	Accounting treatment of overburden removal costs during the production phase in surface mining	Financial years beginning on or after 1 January 2013	no
16 December 2011	Amendments IFRS 32 "Financial Instruments: Presentation"	Amendment to provisions for offsetting financial assets and liabilities	Financial years beginning on or after 1 January 2014	no
16 December 2011	Amendments IFRS 7 "Financial Instruments: Disclosures"	Additional disclosures relating to the offsetting of financial assets and liabilities	Financial years beginning on or after 1 January 2013	no
13 March 2012	Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards"	Specification of the accounting treatment of government loans with a below-market rate of interest	Financial years beginning on or after 1 January 2013	no
17 May 2012	Improvements to IFRSs (2009–2011)	Amendments to Standards IFRS 1, IAS 1, 16, 32 and 34	Financial years beginning on or after 1 January 2013	no
28 June 2012	Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	Expansion of transition regulations to IFRS 10, 11 and 12	Financial years beginning on or after 1 January 2013	no
31 October 2012	Amendment to IFRS 10, IFRS 12 and IAS 27 "Investment Entities"	Special regulations for financial statements of investment entities	Financial years beginning on or after 1 January 2014	no

Carl Zeiss Meditec is not expected to apply any of the standards listed above until the date of first mandatory application. According to the current state of knowledge, the future application of these standards is only expected to have material effects on the accounting and valuation with respect to IFRS 9, 13 and IAS 19. The specific effects of the first-time application of IFRS 9 are currently still under review. The other standards listed shall, in some cases, also lead to more extensive notes to the financial statements.

IFRS 13 "Fair Value Measurement" defines a single IFRS framework for measuring fair value. It also establishes extensive disclosure requirements for fair value measurement. IFRS 13 is applicable for the first time for financial years beginning on or after 1 January 2013. The effects of the amendments are not quantifiable at the present time.

The amendment to IAS 19 “Employee Benefits” provides for the elimination of options to recognize actuarial gains and losses. Carl Zeiss Meditec AG has used the corridor method up until now. Under this method actuarial gains or losses are only recognized through profit or loss on a pro rata basis, if the accumulated actuarial gains or losses exceed 10 % of the higher of the present value of the defined benefit obligation and the fair value of the plan assets. In future only the immediate recognition in equity under “Other result” in the statement of comprehensive income shall be permissible for this. New regulations shall also apply, among other things, for the way the returns on plan assets are recognized and for the definition of the individual types of employee benefits. The disclosure requirements in the notes to the financial statements shall also be enhanced. The amendments are applicable for the first time for financial years beginning on or after 1 January 2013. A first-time application on 30 September 2012 would result in a reduction in equity of € 25,825 thousand, corresponding to the total of unrecognized actuarial losses existing as of 30 September 2012. The accounting treatment of partial retirement agreements has also been changed. No further material effects arising from the first-time application of the amended IAS 19 are anticipated.

(w) Calculation of fair values

A large number of the consolidated accounting principles and notes to the financial statements require a definition of the fair values of the respective financial and non-financial assets and liabilities involved. The fair values are calculated in accordance with the methods described below. If required, additional information on the assumptions made for the calculation of the fair values is provided in the specific notes on the respective items described in the statement of financial positions and the income statement.

Property, plant and equipment

The fair values of property, plant and equipment acquired within the scope of business combinations are based on market prices. The market price of land and buildings is determined based on the estimated value at which the respective asset could prudently and reasonably be exchanged without coercion between two independent partners based on normal market conditions. The market prices of other items of property, plant and equipment, such as plant and machinery, as well as leasehold improvements and equipment are based on quoted prices on the market for similar goods of the same kind.

Other intangible assets

The fair values of trademark, patent and technology rights or similar, which were acquired within the scope of a business combination, are determined according to the relief from royalty method. In this method an analogy is used, whereby the financial contributions (cash flows) of an intangible asset due to royalties are estimated, which the owner of this asset is then spared from paying, contrary to the alternative of licensing a similar asset with an equivalent use. The method thus calculates the fictitious licensing fees that would be payable if the respective intangible asset were to be owned by a third party.

The fair values of intangible assets consisting of customer relationships acquired within the scope of a business combination are determined according to the multi-period excess earnings method. Customer relationships generally only generate cash flows in conjunction with other tangible or intangible assets. The planning of

excess earnings is thus based on a collection of assets. The calculation of the relevant excess earnings received thus regards fictitious payments made for these “supporting” assets as fictitious user fees. It is assumed that the supporting assets are fictitiously rented or leased by a third party to the extent necessary to generate the cash flows.

Inventories

The fair value of inventories acquired within the scope of a business combination is based on the estimated selling price attainable in the normal course of business, less the estimated production and selling costs, as well as an adequate profit margin.

Trade receivables and other receivables

The fair value of trade receivables and other receivables is calculated as the present value of future cash flows, discounted by a standard market interest rate. The fair value of current trade receivables and other receivables basically corresponds to their nominal value, due to their short-term nature.

Equity interests and securities

The fair value of financial assets, which are measured either at fair value through profit or loss or classified as available for sale, is based, if an active market exists, on listed stock prices. If there is no active market, the fair value is measured using an appropriate valuation method, e. g. based on current market prices of similar financial instruments, or the discounted cash flow method.

Derivative financial instruments

The fair value of derivative financial instruments is based on the prevailing market or stock market value. The market value of a financial instrument is estimated as the amount that could be obtained in a business transaction between independent contracting partners under prevailing market conditions. The market values are calculated on the basis of market conditions as of the end of the reporting period – interest rates, currency rates, commodity prices – and the evaluation methods described below.

If there is no active market, the fair value is determined using financial mathematical methods, e. g. by discounting the estimated future cash flows using the market interest rate or by applying recognized option pricing models, and through confirmations from the banks that process the transactions. The interest rates applied across the various maturities and foreign currencies range from 0.1 % to 6.3 % (previous year: 0.1 % to 5.7 %)

The Group exclusively holds currency forward contracts as derivative financial instruments. The financial assets held for trading (FAHfT/FLHfT) are carried at fair value, although changes in market value are recognized through profit or loss in the income statement. The market value of currency forward contracts is calculated based on the average spot exchange rate at the end of the reporting period, adjusted for forward premiums and discounts for the respective residual term of the contract, compared with the contracted forward exchange rate.

Financial liabilities

The fair value of financial liabilities is calculated based on the present value of future capital and interest payment flows – discounted by a standard market interest rate – as of the end of the reporting period. The interest rates applied range from 1.2 % to 3.4 % (previous year: 2.5 % to 4.1 %).

3. Purchase and sale of business operations

IMEX Clinic S.L., Paterna, Spain

On 21 September 2011, Carl Zeiss Meditec Iberia, S.A., concluded a purchase agreement with medical distribution and service company IMEX Clinic S.L., Paterna, Spain (IMEX), and Dismedica S.A., Las Arenas/ Bilbao, Spain, which provides for the purchase of assets and the transfer of employees in connection with the distribution and support of intraocular lenses (IOLs) and viscoelastics (OVDs). The purchased assets are inventories and customer relations. Carl Zeiss Meditec Iberia, S.A., assumed the above business activities with effect from 4 November 2011, as contractually agreed.

IMEX is an active supplier and service provider in the Spanish and Portuguese medical sector. In addition to distributing products in the field of surgical ophthalmology, the business also includes outsourcing services and end-to-end process management for hospitals and clinics. Up until the date of the transaction, the company was an exclusive distribution partner of Carl Zeiss Meditec for IOLs and OVDs on the Iberian Peninsula.

This acquisition strengthens Carl Zeiss Meditec's business, particularly in Spain, and it is a systematic investment in its distribution and service organization. By assuming distribution and support for IOLs and OVDs and the new distribution organization, Carl Zeiss Meditec will be represented in the market by a team of established ophthalmic experts and can offer customers comprehensive product solutions and related services.

The purchase price amounts to € 16.4 million and comprises, in addition to a fixed sum of € 9.0 million, a discounted contingent earn-out component of € 3.6 million and a price for the assumed inventories of around € 3.8 million. The fixed price components were paid, as contractually agreed, in two separate tranches of € 4.5 million each, one at the beginning of October 2011, and the other at the acquisition date. The agreed price for the inventories was settled in November 2011. The earn-out component shall be payable in three tranches over 30 months starting from the acquisition date, and shall depend on the success of the assumed business. The calculation of the earn-out is based on the achievement of defined revenue targets for the subsequent 30 months. This is based on the assumption that the gross margin is mainly stable during this period and there is no major fluctuation in the absorbed workforce. In the case of significant deviations from the expected gross margin and major fluctuations in employee numbers, the revenue-based earn-out shall be discounted. A calculation shall be performed based on the actual earnings contributions at the end of a period in each case, after one year, after two years and after thirty months following the acquisition date. The discounted expected earn-out of € 3.6 million results from an achievement of the earnings contribution target of 80 % and 87 %, respectively. The contractual margin of fluctuation of the earn-out has a lower limit of € 0 and, in the case of over-achievement of the specified targets, is not limited to € 3.6 million, but is theoretically infinite.

A Service Level Agreement was concluded as part of the agreement; this shall enter into effect from acquisition date and has a term of two years. It includes the provision of sales-related management and process services by IMEX, which shall be remunerated in the first year with an amount of € 0.4 million and, depending on utilization of these services, with € 0.4 to 0.7 million in the second year. These amounts shall be carried as an expense from their due date (in financial year 2011/2012: € 0.4 million). In this context, management and consulting agreements were concluded on 30 November 2011, which regulate, within a period of two-and-a-half years from the acquisition date, the provision of relevant services for remuneration totaling € 0.6 million to Carl Zeiss Meditec Iberia S.A. As contractually agreed, this remuneration is offset against the purchase price. This resulted in a deduction from the earn-out of € 0.6 million and the corresponding recognition of a prepaid expense within other current non-financial assets, which shall be reversed as an expense under general and administrative expenses over the term of the agreement. In the current financial year an amount of € 0.2 million was recognized as an expense.

The acquisition costs of the transaction amounted to € 16.4 million. The total incidental acquisition costs of € 0.1 million were carried as an expense under general and administrative expenses. In financial year 2010/2011, this related to incidental acquisition costs of € 7 thousand. Additional incidental costs amounting to around € 0.1 million were recorded under general and administrative expenses in the first quarter of financial year 2011/2012.

At the date of publication of the consolidated financial statements of Carl Zeiss Meditec as of 30 September 2012 the allocation of the purchase price to the assets was complete. The fair values of the identified assets at the date of acquisition and the respective carrying amounts immediately prior to the acquisition date are as follows:

(in € million)	Carl Zeiss Meditec Iberia	
	Fair value	Carrying amount
Intangible assets	4.4	
Inventories	4.2	3.8
Goodwill from acquisition	7.8	
Total costs of acquisition	16.4	
Cash received	–	
Past cash outflow for purchase price components	(12.8)	
Contingent purchase price payment pursuant to IFRS 3 B64 (g) (i) – discounted	(3.6)	

No receivables of any kind were the subject of the transaction. As a result no notes shall be required relating to the impairment of such assets. Contingent liabilities were not assumed. The intangible asset shall be written down over a period of 4 years. This results in the current financial year in an amortization amount of € 1.0 million, which was recognized under selling and marketing expenses.

The identified goodwill from the acquisition of the assets is mainly attributable to the anticipated synergy effects of the integration of the distribution and service business into the existing Surgical Ophthalmology business. Goodwill is fully deductible for tax purposes.

The acquired assets, which can be classified as a business operation, were recognized in net income for the first time in the interim financial statements of the Group as of 31 December 2011.

The change in fair values since this date is as follows:

(in € million)	Carl Zeiss Meditec Iberia			
	Preliminary fair value	Preliminary fair value	Preliminary fair value	Final fair value
	31 December 2011	31 March 2012	30 June 2012	30 September 2012
Intangible assets	5.6	4.7	4.4	4.4
Inventories	4.1	4.2	4.2	4.2
Goodwill from the acquisition	7.4	7.9	7.8	7.8
Total costs of acquisition	17.1	16.8	16.4	16.4
Cash received	–	–	–	–
Past and anticipated cash outflow for purchase price components	(12.8)	(12.8)	(12.8)	(12.8)
Contingent purchase price payment pursuant to IFRS 3 B64 (g) (i) – discounted	(4.3)	(4.0)	(3.6)	(3.6)

The purchase price reported in the Annual Report as of 30 September 2011, and the fair values, were based on an estimate and were not recognized in the accounts.

The change in the fair value of intangible assets presented in the overview is the result of an adjustment of the measurement parameters, including interest rates, to the general economic situation in Spain. Besides the application of adjusted interest rates, the reduction of the contingent purchase price payment is particularly attributable to the fact that the above-mentioned management and consulting agreements were offset by this component.

Effect of the acquisition on Carl Zeiss Meditec's result

Since the acquisition, the business operations acquired from IMEX have contributed € 11.7 million to the revenue generated by the Group in Spain in the Surgical Ophthalmology business unit, which is recognized in the income statement. The acquired business segment's share of EBIT was € 1.0 million. These amounts are not incremental, but also cover the lost contributions to sales and earnings, compared with the previous year, with the former distribution partner. A separation is not feasible, as this information is not available due to the asset deal.

Pro forma account of the acquisition

Assuming that the presented acquisition had already been completed as of 1 October 2011, pro forma revenue would have amounted to € 863.5 million; pro forma consolidated net income would have amounted to € 76.3 million.

These pro forma figures were prepared exclusively for comparison purposes. They provide neither a reliable indication of the operating results that would actually have been generated had the acquisition taken place at the beginning of the period, nor of future results.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

4. Revenue

Group earnings for financial years 2011/2012 and 2010/2011 mainly consist of sales revenues. The table below shows a breakdown of revenue:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011
Income from the sale of merchandise	786,887	695,855
Income from the provision of services (incl. sale of replacement parts)	69,388	58,381
Income from royalties/licenses	5,600	4,557
Total	861,875	758,793

5. Other income

Other income for financial years 2011/2012 and 2010/2011 was as follows:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011
Income from claims for damages	–	190
Income from deferred leasing subsidies	–	91
Reversal of other provisions and accrued liabilities	–	80
Total	–	361

6. Personnel expenses

Personnel expenses for financial years 2011/2012 and 2010/2011 were as follows:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011
Wages and salaries	172,532	151,863
Social security contributions	32,885	28,157
Pension costs	5,671	5,290
Total	211,088	185,310

Total expenses from all defined contribution plans in the current financial year amounted to € 8,603 thousand (previous year: € 7,870 thousand). The employer's statutory pension contribution is contained in the social security contributions.

The table below shows employee numbers and the personnel structure of the Group:

	30 September 2012	30 September 2011	Average/ financial year 2011/2012	Average/ financial year 2010/2011
Production	722	712	721	666
Sales & Marketing	638	608	629	581
Service	468	453	470	450
Research and Development	388	358	377	357
Administration	244	235	244	217
Total	2,460	2,366	2,441	2,271
Trainees	19	16	17	17

7. Financial result

The financial result comprises the following:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011
Interest income	3,023	4,522
Interest expense	6,083	7,171
thereof interest expense pensions	3,183	2,936
Net interest income/loss	(3,060)	(2,649)
Gains/(losses) on financial assets carried at equity	10	(68)
Foreign currency gains/(losses), net	(6,358)	(2,570)
Anticipated return from plan assets	2,446	2,393
Miscellaneous other financial result	241	209
Other financial result	(3,671)	32
Total financial result	(6,721)	(2,685)

The interest expense for pensions must be considered in conjunction with the anticipated return on plan assets shown under "Other financial result". The balance of these two values gives the Group's net financing expense for pensions.

The miscellaneous other financial result contains dividend income from an investment valued at cost of € 21 thousand.

8. Income taxes

Income taxes are comprised as follows:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011
Current taxes:		
Germany	24,571	17,359
Abroad	16,859	16,574
	41,430	33,933
(thereof prior-period)	(1,471)	(602)
Deferred taxes:		
Germany	(5,411)	(2,729)
Abroad	3,768	(2,597)
	(1,643)	(5,326)
Total	39,787	28,607

Current and deferred taxes recognized outside profit or loss were not incurred in financial years 2011/12 and 2010/11.

The tax effects recorded under gains and losses recognized in other comprehensive income developed as follows:

(in € '000)	Financial year 2011/2012			Financial year 2010/2011		
	Before tax	Tax expense/ income	After tax	Before tax	Tax expense/ income	After tax
Gains/(losses) with no effect on income from revaluation of available-for-sale financial assets	–	–	–	166	–	166
Gains/(losses) from financial assets carried at equity	–	–	–	1	–	1
Gains/(losses) from foreign currency translation	9,729	–	9,729	7,366	–	7,366
Other result	9,729	–	9,729	7,533	–	7,533

In accordance with the tax law applicable in financial year 2011/2012, the income of Group subsidiaries in Germany is subject to a corporation tax rate of 15 % (previous year: 15 %). Taking into account the solidarity surcharge and the varying trade income tax rates, companies in Germany are subject to a tax rate of between 27.73 % and 30.53 % (previous year: 27.73 % to 30.53 %). The nominal tax rates applicable outside Germany in the financial year range between 25.00 % and 42.10 % (previous year: 27.00 % and 42.10 %).

The tax rate applicable for the tax reconciliation account is the nominal tax rate of the parent company, Carl Zeiss Meditec AG, Jena, of 29.36 % (previous year: 29.13 %), which applied in the past financial year. Deferred taxes on interim profits are calculated in each case using the current or future tax rate applicable for the receiving Group company. This results in a tax rate ranging from 25.00 % to 39.43 %. For the sake of simplicity, other deferred taxes are calculated using the applicable nominal tax rate for the parent company, Carl Zeiss Meditec AG, Jena, of 29.36 % (previous year: 29.13 %).

The reconciliation of the expected income tax expense in relation to earnings before income taxes to the actual income tax expense is as follows:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011
Expected income tax expense	34,110	29,382
Non-deductible expenses	1,390	1,480
Tax-free income	(1,813)	(4,526)
Effects of changes in the tax rate	745	–
Taxes previous years	1,471	(602)
Foreign tax rate differential	4,831	5,157
Net retained earnings of subsidiaries intended for disbursement	(1,427)	(1,134)
Recognition & measurement of deferred tax assets	(12)	(1,240)
Other	492	90
Actual income tax expense	39,787	28,607
Effective tax rate	34.2 %	28.4 %

9. Earnings per share

The following table shows the calculation of earnings per share:

	Financial year 2011/2012	Financial year 2010/2011
Net income attributable to shareholders of the parent company (€ '000)	71,870	66,906
Weighted average of issued shares	81,309,610	81,309,610
Earnings per share (in €)	0.88	0.82

10. Dividend

During the period under review, a dividend of 30 cents per share (previous year: 55 cents per share) was paid to the shareholders of Carl Zeiss Meditec AG for financial year 2010/2011.

	Financial year 2011/2012		Financial year 2010/2011	
	€ Cent per share	€ '000 Total	€ Cent per share	€ '000 Total
Dividend paid	30	24,393	55	44,720

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

11. Goodwill

The table below shows the development of the Group's recognized goodwill and its allocation to the respective strategic business units (SBUs) for financial years 2011/2012 and 2010/2011:

(in € '000)	SBU Surgical Ophthalmology	SBU Ophthalmic Systems	Total
As of 1 October 2011	84,791	28,421	113,212
Additions	7,835	–	7,835
Currency effects	–	580	580
As of 30 September 2012	92,626	29,001	121,627
As of 1 October 2010	84,791	28,277	113,068
Currency effects	–	144	144
As of 30 September 2011	84,791	28,421	113,212

The recognized book values correspond to the acquisition costs. Accumulated impairment losses of the capitalized goodwill do not exist. The allocation of existing goodwill to cash-generating units conforms to IAS 36.80. Accordingly, the relevant goodwill is allocated within the Group independently of other individual assets and liabilities; rather, it is allocated to the smallest cash-generating unit, which is expected to benefit from the synergy effects of the business combination. The cash-generating unit is determined based on the Group's internal reporting system.

The change in the goodwill of the cash-generating unit "Surgical Ophthalmology" SBU results from the acquisition of a business unit from IMEX (see note (3)). Furthermore, currency effects arose within the Ophthalmic Systems SBU between the US dollar and the euro.

12. Other intangible assets

Intangible assets developed as follows in financial years 2011/2012 and 2010/2011:

(in € '000)	Brand names and trademarks	Software	Licenses, royalties	Patents and other industrial property rights	Development expenses	Miscellaneous other intangible assets	Total
Acquisition and production costs as of 1 October 2011	8,076	11,861	1,587	28,060	7,902	22,597	80,083
Additions acquisitions	–	–	–	–	–	4,421	4,421
Additions	–	215	35	61	440	17	768
Reclassifications	–	19	–	–	561	(580)	–
Disposals	–	(14)	–	–	–	(3)	(17)
Currency effects	40	370	–	241	134	546	1,331
As of 30 September 2012	8,116	12,451	1,622	28,362	9,037	26,998	86,586
Amortization as of 1 October 2011	5,845	8,095	1,486	20,123	4,108	16,258	55,915
Additions	381	1,260	27	2,377	1,621	3,232	8,898
Reclassifications	–	–	–	–	561	(561)	–
Disposals	–	(14)	–	–	–	(3)	(17)
Currency effects	–	214	–	169	70	415	868
As of 30 September 2012	6,226	9,555	1,513	22,669	6,360	19,341	65,664
Net carrying amount as of 30 September 2012	1,890	2,896	109	5,693	2,677	7,657	20,922

(in € '000)	Brand names and trademarks	Software	Licenses, royalties	Patents and other industrial property rights	Development expenses	Miscellaneous other intangible assets	Total
Acquisition and production costs as of 1 October 2010	8,066	11,738	1,588	26,668	7,646	23,639	79,345
Additions	–	73	–	245	407	18	743
Reclassifications	–	(41)	(1)	1,155	82	(1,195)	–
Disposals	–	(2)	–	–	(275)	–	(277)
Currency effects	10	93	–	(8)	42	135	272
As of 30 September 2011	8,076	11,861	1,587	28,060	7,902	22,597	80,083
Amortization as of 1 October 2010	5,464	6,712	1,350	15,196	2,608	14,073	45,403
Additions	381	1,290	51	4,364	1,510	2,688	10,284
Impairments	–	–	31	–	–	–	31
Reclassifications	–	19	54	567	9	(649)	–
Disposals	–	(2)	–	–	(45)	–	(47)
Currency effects	–	76	–	(4)	26	146	244
As of 30 September 2011	5,845	8,095	1,486	20,123	4,108	16,258	55,915
Net carrying amount as of 30 September 2011	2,231	3,766	101	7,937	3,794	6,339	24,168

Miscellaneous other intangible assets include assets identified via purchase price allocations (PPA) for customer relationships with a carrying amount of € 5,911 thousand (previous year: € 3,167 thousand) and for technology with a carrying amount of € 1,756 thousand (previous year: € 2,980 thousand).

With the exception of the legally protected trademark with a book value of € 929 thousand (previous year: € 889 thousand), which is to be allocated to the Ophthalmic Systems SBU, which was capitalized within the scope of the PPA of LDT², the Group does not have any other intangible assets with an indefinite useful life. The useful life was defined as indefinite, as indefinite perpetual use is to be assumed until further notice.

² Laser Diagnostics Technologies Inc., San Diego, USA, was taken over by Carl Zeiss Meditec Inc. by way of a 100 % acquisition of shares, with effect from 2 December 2004.

13. Property, plant and equipment

Property, plant and equipment developed as follows in financial years 2011/2012 and 2010/2011:

(in € '000)	Land, buildings and leasehold improvements	Technical plant and machinery	Other office equipment, fixtures and fittings	Construction in progress	Total
Acquisition and production costs as of 1 October 2011	34,769	18,940	48,361	2,056	104,126
Additions	5,545	3,442	8,021	912	17,920
Reclassifications	457	884	405	(1,746)	–
Disposals	(51)	(73)	(3,952)	–	(4,076)
Currency effects	1,177	612	822	5	2,616
As of 30 September 2012	41,897	23,805	53,657	1,227	120,586
Depreciation and write downs as of 1 October 2011	17,798	10,661	35,165	–	63,624
Additions	1,961	2,056	4,980	–	8,997
Disposals	(51)	(70)	(2,131)	–	(2,252)
Currency effects	673	379	681	–	1,733
As of 30 September 2012	20,381	13,026	38,695	–	72,102
Net carrying amount as of 30 September 2012	21,516	10,779	14,962	1,227	48,484

(in € '000)	Land, buildings and leasehold improvements	Technical plant and machinery	Other office equipment, fixtures and fittings	Construction in progress	Total
Acquisition and production costs as of 1 October 2010	33,335	18,726	43,050	1,168	96,279
Additions	806	1,025	6,005	2,027	9,863
Reclassifications	537	(753)	1,357	(1,141)	–
Disposals	(88)	(67)	(2,387)	–	(2,542)
Currency effects	179	9	336	2	526
As of 30 September 2011	34,769	18,940	48,361	2,056	104,126
Depreciation and write downs as of 1 October 2010	15,742	9,991	30,640	–	56,373
Additions	1,565	1,802	5,340	–	8,707
Reclassifications	427	(1,019)	592	–	–
Disposals	(88)	(63)	(1,647)	–	(1,798)
Write-ups	–	(80)	–	–	(80)
Currency effects	152	30	240	–	422
As of 30 September 2011	17,798	10,661	35,165	–	63,624
Net carrying amount as of 30 September 2011	16,971	8,279	13,196	2,056	40,502

Property, plant and equipment – mainly land, buildings and leasehold improvements – includes leased property with a net book value of € 7,722 thousand (previous year: € 8,227 thousand).

Property, plant and equipment with a net book value of € 4,379 thousand. (previous year: € 4,575 thousand) serve as collateral for liabilities.

14. At-equity investments

Since financial year 2007/2008 the Group has held a 49 % share of the voting rights of Advanced Research Institute GmbH – a joint venture pursuant to IAS 31 – which has its registered office in Hennigsdorf. This company was included in the consolidated financial statements according to the equity method under IAS 31.38. Advanced Research Institute GmbH was dissolved with effect from the end of 30 November 2010 and was in liquidation since then; this process has been completed until 30 September 2012. The company has still to be deleted from the commercial register. Due to the uncertainty with respect to anticipated liquidation proceeds, the Group wrote down its at-equity investment in the company in the reporting period 2010/2011. The income recognized in financial year 2011/2012, in the amount of € 10 thousand, results from the accrued liquidation proceeds.

The table below provides a summary of financial data relating to the at-equity investment based on a 100 % holding: The final liquidation balance sheet was prepared on 3 April 2012, the reported result spans the entire period of liquidation (1 December 2010 – 3 April 2012):

(in € '000)	3 April 2012	30 November 2010
Total assets	21	29
Current	21	29
Equity	20	26
Total debt	1	3
Current	1	3
Expenses	(7)	(13)
Income	1	–
Result	(6)	(13)

15. Investments

The table below shows the changes in investments in financial years 2011/2012 and 2010/2011:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011
As of 1 October	364	364
As of 30 September	364	364

The item “Investments” in the statement of financial position includes the non-controlling interests carried at amortized cost in Elsia S.A.S., La Rochelle, France (€ 240 thousand) and Polymerexpert S.A., Pessac, France (€ 122 thousand). Carl Zeiss Meditec S.A.S. holds 13.8 % (previous year: 13.8 %) of the shares in Elsia S.A.S. and 8.6 % (previous year: 7.8 %) of the shares in Polymerexpert S.A.

This item also includes the non-controlling interests carried at amortized cost in S&V Technologies AG, Hennigsdorf (€ 2 thousand).

16. Deferred taxes

Deferred tax assets and liabilities are broken down into the following items in the statement of financial position:

(in € '000)	30 September 2012		30 September 2011	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Loss carryforwards	2,476	–	3,747	–
Intangible assets	977	2,873	1,058	3,677
Fixed assets	3,588	1,421	4,166	1,134
Financial assets	1,493	468	1,934	1,158
Inventories	18,371	177	19,273	856
Trade receivables	1,099	1	1,281	2
Other assets	276	291	158	488
Provisions	15,976	–	14,371	18
Trade payables	–	1	–	35
Other liabilities	4,709	26	4,111	125
Retained earnings	–	–	–	1,427
Total	48,965	5,258	50,099	8,920
Deferred tax assets (net)	43,707		41,179	

The consolidated statement of financial position contains deferred tax assets, after offsetting pursuant to IAS 12, totaling € 47,198 thousand (previous year: € 45,513 thousand), and deferred tax liabilities of € 3,491 thousand (previous year: € 4,334 thousand).

No deferred tax liabilities (previous year: € 1,427 thousand) were set up for retained earnings of subsidiaries earmarked for distribution, amounting to € 0 thousand (previous year: € 97,982 thousand). As these profits are to remain permanently invested from today's perspective, deferred taxes on retained earnings set up in previous years, of € 1,427 thousand, were reversed through profit or loss in the current financial year. Accordingly, deferred tax liabilities of € 7,886 thousand (previous year: € 5,441 thousand) on retained earnings at subsidiaries totaling € 296,566 thousand (previous year: € 166,184 thousand) were not carried as liabilities.

The table below shows the reconciliation of deferred taxes:

(in € '000)	
Deferred tax assets (net) as of 30 September 2010	35,038
Effects recognized in income	5,326
Currency effects	815
Deferred tax assets (net) as of 30 September 2011	41,179
Effects recognized in income	1,643
Currency effects	885
Deferred tax assets (net) as of 30 September 2012	43,707

Contrary to the previous year, Carl Zeiss Meditec's consolidated financial statements do not show any valuation allowance for deferred taxes in financial year 2011/2012. At the US subsidiary a deferred tax asset for tax credits granted for research and development costs was written down on a pro rata basis to a total of € 810 thousand.

17. Other noncurrent assets

Other noncurrent assets mainly include the asset-side appropriation of the plan assets for pension commitments in the amount of € 10,881 thousand (previous year: € 0 thousand). Further information can be found in note (24).

18. Inventories

Inventories comprise the following:

(in € '000)	30 September 2012	30 September 2011
Raw materials and supplies	52,924	50,592
Work in progress	22,736	19,382
Finished goods	91,978	88,143
Total inventories, gross	167,638	158,117
Valuation allowances	(24,625)	(24,516)
Total inventories, net	143,013	133,601

Inventories were written up/down as follows:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011
Beginning of financial year	24,516	23,006
Additions recognized as expenses	8,162	9,587
Currency effects	285	82
Reversals/utilization	(8,338)	(8,159)
End of financial year	24,625	24,516

The carrying amount of inventories carried at their net realizable value totaled € 78,404 thousand as of 30 September 2012 (previous year: € 81,096 thousand). Write-ups in the amount of € 3,337 thousand (previous year: € 1,854 thousand) were recognized in income. The write-ups are mainly attributable to the historical adjustment of depreciation routines. The cost of materials totaled € 311,230 thousand and € 265,938 thousand, respectively, in financial years 2011/2012 and 2010/2011. These expenses are calculated according to the total cost format and include the costs of raw materials and supplies and purchased goods and services, plus any valuation allowances and changes in inventories. No inventories have been pledged as collateral for liabilities.

19. Trade receivables

Trade receivables comprise the following:

(in € '000)	30 September 2012	30 September 2011
Current trade receivables	141,476	139,657
Noncurrent trade receivables	4,396	2,727
Trade receivables, gross	145,872	142,384
Valuation allowances	(4,817)	(4,904)
Trade receivables, net	141,055	137,480

20. Other current financial assets

Other current financial assets comprise the following:

(in € '000)	30 September 2012	30 September 2011
Current financial investments	120,000	110,000
Credit card receivables	1,637	1,351
Accrued interest	1,107	1,163
Derivative financial instruments	1,112	335
Loans to employees	106	101
Other receivables	102	97
Other current financial assets	124,064	113,047

21. Other current non-financial assets

Other current non-financial assets comprise the following:

(in € '000)	30 September 2012	30 September 2011
Prepaid expenses	5,012	4,711
Receivables from the tax office	1,157	1,147
Subsidies	1,205	258
Accounts receivable from R&D subsidies	35	313
Advances paid	699	898
Other receivables	971	660
Other current non-financial assets	9,079	7,987

Receivables from the tax office mainly include receivables from advance VAT payments.

22. Cash and cash equivalents

Cash and cash equivalents comprise the following:

(in € '000)	30 September 2012	30 September 2011
Cash	14	12
Bank balances	7,998	4,874
Deposits with Carl Zeiss Financial Services GmbH (secured by a declaration of pledge)	–	186,250
Short-term time deposits	1,514	3,505
Cash and cash equivalents	9,526	194,641

23. Equity

Subscribed capital

As in the previous financial year 2010/2011, the share capital of Carl Zeiss Meditec AG consists of 81,309,610 no-par value shares bearing equal rights, each with a theoretical value of € 1, and was fully paid in. Ownership of the shares is linked to voting rights at the General Meeting and profit participation rights for resolved disbursements.

Authorized capital

Pursuant to a resolution of the Annual General Meeting in financial year 2010/2011 and the entry in the commercial register dated 19 May 2011, the Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the Company, on one or several occasions until 11 April 2016, by up to a maximum of € 39,655 thousand, by issuing new no-par value bearer shares with a theoretical nominal value of € 1 per share (39,654,800 shares) against cash and/or contributions in kind (Authorized Capital I). The Management Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' statutory subscription rights in certain cases.

Capital reserve

The capital reserve contains the amounts obtained in excess of the theoretical value from the share issue.

Retained earnings

Under the German Stock Corporation Act (*Aktiengesetz*), the dividend available for distribution to the shareholders is dependent upon equity as reported in the single-entity financial statements of Carl Zeiss Meditec AG in accordance with the German Commercial Code (*HGB*). Dividends may only be declared and paid from any retained earnings that exist (after transfer to statutory reserves). The net profit disclosed in the single-entity financial statements (*HGB*) of Carl Zeiss Meditec AG generally differs from the accumulated net profit shown in these consolidated financial statements (IFRS). As of 30 September 2012, the single-entity financial statements of Carl Zeiss Meditec AG showed a net profit of € 63,849 thousand (previous year: € 41,160 thousand).

Non-controlling interests

The item non-controlling interests comprises the holdings of other shareholders in the equity of Carl Zeiss Meditec Co. Ltd., Tokyo.

Gains and losses recognized in other comprehensive income

The amounts recorded under gains and losses recognized in other comprehensive income resulting from currency translation developed as follows:

(in € '000)

Currency translation as of 30 September 2010	(14,369)
Development in financial year 10/11	4,402
Currency translation as of 30 September 2011	(9,967)
Development in financial year 11/12	8,476
Currency translation as of 30 September 2012	(1,491)

24. Employee benefit obligations

The Group uses legally independent trusts to cover its pension commitments – within the scope of contractual trust arrangements (CTAs) – as well as pledged reinsurance policies.

The amount disclosed in the statement of financial position on the basis of the Company's obligation from defined benefit plans is based on the following:

(in € '000)	30 September 2012	30 September 2011
Present value of obligations not financed by plan assets	12,193	10,688
Present value of obligations wholly or partly financed by plan assets	82,026	62,409
Total value of defined benefit obligation (DBO)	94,219	73,097
Fair value of plan asset	66,302	47,865
Net obligation	27,917	25,232
Unrecognized actuarial net gains/(losses)	(25,825)	(11,949)
Net amount recognized	2,092	13,283
thereof in: Other noncurrent assets	10,881	–
thereof in: Provisions for pensions and similar commitments	12,973	13,283

The limit on the defined benefit asset, recognized under "Other noncurrent assets", pursuant to IAS 19.58 (b), has no effect.

The following amounts are recognized in the income statement for defined benefit plans:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011
Current service cost	4,315	4,251
Interest expense	3,183	2,936
Expected return on plan assets	(2,446)	(2,393)
Recognized actuarial (gains)/losses	1,027	662
Net expenditure in the financial year	6,079	5,456
Actual (income)/expense on plan assets	(3,769)	(191)

The current service cost of € 4,315 thousand (previous year: € 4,251 thousand) is included under both "Cost of goods sold" and "Functional costs", depending on the allocation of personnel costs to the functional areas. The same applies to actuarial gains/losses recognized. Interest costs in the amount of € 3,183 thousand (previous year: € 2,936 thousand) are included in interest expenses. The expected return on plan assets is included in the other financial result.

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

(in € '000)	Financial year 2011/2012	Financial year 2010/2011
Defined benefit obligation (DBO) at beginning of financial year	73,097	70,440
Current service cost	4,315	4,251
Interest expense	3,183	2,936
Benefit payments	(2,278)	(1,484)
Employee contributions	109	56
Actuarial (gains)/losses	16,095	(3,253)
Additions/(disposals)	(1,347)	(735)
Currency translation differences from foreign plans	1,045	886
Defined benefit obligation (DBO) at end of financial year	94,219	73,097

The changes in the fair value of the plan assets are as follows:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011
Fair value of plan assets at beginning of financial year	47,865	42,678
Expected return on plan assets	2,446	2,393
Gains/(losses) on plan assets	1,337	(2,202)
Employer contributions	15,393	4,325
Employee contributions	109	97
Pension payments from plan assets	(1,362)	(1,075)
First-time classification as plan asset	–	1,521
Currency translation differences from foreign plans	514	128
Fair value at end of financial year	66,302	47,865

For the coming financial year the Group intends to pay a contribution of € 947 thousand (previous year: € 444 thousand) into the defined benefit plans.

The main investment categories of the plan assets were as follows at the end of the reporting period:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011
Equity instruments	13,631	11,266
Debt instruments	27,571	25,682
Cash	20,682	4,073
Other	4,418	6,844
Total plan assets	66,302	47,865

The anticipated total return on plan assets is calculated on the basis of the market prices prevailing for the period in which the obligation is fulfilled. Expected returns on fixed-interest capital investments are based on the gross effective interest rate at the end of the period. Expected returns on equity securities reflect the empirical effective long-term returns to be achieved in the respective markets.

The following average valuation factors were used to determine benefit obligations:

(in %)	Germany Financial year		USA Financial year		Japan Financial year	
	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011
Discount factor	4.07	5.20	3.56	4.55	0.80	1.00
Noncurrent increase in salaries	3.00	3.00	4.00	4.00	2.54	2.54
Future increase in pensions	2.00	2.00	4.00	4.00	2.54	2.54
Cost trend medical care	–	–	3.50	3.50	–	–
Anticipated return on plan assets	4.50	4.50	7.50	7.50	–	–

The calculation of pensions is linked to employee turnover. Depending on the respective plan, the pensionable age was set at 62 to 65. As in the previous year, benefit obligations in Germany were calculated based on Prof. Dr. Klaus Heubeck's 2005 G life expectancy tables. The calculation of the underlying discount factor also took market changes into account.

A change of 1 % would have the following effect, assuming the current cost trends for post-employment health care benefit obligations, which exclusively affect the US subsidiary.

(in € '000)	Increase	Decrease
Effect on total current service cost and interest expense	12	(11)
Effect on defined benefit obligation	362	(315)

The table below shows the development of historical adjustments:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011	Financial year 2009/2010	Financial year 2008/2009	Financial year 2007/2008
Present value of defined benefit obligation	94,219	73,097	70,440	51,323	43,332
Fair value of plan asset	66,302	47,865	42,678	39,505	36,345
Plan surplus/(deficit)	(27,917)	(25,232)	(27,762)	(11,818)	(6,987)
Historical adjustments of plan liabilities as of the end of the period	16,095	(3,253)	13,057	6,064	(7,573)
Historical adjustment of plan assets as of the end of the period	1,337	(2,202)	(499)	(1,129)	(7,005)

25. Provisions

The table below shows the development of current and noncurrent provisions:

(in € '000)	Personnel and social	Ongoing operations	Other	Total
As of 1 October 2011	9,086	21,866	7,986	38,938
Additions acquisitions	–	–	3,639	3,639
Additions	1,378	13,574	9,122	24,074
Interest yield	152	583	192	927
Reversals	(1,837)	(7,418)	(1,464)	(10,719)
Utilization	(2,414)	(7,613)	(4,843)	(14,870)
Currency effects	26	170	126	322
As of 30 September 2012	6,391	21,162	14,758	42,311
Current provisions	80	16,893	12,755	29,728
Noncurrent provisions	6,311	4,269	2,003	12,583
Provisions as of 30 September 2012	6,391	21,162	14,758	42,311
Current provisions	104	17,867	7,986	25,957
Noncurrent provisions	8,982	3,999	–	12,981
Provisions as of 30 September 2011	9,086	21,866	7,986	38,938

In the financial year under review – as in the previous year – no reimbursements were expected or recognized in income; accordingly, no assets were capitalized for reimbursements.

The addition from acquisitions results from the contingent purchase price payment. Further information can be found in note (3).

Noncurrent provisions for personnel and social commitments include provisions for partial retirement obligations. Plan assets were set up for these obligations for the first time this financial year, which were offset at fair value as follows against the provision at the end of the reporting period:

(in € '000)	30 September 2012	30 September 2011
Present value of partial retirement obligations	4,162	6,062
Fair value of plan asset	443	–
Reported net liability for partial retirement obligations	3,719	6,062

26. Noncurrent financial liabilities

Noncurrent financial liabilities comprise the following:

(in € '000)	30 September 2012	30 September 2011
Annuity loans	2,728	3,143
Other loans	6,090	5,948
Total noncurrent loans	8,818	9,091
Less current portion of noncurrent loans	6,432	379
Noncurrent loans, net of current portion	2,386	8,712

The variable-interest annuity loan of one Group company has a term of 18 years and is redeemed in quarterly installments of € 124 thousand, each including interest. In financial year 2011/12 this loan bore an average interest rate of 2.33 % p. a.

The item "Other loans" mainly consists of a mezzanine loan to Carl Zeiss Meditec AG, which bears interest at a rate of 7.93 %. This loan has a total term of seven years. At the end of the financial year under review the loan had a remaining term of less than one year.

As of 30 September 2012 the Company's noncurrent liabilities had the following maturities:

(in € '000)	
Financial year ending 30 September	Liabilities
2013	6,432
2014	566
2015	466
2016	475
2017	483
2018	396
Thereafter	0
Noncurrent liabilities, total	8,818

27. Current accrued liabilities

Current accrued liabilities include the following items:

(in € '000)	30 September 2012	30 September 2011
Outstanding invoices	27,290	19,884
Christmas bonus, special payments, and other personnel-related liabilities	30,988	29,583
Commissions/bonuses	4,197	4,801
Year-end costs	551	421
Consultancy fees	107	215
Other accrued liabilities	1,993	1,609
Current accrued liabilities	65,126	56,513

28. Other current non-financial liabilities

Other current non-financial liabilities comprise the following:

(in € '000)	30 September 2012	30 September 2011
Deferred income	15,424	13,006
Advance payments received on account of orders	3,685	4,692
Liabilities from taxes not related to income	2,499	2,842
Liabilities from social security	2,139	2,013
Wage withholding tax	1,598	1,557
Outstanding customs duties	1,260	1,200
Other liabilities	2,263	2,241
Other current non-financial liabilities	28,868	27,551

29. Additional disclosures on financial instruments

The following table shows the book values, carrying amounts and fair values by valuation category of the financial instruments as of 30 September 2012 and 30 September 2011.

(in € '000))	30 September 2012							
	Carrying amount statement of financial position IAS 39							
	Valuation category according to IAS 39	Carrying amount	Amortized cost	Fair value recognized directly in equity	Fair value recognized through profit or loss	Recognition cash reserves	Carrying amount statement of financial position IAS 17	Fair value*
Primary financial instruments								
Assets								
Trade receivables	LaR	141,055	141,055	–	–	–	–	141,055
Accounts receivable from related parties	LaR	42,718	42,718	–	–	–	–	42,718
Treasury receivables	LaR	241,389	241,389	–	–	–	–	241,389
Investments	AfS	364	364	–	–	–	–	364
Other noncurrent financial assets	LaR	137	137	–	–	–	–	137
Other current financial assets	LaR	122,952	122,952	–	–	–	–	122,952
Financial assets which cannot be allocated to any category within the meaning of IAS 39:								
Cash	n.a.	9,526	–	–	–	9,526	–	9,526
Liabilities								
Trade payables	FLAC	36,935	36,935	–	–	–	–	36,935
Liabilities to related parties	FLAC	13,613	13,613	–	–	–	–	13,613
Treasury payables	FLAC	14,597	14,597	–	–	–	–	14,597
Loans from banks	FLAC	2,888	2,888	–	–	–	–	2,888
Other financial liabilities	FLAC	6,090	6,090	–	–	–	–	6,090
Financial liabilities which cannot be allocated to any category within the meaning of IAS 39:								
Leasing liabilities	n.a.	16,153	–	–	–	–	16,153	18,523
Derivative financial instruments								
Assets								
Currency hedging contracts	FAHfT	1,112	–	–	1,112	–	–	1,112
Liabilities								
Currency hedging contracts	FLHfT	5,778	–	–	5,778	–	–	5,778
Thereof aggregated by valuation category pursuant to IAS 39								
Loans and Receivables (LaR)		548,252	548,252	–	–	–	–	548,252
Available-for-Sale Financial Assets (AfS)		364	364	–	–	–	–	364
Financial Assets Held for Trading (FAHfT)		1,112	–	–	1,112	–	–	1,112
Financial Liabilities measured at Amortized Cost (FLAC)		74,123	74,123	–	–	–	–	74,120
Financial Liabilities Held for Trading (FLHfT)		5,778	–	–	5,778	–	–	5,778

* Insofar as no fair value can be calculated, book value is stated

(in € '000)								
30 September 2011								
Carrying amount statement of financial position IAS 39								
	Valuation category according to IAS 39	Carrying amount	Amortized cost	Fair value recognized directly in equity	Fair value recognized through profit or loss	Carrying amount cash reserves	Carrying amount statement of financial position IAS 17	Fair value*
Primary financial instruments								
Assets								
Trade receivables	LaR	137,480	137,480	–	–	–	–	137,480
Receivables from related parties	LaR	40,626	40,626	–	–	–	–	40,626
Treasury receivables	LaR	14,475	14,475	–	–	–	–	14,475
Investments	AfS	364	364	–	–	–	–	364
Other noncurrent financial assets	LaR	137	137	–	–	–	–	137
Other current financial assets	LaR	111,361	111,361	–	–	–	–	111,361
Financial assets which cannot be allocated to any category within the meaning of IAS 39:								
Cash	n. a.	194,641	–	–	–	194,641	–	194,641
Liabilities								
Trade payables	FLAC	29,176	29,176	–	–	–	–	29,176
Liabilities to related parties	FLAC	13,224	13,224	–	–	–	–	13,224
Treasury payables	FLAC	5,985	5,985	–	–	–	–	5,985
Loans from banks	FLAC	4,977	4,977	–	–	–	–	5,077
Other financial liabilities	FLAC	5,948	5,948	–	–	–	–	5,948
Financial liabilities which cannot be allocated to any category within the meaning of IAS 39:								
Leasing liabilities	n. a.	17,005	–	–	–	–	17,005	19,171
Derivative financial instruments								
Assets								
Currency hedging contracts	FAHfT	335	–	–	335	–	–	335
Liabilities								
Currency hedging contracts	FLHfT	4,051	–	–	4,051	–	–	4,051
Thereof aggregated by valuation category pursuant to IAS 39								
Loans and Receivables (LaR)		304,079	304,079	–	–	–	–	304,079
Available-for-Sale Financial Assets (AfS)		364	364	–	–	–	–	364
Financial Assets Held for Trading (FAHfT)		335	–	–	335	–	–	335
Financial Liabilities measured at Amortized Cost (FLAC)		59,310	59,310	–	–	–	–	59,410
Financial Liabilities Held for Trading (FLHfT)		4,051	–	–	4,051	–	–	4,051

* Insofar as no fair value can be calculated, book value is stated

The abbreviations of the valuation categories according to IAS 39 are explained in note (2(i)). The following reclassifications should be noted for a comparison of valuation categories with items in the statement of financial position:

Classification acc. to IFRS 7	Category according to IAS 39	Statement of financial position
• Trade receivables	LaR	• Noncurrent trade receivables • Trade receivables
• Receivables from related parties	LaR	• Receivables from related parties
• Treasury receivables	LaR	• Treasury receivables
• Investments	AfS	• Investments
• Securities	AfS	• Securities
• Noncurrent loans to employees • Other noncurrent financial assets	LaR LaR	• Other noncurrent assets
• Other current financial assets • Asset-side currency hedging contracts	LaR FAHfT	• Other current financial assets
• Cash	n. a.	• Cash and cash equivalents
• Trade payables	FLAC	• Trade payables
• Liabilities to related parties	FLAC	• Liabilities to related parties
• Treasury payables	FLAC	• Treasury payables
• Other financial liabilities	FLAC FLAC	• Noncurrent financial liabilities • Current portion of noncurrent financial liabilities
• Loans from banks	FLAC FLAC FLAC	• Noncurrent financial liabilities • Current portion of noncurrent financial liabilities • Current financial liabilities
• Liabilities-side currency hedging contracts	FLHfT	• Current financial liabilities
• Leasing liabilities	n. a.	• Noncurrent leasing liabilities • Current portion of noncurrent leasing liabilities

As of 30 September 2012 the Company had currency hedging contracts with a total nominal value of € 251,181 thousand (previous year: € 101,654 thousand). Gains and losses on the valuation of derivative financial instruments not yet due totaling € -4,285 thousand (previous year: € -3,138 thousand) are recorded in the income statement under "Foreign currency gains/(losses), net". As in the previous year the Group does not hold any financial instruments to be allocated to the categories "held-to-maturity" or, based on the respective designation, "assets or liabilities to be measured at fair value through profit or loss".

Net results by valuation category

The following tables show the distribution of income from interest, the subsequent valuation of financial instruments at fair value, and from currency translation among the individual categories of financial instruments in the sense of IAS 39, and how the respective net result is calculated.

(in € '000)		Interest effects	From subsequent valuation			Write-offs	Result recognized in other comprehensive income	Net result
			at fair value	Currency translation	Valuation allowance			
From loans and receivables	30 September 2012	2,864	n. a.	(378)	(431)	(97)	n. a.	1,958
	30 September 2011	4,390	n. a.	1,693	(554)	(139)	n. a.	5,390
From available-for-sale financial assets	30 September 2012	–	–	–	–	–	–	–
	30 September 2011	–	(166)	–	–	–	166	–
From held-for-trading financial assets and liabilities	30 September 2012	–	(4,285)	3,632	–	–	–	(653)
	30 September 2011	–	(3,138)	–	–	–	–	(3,138)
From financial liabilities carried at amortized cost	30 September 2012	(718)	n. a.	(5,334)	n. a.	n. a.	n. a.	(6,052)
	30 September 2011	(894)	n. a.	(1,062)	n. a.	n. a.	n. a.	(1,956)
Other	30 September 2012	(5,206)	–	7	2,697	–	–	2,502
	30 September 2011	(6,145)	–	(63)	2,534	–	–	3,674
Total	30 September 2012	(3,060)	(4,285)	(2,073)	2,266	(97)	–	7,249
	30 September 2011	(2,649)	(3,304)	568	1,980	(139)	166	3,378
thereof through profit or loss	30 September 2012	(3,060)	(4,285)	(2,073)	2,266	(97)	–	7,249
	30 September 2011	(2,649)	(3,138)	568	1,980	(139)	–	3,378
thereof selling and marketing expenses	30 September 2012	–	–	–	(431)	(97)	–	(528)
	30 September 2011	–	–	–	(554)	(139)	–	(693)

The interest from financial instruments is carried under “Interest income”; dividends are carried under “Other financial result” (see note (7)). Carl Zeiss Meditec records the other components of the net result under “Other financial result”, with the exception of the valuation allowances on trade receivables attributable to the valuation category “Loans and receivables”, which are carried under “Selling expenses”. In addition, the income statement also takes into account all factors that cannot be allocated to financial instruments. The Company did not make use of the option under IAS 39.9 (b), to recognize financial assets or liabilities at fair value through profit or loss upon first recognition.

Financial assets carried at fair value by valuation category

The following table shows the financial assets carried at fair value by valuation category. The valuation categories are defined as follows:

Category 1

- Financial instruments traded on active markets, for which the listed prices were taken over unchanged for valuation.

Category 2

- Valuation is based on valuation methods for which the influencing factors used were derived directly or indirectly from observable market data.

Category 3

- Valuation is based on valuation methods for which the influencing factors used are not exclusively based on observable market data.

(in € '000)		Category 1	Category 2	Category 3	Total
From held-for-trading financial assets and liabilities	30 September 2012	–	(4,666)	–	(4,666)
	30 September 2011	–	(3,716)	–	(3,716)

OTHER DISCLOSURES**30. Leases****Operating leases and rental agreements – Group as lessor**

The Group leases technical equipment as well as other office equipment, fixtures and fittings.

The future accumulated minimum lease and rental payments from binding operating lease agreements amount to the following:

(in € '000)	Lease and rental payments
Up to 1 year	405
1 to 5 years	152
More than 5 years	–
Total minimum lease and rental payments	557

Operating leases and rental agreements – Group as lessee

The Company leases buildings and office equipment under lease and rental agreements which may not be cancelled during the basic term. The leases have different conditions and extension and purchase options.

The lease and rental expenses recorded in the income statement for financial years 2011/2012 and 2010/2011 amount to € 10,260 thousand and € 8,999 thousand, respectively.

The future accumulated minimum rental and leasing payments based on binding operating leases amount to the following:

(in € '000)	Lease and rental payments
Up to 1 year	7,067
1 to 5 years	9,855
More than 5 years	5,226
Total minimum lease and rental payments	22,148

The future minimum lease payments for the leasing of buildings include the rental payments for the subsequent binding rental period. Extension options exist for these rental agreements.

Finance leases – Group as lessor

In some cases the Company offers financing models within the scope of selling its products, in the form of lease agreements, which, due to their nature, must be classified as finance leases.

The obligations from finance leases are as follows:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011	Financial year 2011/2012	Financial year 2010/2011	Financial year 2011/2012	Financial year 2010/2011
	Present value of future lease payments		Interest portion of future lease payments		Total future lease payments	
Due within 1 year	843	–	32	–	875	–
Due within 1 to 5 years	1,126	–	33	–	1,159	–
Due after more than 5 years	–	–	–	–	–	–
Total	1,969	–	65	–	2,034	–

In the financial year just ended there was no outstanding financial income, no non-guaranteed residual values accruing to the lessor, no valuation allowances for uncollectible outstanding minimum lease payments, and no contingent rental payments recognized as income in the reporting period.

Finance leases – Group as lessee

On 28 September 1999 Carl Zeiss Meditec Inc. sold and leased back land, buildings and leasehold improvements in Dublin, USA, for € 34,081 thousand. This sale-and-lease-back arrangement is categorized as a finance lease pursuant to IAS 17, whereby the land, buildings and leasehold improvements continue to be carried and depreciated on the lessee's books. The lease agreement has a term of 20 years. After the original term of the lease expires in 2019, the lessee will have two opportunities to extend the lease by five years in each case. The lease also includes a clause to increase the lease installments by 13 % every five years.

In addition, the land and buildings of the French subsidiary Carl Zeiss Meditec S.A.S. in La Rochelle are financed via a finance lease. The lease agreement comprises three contracts. The basic lease agreement was concluded in 2001 and was extended in 2002 and 2003 by supplementary agreements. Each of these agreements has a term of 15 years. After the original term expires, the leased assets can be acquired for a price of € 1.00 each. The leases do not include any price adjustment clauses; however, they are subject to variable interest rates.

Carl Zeiss Meditec S.A.S. and F.C.I. S.A.S. also have finance leases for company vehicles.

The obligations from finance leases are as follows:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011	Financial year 2011/2012	Financial year 2010/2011	Financial year 2011/2012	Financial year 2010/2011
	Present value of future lease payments		Interest portion of future lease payments		Total future lease payments	
Due within 1 year	1,787	1,607	1,144	1,196	2,931	2,803
Due within 1 to 5 years	9,105	8,017	3,252	3,554	12,357	11,571
Due after more than 5 years	5,261	7,381	597	1,141	5,858	8,522
Total	16,153	17,005	4,993	5,891	21,146	22,896

31. Contingent liabilities and other financial commitments

Guarantees

As in the previous year, no guarantees have been assumed on behalf of external third parties.

Purchase commitments

Carl Zeiss Meditec has purchase commitments towards suppliers for property, plant and equipment amounting to € 769 million (previous year: € 2,628 thousand) and for inventories totaling € 60,865 thousand (previous year: € 68,430 thousand). These are spread over several years.

Litigation and arbitration proceedings

With the exception of the proceedings described below, the Carl Zeiss Meditec Group is not currently involved in any litigation or arbitration proceedings which, in the Company's current estimation, could individually have a material effect on the financial position of Carl Zeiss Meditec. Nor are such proceedings pending or to be expected to the Company's knowledge.

Furthermore, a litigation risk arises from the claim of a former sales partner in Egypt for compensation and damages. The Company believes that there is no sufficient basis for these claims; it therefore contests the claim. A provision was set up for the expected costs (note 25).

32. Securities

Assets pledged as security

Borrowings in the amount of € 2,728 thousand (previous year: € 3,143 thousand) are secured with land and buildings, plant and machinery. There are no restrictions on rights of disposal.

Assets held as security

The Group does not hold any assets pledged as security.

33. Segment reporting

According to IFRS 8, the Group publishes its operating segments based on the information that is reported internally to the CEO, who is also Chief Operating Decision Maker. The operating segments correspond to the Group's Strategic Business Units (SBUs). The Ophthalmic Systems and Surgical Ophthalmology SBUs comprise Carl Zeiss Meditec's major activities in the ophthalmic market. Ophthalmic Systems include medical laser and diagnostic systems. The Surgical Ophthalmology SBU unites the Company's activities in the field of intraocular lenses and consumables. The Company's activities in the field of neurosurgery and ear, nose and throat surgery are brought together in the "Microsurgery" SBU. Visualization solutions for ophthalmic surgery and activities in the area of intraoperative radiation are also allocated to this SBU. The management report contains further information on the business activities of the SBUs.

Internal management reports are evaluated by the CEO at least once every quarter for each of the strategic business units with regard to making decisions on resource allocation and performance. In addition to publication of the results at segment level, the amortization and depreciation, and the additions to provisions, are also published for each SBU.

From financial year 2011/2012 phacoemulsification products shall no longer be allocated to the "Microsurgery" SBU, but shall instead be allocated to the "Surgical Ophthalmology" SBU. This amendment has been taken into account in the following table, and the previous year's figures have been adjusted accordingly.

(in € '000)	Ophthalmic Systems 12 Months		Surgical Ophthalmology 12 Months		Microsurgery 12 Months		Total 12 Months	
	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011
External revenue	375,909	345,972	107,741	91,661	378,225	321,160	861,875	758,793
Gross profit	185,489	172,181	58,514	51,692	217,361	190,963	461,364	414,836
Selling and marketing expenses	(85,172)	(80,833)	(31,468)	(27,130)	(87,397)	(79,177)	(204,037)	(187,140)
General and administrative expenses	(16,161)	(19,147)	(7,968)	(9,084)	(16,848)	(12,045)	(40,977)	(40,276)
Research and development expenses	(52,008)	(40,254)	(10,363)	(14,991)	(31,079)	(28,970)	(93,450)	(84,215)
Other	–	14	–	361	–	(14)	–	361
Earnings before interest and income taxes	32,148	31,961	8,715	848	82,037	70,757	122,900	103,566
Depreciation and amortization	6,772	7,304	7,695	8,633	3,428	3,085	17,895	19,022
Appropriation to provisions	10,370	9,963	1,273	2,262	12,431	13,564	24,074	25,789
Reconciliation of segments' comprehensive income to the Group's period-end result:								
Comprehensive income of the segments							122,900	103,566
Consolidated earnings before interest and taxes (EBIT)							122,900	103,566
Financial result							(6,721)	(2,685)
Consolidated earnings before income taxes							116,179	100,881
Income tax expense							(39,787)	(28,607)
Consolidated net income							76,392	72,274
Thereof attributable to:								
Shareholders of the parent company							71,870	66,906
Non-controlling interests							4,522	5,368

As the segment data are based on IFRS, the segment totals correspond to the total values presented in the consolidated income statement. Therefore, a reconciliation account is not necessary (except for the segment total). The reconciliation of earnings before interest and taxes to consolidated net income is explained in the notes to consolidated income statement.

As a general rule there were no intersegment sales between the SBUs.

The information on geographic regions is based on the regions of Germany, the USA, Japan, Europe and Other according to the registered office of the subsidiary which recognizes the revenues or which holds the noncurrent assets. Each region essentially offers the same type of products and services.

(in € '000)	Financial year 2011/2012		Financial year 2010/2011	
	Revenue	Noncurrent assets	Revenue	Noncurrent assets
Germany	366,111	63,191	326,128	46,050
USA	284,092	32,332	245,135	31,704
Japan	119,999	1,023	105,206	805
Europe	91,673	105,223	82,324	99,256
Other	–	320	–	245
Total	861,875	202,089	758,793	178,060

Segment assets comprise the noncurrent assets of the segment less deferred taxes of € 47,198 thousand (previous year: € 45,513 thousand), investments of € 364 thousand (previous year: € 364 thousand) and noncurrent trade receivables of € 4,393 thousand (previous year: € 2,727 thousand).

Major customers

Carl Zeiss AG and its subsidiaries (except Carl Zeiss Meditec Group) constitute one of Carl Zeiss Meditec's major customers, accounting for more than 10 % of total revenue. Revenue is generated with Carl Zeiss AG and its subsidiaries in all segments (see note (35)).

34. Government grants

Grants allocated for the years ending 30 September 2012 and 2011 were as follows:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011
Research and development subsidies	655	1,001
Grants for assets	939	138
Total	1,594	1,139

Grants received in the amount of € 939 thousand (previous year: € 138 thousand) were deducted from the acquisition costs of the relevant property, plant and equipment. The investment subsidies and investment grants are subject to subsequent review. Specifically, the investment grant is subject to the respective property, plant and equipment remaining in the assisted area for five years. The Group has not identified any risks of repayment. The subsidies awarded for research and development costs were recognized under "Research and development expenses". The grants for assets include a one-time subsidy of € 773 thousand for a solar energy plant, which was erected during the current financial year on the building of Carl Zeiss Meditec Inc. in Dublin, USA.

35. Related party disclosures

The following transactions and outstanding balances arise from various agreements with related parties:

(in € '000)		Transaction amount		Outstanding balance	
	Financial year 2011/2012	Financial year 2010/2011		30 September 2012	30 September 2011
Income	213,850	185,458	Receivables	42,718	40,626
thereof Carl Zeiss AG	2,289	2,261	thereof Carl Zeiss AG	5,517	6,060
Expenses	97,699	87,544	Liabilities	13,613	13,224
thereof Carl Zeiss AG	29,437	28,553	thereof Carl Zeiss AG	4,519	5,682

Expenses include research and development costs of € 8,532 thousand commissioned at the Carl Zeiss Group in financial year 2011/2012 (previous year: € 5,489 thousand). Expenses also include expenses arising from lease and rental payments due to the Carl Zeiss Group in financial year 2011/12 amounting to € 2,815 thousand (previous year: € 2,373 thousand). Relationships with key personalities with a significant influence do not and did not exist.

In addition, there was income – mostly financial income – and expenses – mostly financial expenses – totaling € 3,700 thousand (previous year: € 3,828 thousand) and € 11,954 thousand (previous year: € 5,652 thousand), as well as receivables from and liabilities to Carl Zeiss Financial Services GmbH amounting to € 241,389 thousand (previous year: € 14,475 thousand) and € 14,597 thousand (previous year: € 5,985 thousand).

There were no transactions with the Carl Zeiss Foundation in the financial year just ended; there were no open items at the end of the reporting period.

36. Employee participation programs

The Company did not issue any stock options or free shares in financial years 2011/2012 and 2010/2011.

37. Notifiable transactions in the reporting period

In the past financial year no member of the Management Board, but two members of the Supervisory Board executed a notifiable securities transaction pursuant to Section 15a German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*).

The details of the above-mentioned securities transactions were published immediately after their disclosure on the Company's website at www.meditec.zeiss.com/ir – Corporate Governance – Directors' Dealings in accordance with the legal requirements of Section 15b WpHG. The publication documents and the relevant disclosures were forwarded to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin*).

38. Financial risk management

The Group operates a global financial risk management system, which comprises all subsidiaries and is organized centrally at Group level. The prime objective of the financial risk management system is to provide the necessary liquidity for the operations of companies within the Group and to limit the financial risks.

Due to its use of a range of financial instruments, the Group is exposed to risks which arise particularly as a result of fluctuation in exchange rates, interest rates and changes in the creditworthiness of the contracting partners involved.

The Group's exposure to each of the risks listed above is described below. The Group's objectives, strategies and procedures for controlling, and methods for measuring the risks are also described. The risk report in the management report also contains information about the risk management system.

Market risk

Interest fluctuation risk

The Group mainly holds interest-bearing financial instruments via its short-term cash and cash equivalent investments, loans and treasury receivables – from the Carl Zeiss group cash management of Carl Zeiss Financial Services GmbH, Oberkochen (see note (2(i))). The Group also holds noncurrent, interest-bearing financial receivables and liabilities and lease liabilities.

An interest sensitivity analysis is based on the following assumptions: changes in market interest rates on primary financial instruments with fixed interest rates will only have an effect on income if these are valued at fair value. As a result, all financial instruments carried at amortized cost with fixed interest are not subject to any risks of interest rate changes within the meaning of IFRS 7. In addition, forex derivatives are not subject to any major risk of interest rate changes and thus do not impact interest rate sensitivities. Variable-interest financial instruments with an original term of less than 91 days are not subjected to an interest sensitivity analysis, since the interest fluctuation risk of these financial instruments can be considered negligible, due to their short maturity.

As in the previous year, the Group did not hold any fixed-interest financial instruments measured at fair value at the end of the reporting period. It is therefore assumed that the Group is only exposed to interest fluctuation risks associated with variable-interest financial instruments with an original term of more than 90 days.

The table below shows the Company's interest-bearing, non-derivative financial instruments with a term of more than 90 days.

(in € '000)	30 September 2012	30 September 2011
Variable-interest financial assets	–	–
Fixed-interest financial assets	–	–
Total interest-bearing assets	–	–
Variable-interest financial liabilities	3,100	448
Fixed-interest financial liabilities	22,030	25,648
Total interest-bearing liabilities	25,130	26,096

A change in the average variable interest rate by 100 base points would have increased (decreased) the result as of the end of the reporting period as follows. This analysis assumes that all other variables remained constant.

(in € '000)		Carrying amount	Effects of interest risks on			
			Result		Equity	
			+100 BP	-100 BP	+100 BP	-100 BP
Variable-interest financial instruments	30 September 2012	3,100	(37)	37	–	–
	30 September 2011	448	(2)	2	–	–

The interest fluctuation risk is countered within the scope of the overall financial risk management system, by regularly monitoring key items and their inherent interest fluctuation risks to limit these, if necessary. At the present time, this risk can be considered negligible.

Other price risks

IFRS 7 requires that the presentation of market risks also includes information about the effects hypothetical changes in risk variables could have on the prices of financial instruments. Possible risk variables are in particular stock market prices or indices. As in the previous year, there were no material risks of this kind within the Group as of 30 September 2012.

Currency risk

The currency risk for the Group in the sense of IFRS 7 results from its financial instruments, which arose from its business operations and investing and financing activities. The Group counters a risk that remains after compensation of payments made and received in the same foreign currency mainly by concluding simple currency forward contracts. Most of these transactions relate to the US dollar, the British pound and the Japanese yen. Carl Zeiss Meditec AG and its subsidiaries are linked to the currency hedging processes of Carl Zeiss AG, Oberkochen via its treasury company, Carl Zeiss Financial Services GmbH. The total foreign currency payments made and received and reported to the treasury by the Group's subsidiaries on a monthly basis are thus hedged against the euro by means of a currency forward contract with a term of one year as a rule in the amount of the ratio fixed.

The book values of the Group's financial assets and liabilities denominated in foreign currencies reflect the level of risk exposure as of the end of the reporting period. The tables below provide an overview of the Group's foreign currency financial instruments.

(in € '000)		Total		Thereof: in the following currencies – translated to € –						
		EUR	EUR	USD	JPY	GBP	CAD	SEK	CHF	Remaining amount
Assets										
Trade receivables	30 September 2012	141,055	141,048	7	–	–	–	–	–	–
	30 September 2011	137,480	137,339	141	–	–	–	–	–	–
Receivables from related parties	30 September 2012	42,718	29,761	8,613	–	1,983	1,022	450	693	196
	30 September 2011	40,626	27,010	8,640	–	1,964	1,828	338	775	71
Asset-side currency hedging contracts	30 September 2012	1,112	–	406	383	147	16	8	13	139
	30 September 2011	335	–	150	–	29	106	–	50	–
Total assets	30 September 2012	184,885	170,809	9,026	383	2,130	1,038	458	706	335
	30 September 2011	178,441	164,349	8,931	–	1,993	1,934	338	825	71
Liabilities										
Trade payables	30 September 2012	36,935	34,337	2,044	99	35	–	–	400	20
	30 September 2011	29,176	27,015	1,281	726	48	–	–	98	8
Liabilities to related parties	30 September 2012	13,613	12,457	872	–	51	23	–	–	230
	30 September 2011	13,224	12,464	450	–	28	13	–	–	269
Liabilities-side currency hedging contracts	30 September 2012	5,778	–	2,292	1,376	473	332	237	14	1,054
	30 September 2011	4,051	–	1,709	2,178	70	10	–	84	–
Total liabilities	30 September 2012	56,326	46,794	5,208	1,475	559	355	237	414	1,304
	30 September 2011	46,451	39,479	3,440	2,904	146	23	–	182	277

In order to better present the currency risks that exist, the effects of hypothetical fluctuations in the relevant currencies on net income for the year and equity are presented below based on a currency sensitivity analysis. If, hypothetically, the Euro had been 10 % stronger (weaker) as of the end of the reporting period against the main foreign currencies used by the Group – ceteris paribus – earnings before taxes and equity would have been affected as follows:

(in € '000)		Carrying amount	Effects of currency risks on			
			through profit or less		recognized in other comprehensive income	
			+10 %	-10 %	+10 %	-10 %
Assets						
Trade receivables	30 September 2012	141,055	(1)	1	–	–
	30 September 2011	137,480	(14)	14	–	–
Receivables from related parties	30 September 2012	42,718	(1,296)	1,296	–	–
	30 September 2011	40,626	(1,355)	1,355	–	–
Asset-side currency hedging contracts	30 September 2012	1,112	2,017	(2,017)	–	–
	30 September 2011	335	1,771	(1,771)	–	–
Effect of financial instruments before taxes	30 September 2012	184,885	720	(720)	–	–
	30 September 2011	178,441	402	(402)	–	–
Liabilities						
Trade payables	30 September 2012	36,935	260	(260)	–	–
	30 September 2011	29,176	215	(215)	–	–
Liabilities to related parties	30 September 2012	13,613	116	(116)	–	–
	30 September 2011	13,244	49	(49)	–	–
Liabilities-side currency hedging contracts	30 September 2012	5,778	19,879	(19,879)	–	–
	30 September 2011	4,051	8,022	(8,022)	–	–
Effect of financial instruments before taxes	30 September 2012	56,326	20,255	(20,255)	–	–
	30 September 2011	46,451	8,286	(8,286)	–	–

Credit risk

The Group is exposed to a default risk due to its business operations and financing activities. The following applies to all performance relationships underlying the primary financial instruments: depending on the type and level of the respective service, collateral is required, credit information/references are obtained and historical data from the previous business relationship is used, in particular regarding payment behavior, in order to minimize the default risk. To the extent that default risks can be identified for the individual financial assets, these risks are covered by valuation allowances. The management is routinely involved in such decisions on risk provisioning. The default risk from the derivative financial instruments used is not believed to be material, due to credit checks, among other things. There is no discernible concentration of default risks from business relationships with individual debtors or groups of debtors. The maximum default risk is reflected by the carrying amounts of the financial assets recognized in the statement of financial position. It is assumed that default rates will not change significantly in the future. As in the previous year, no significant financial assets were individually impaired at the end of the reporting period, nor were the terms and conditions of the financial assets re-negotiated, as they would otherwise have been past due or impaired.

The risks associated with trade receivables are adequately covered by valuation allowances. Valuation allowances developed as follows:

(in € '000)		
	Valuation allowance on trade receivables	
	Financial year 2011/2012	Financial year 2010/2011
Beginning of financial year	4,904	5,905
Appropriation	725	856
Utilization	(581)	(1,552)
Reversal	(294)	(302)
Exchange rate differences	63	(3)
End of financial year	4,817	4,904
Gross book value of impaired trade receivables	34,901	38,074
Net book value of impaired trade receivables	30,084	33,170

The credit risks remaining after the individual valuation allowance for trade receivables are presented using the following age analysis:

(in € '000)		Carrying amount	thereof neither impaired nor past due at the end of the reporting period	thereof not impaired at the end of the reporting period, but past due in the following periods				
				up to 30 days	from 31 to 90 days	from 91 to 180 days	from 181 to 360 days	more than 360 days
Trade receivables	30 September 2012	141,055	87,928	12,661	6,518	2,131	1,099	634
	30 September 2011	137,480	88,473	8,786	5,035	1,375	453	188
Receivables from related parties	30 September 2012	42,718	29,999	9,605	2,283	342	489	–
	30 September 2011	40,626	38,113	2,129	163	161	60	–
Treasury receivables	30 September 2012	241,389	241,389	–	–	–	–	–
	30 September 2011	14,475	14,475	–	–	–	–	–

The majority of the trade receivables result from sales with companies of the Carl Zeiss Group and public authorities. In addition, large orders are subject to an independent credit check. For this reason and from past experience it is assumed that there is no need for impairment for receivables that are not past due.

Liquidity risk

In order to ensure solvency and financial flexibility within the Group, Carl Zeiss Meditec forecasts, within a fixed planning period, the funds it will require using a cash forecast, and holds a corresponding liquidity reserve in the form of cash and unused lines of credit at the treasury of Carl Zeiss AG. Due to the high amount of cash and cash equivalents held within the Group and the Group's sound financing structure with an equity ratio of 72.3 %, the risk of insolvency is currently considered immaterial.

As of 30 September 2012 the Group's financial liabilities had the following maturities.

(in € '000)	End of reporting period	Book value	Statement of contractually agreed undiscounted cash outflows					
			Total	up to 30 days	from 31 to 90 days	from 91 to 180 days	from 181 to 360 days	more than 360 days
Trade payables	30 September 2012	36,935	36,935	29,592	7,262	78	3	–
	30 September 2011	29,176	29,176	23,087	5,876	120	25	68
Liabilities to related parties	30 September 2012	13,613	13,613	12,548	1,046	19	–	–
	30 September 2011	13,224	13,224	12,752	368	104	–	–
Treasury payables	30 September 2012	14,597	14,597	14,597	–	–	–	–
	30 September 2011	5,985	5,985	5,985	–	–	–	–
Liabilities to banks	30 September 2012	2,888	3,040	160	–	124	372	2,384
	30 September 2011	4,977	5,463	1,834	–	–	496	3,133
Leasing liabilities	30 September 2012	16,153	21,026	244	504	732	1,463	18,083
	30 September 2011	17,005	22,810	231	461	690	1,380	20,048
Other financial liabilities	30 September 2012	6,090	6,090	–	–	–	5,983	107
	30 September 2011	5,948	5,948	–	–	–	–	5,948
Derivative financial instruments	30 September 2012	5,778	5,778	560	1,569	2,566	1,083	–
	30 September 2011	4,051	4,051	661	544	882	1,870	94
Total	30 September 2012	96,054	101,079	57,701	10,381	3,519	8,904	20,574
	30 September 2011	80,366	86,657	44,550	7,249	1,796	3,771	29,291

39. Additional disclosures on capital management

The Group manages its capital with the aim of minimizing the Group's capital costs and, at the same time, maintaining the balance between cash flow volatility and financial flexibility. In order to achieve this goal, the ratio of equity to borrowed capital, among other things, must be optimized accordingly. Currently the Company is moving within the specified target corridor. The main decisions relating to the financing structure are made by the Management Board. The key ratios equity ratio and net debt are used as a control ratio for the ratio between equity and borrowings. Carl Zeiss Meditec calculates these key ratios regularly and informs the Management Board of them to allow the Management Board to introduce any measures necessary. The key ratio "equity ratio" is defined as the percentage ratio of equity, including non-controlling

interests, to total capital. Net debt is calculated from the Group's borrowings less cash and cash equivalents and treasury receivables (group treasury of Carl Zeiss AG), and current financial investments. In the past financial year, the equity ratio stood at 72.3 % (previous year: 73.1 %). Net debt amounted to € 103.8 million (previous year: € 85.7 million). The Company extended the current financial investment in the financial year and increased it to € 120 million. The Company is not subject to any external minimum capital requirements. The table below shows the above key ratios in the reporting period:

(in € '000)	30 September 2012	30 September 2011
Equity*	695,797	634,069
Borrowed capital	267,078	233,425
Total assets	962,875	867,494
Cash and cash equivalents	9,526	194,641
Treasury receivables	241,389	14,475
Current financial investments	120,000	110,000
Equity ratio in percent	72.3 %	73.1 %
Net debt**	(103,837)	(85,691)

* including non-controlling interests

** negative sign denotes credit

The Group's dynamic debt ratio improved over the course of financial year 2011/12, to 0.2 years (previous year: 0.7 years). This means that the Company will very quickly be able to pay off all its debts using cash flow from ordinary activities.

The interest coverage ratio, in other words the coverage of interest income with earnings before interest, taxes, depreciation and amortization (EBITDA), remained stable (46,0 in financial year 2011/2012; previous year: 46,2).

The Group's overall strategy with regard to capital management remained the same as the previous year.

40. Events after the end of the reporting period

Dividend payments

The Management Board and Supervisory Board propose a dividend payment of € 32,524 thousand (€ 0.40 per share). Based on financial year 2010/2011, a dividend of € 24,393 thousand (€ 0.30 per share) was proposed in the financial year under review and distributed to the shareholders.

41. Additional mandatory disclosures pursuant to Section 314 and Section 285 (1) No. 10 HGB

Information on executive bodies of the parent company

Management Board

The following were appointed as members of the Management Board of Carl Zeiss Meditec AG in financial year 2011/2012 and entered in the commercial register:

Member of Management Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
Dr. Ludwin Monz Chairman Physics graduate, MBA Area of responsibility: SBU "Ophthalmic Systems", "Microsurgery", strategic business development, Group function Human Resources, Corporate Communications, Quality Year of first appointment 2007	- Chairman of the Board of Directors of Carl Zeiss Meditec, Inc., Dublin, USA - Chairman of the Supervisory Board of Carl Zeiss Microscopy GmbH, Jena, Germany - Member of the Board of Directors of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan	
Thomas Simmerer Dipl.-Ing. Area of responsibility: Sales, Service Year of first appointment 2011	- Chairman of the Board of Directors of Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain - Member of the Board of Directors of Carl Zeiss Ltd., Cambridge, United Kingdom - Member of the Board of Directors of Carl Zeiss Meditec France S.A.S., Le Pecq, France - Member of the Board of Directors of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan - Member of the Board of Directors of Carl Zeiss S.p.A., Arese, Italy (since 27 December 2011)	
Dr. Christian Müller Dipl.-Kaufmann (MBA) Area of responsibility: "Surgical Ophthalmology" SBU, Group functions Finance and Controlling, Investor Relations, IT, Legal Affairs, Taxes Year of first appointment 2009	- Member of the Board of Directors of Carl Zeiss Meditec France S.A.S., Le Pecq, France - Member of the Board of Directors of Carl Zeiss Meditec, Inc., Dublin, USA - Member of the Board of Directors of Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain	

The total remuneration paid directly to the active members of the Management Board amounted to € 1,202 thousand in financial year 2011/2012 (previous year: € 1,206 thousand). Details of this remuneration are contained in the remuneration report in the management report. Projected unit credits for pensions for former members of the Management Board of Carl Zeiss Meditec amounted to € 489 thousand (previous year: € 368 thousand). Furthermore, the expense for appropriations to provisions for pensions of active Management Board members was € 434 thousand (previous year: € 67 thousand) and the expense for appropriations to provisions for the Long Term Incentive Program for the active members of the Management Board was € 223.9 thousand (previous year: € 0).

Supervisory Board

The Supervisory Board of Carl Zeiss Meditec AG had the following members in financial year 2011/2012:

Member of Supervisory Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
Dr. Michael Kaschke Chairman Chairman of the Management Board of Carl Zeiss AG, Oberkochen, Germany Member of the Supervisory Board since 2002 Suspended mandate pursuant to Section 105 <i>AktG</i> between 22 July 2008 and 21 July 2009. Member of the Supervisory Board since 4 March 2010	- Chairman of the Supervisory Board of Carl Zeiss Microscopy GmbH, Jena, Germany - Chairman of the Board of Directors of Carl Zeiss Co., Ltd., Tokyo, Japan - Chairman of the Board of Directors of Carl Zeiss India Pte. Ltd., Singapore, Singapore - Member of the Board of Directors of Carl Zeiss India (Bangalore) Pte. Ltd., Bangalore, India - Chairman of the Board of Directors of Carl Zeiss Pte. Ltd., Singapore, Singapore - Chairman of the Board of Directors of Carl Zeiss Co. Ltd., Seoul, South Korea - Chairman of the Board of Directors of Carl Zeiss Far East Co., Ltd., Kowloon, Hong Kong, China - Chairman of the Board of Directors of Carl Zeiss Australia Pty. Ltd., Camperdown, Australia - Chairman of the Supervisory Board of Carl Zeiss SMT GmbH, Oberkochen, Germany - Member of the Advisory Board of CZ Vision Holding GmbH, Aalen, Germany	Member of the Supervisory Board of Henkel AG & Co. KGaA, Düsseldorf, Germany
Dr. Markus Guthoff Deputy Chairman Member of the Managing Board (CFO) of ALBA Group plc & Co. KG, Berlin, Germany Member of the Supervisory Board since 2004	none	none
Thomas Spitzenpfeil Member of the Management Board (CFO) of Carl Zeiss AG, Oberkochen, Germany Member of the Supervisory Board since 2011	- Chairman of the Administrative Board of Carl Zeiss AG, Feldbach, Switzerland - Chairman of the Board of Directors of Carl Zeiss AB, Stockholm, Sweden - Chairman of the Advisory Board of Carl Zeiss GmbH, Vienna, Austria - Member of the Board of Directors of Carl Zeiss Ltd., Cambridge, United Kingdom - Chairman of the Board of Directors of Carl Zeiss S.A.S., Le Pecq, France - Chairman of the Board of Directors of Carl Zeiss S.p.A., Arese, Italy - Chairman of the Board of Directors of Carl Zeiss (Pty.) Ltd., Randburg, South Africa - Chairman of the Board of Directors of Carl Zeiss Inc., Thornwood, USA - Member of the Advisory Board of CZ Vision Holding GmbH, Aalen, Germany	Member of the Supervisory Board of Austria Metall Aktiengesellschaft, Ranshofen, Austria (until 16 May 2012)

Member of Supervisory Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
Dr. Wolfgang Reim Independent MedTech consultant Member of the Supervisory Board since 2007	• none	• Member of the Board of Directors of GN Store Nord, Ballerup, Denmark • Member of the Board of Directors of ESAOTE S.p.A., Genoa, Italy • Member of the Board of Directors of Elekta AB, Stockholm, Sweden • Member of the Advisory Boards of Venture Capital Fonds BB Biotech Ventures, Küsnacht/Zurich, Switzerland (until November 2011) • Member of the Advisory Board of Klingel GmbH, Pforzheim, Germany (until October 2012) • Chairman of the Advisory Board of Ondal Medical Systems GmbH, Hünfeld, Germany (since October 2012) • Chairman of the Advisory Board of Sabirmedical, S.L., Barcelona, Spain
Cornelia Grandy*	• none	• none
Service engineer and deputy chairwoman of the Works Council of Carl Zeiss Meditec AG, Jena, Germany Member of the Supervisory Board since 11 October 2011		
Jörg Heinrich*	• none	• none
Employee for quality/complaint management and member of the General Works Council of Carl Zeiss Meditec AG, Jena, Germany Member of the Supervisory Board since 11 October 2011		
Wilhelm Burmeister	• none	• none
Group Manager Manufacturing Control Member of the Supervisory Board until 11 October 2011		
Franz-Jörg Stündel	• none	• none
Team manager and 2 nd level support and member of the Works Council of Carl Zeiss Meditec AG, Jena, Germany Member of the Supervisory Board until 11 October 2011		

* elected employee representatives

Committees of the Supervisory Board

	Members
General and Personnel Committee	Dr. Michael Kaschke, Chairman Dr. Markus Guthoff Thomas Spitzenpfeil
Audit Committee	Dr. Wolfgang Reim, Chairman Dr. Michael Kaschke Jörg Heinrich Franz-Jörg Stündel until 11 October 2011
Nominating Committee	Thomas Spitzenpfeil, Chairman Dr. Wolfgang Reim Dr. Markus Guthoff

The total remuneration of the active members of the Supervisory Board amounted to € 350 thousand in financial year 2011/2012 (previous year: € 338 thousand). Details of this remuneration are contained in the remuneration report in the management report. The remuneration of Supervisory Board members is governed by Art. 19 of the Articles of Association of Carl Zeiss Meditec AG.

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

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

Auditors' fees

The total fee calculated by the auditor is broken down as follows:

(in € '000)	Financial year 2011/2012	Financial year 2010/2011
Auditing of financial statements	275*	276
Other audit expenses	33	75
Tax consultancy services	3	0

* thereof for previous year € 27 thousand

Disclosures on shareholdings (consolidated companies)

Name and registered office of the company	Currency	Share of voting capital (in %)	Equity as of 30 September 2012 translated at the market rate at the end of the reporting period*	thereof profit/loss for financial year 2011/2012 at average annual exchange rate*
Carl Zeiss Meditec, Inc., Dublin, USA	USD '000 € '000	100	177,815 137,601	16,785 12,926
Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany	€ '000	100	67,856	195
Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain	€ '000	100	226	-1,536
Carl Zeiss Meditec Co. Ltd., Tokyo, Japan	JPY '000 € '000	51	8,123,466 80,988	920,241 8,991
Carl Zeiss Meditec Vertriebsgesellschaft mbH, Oberkochen, Germany	€ '000	100	-3,368	-950
Advanced Research Institute GmbH, Hennigsdorf, Germany, i. L. **	€ '000	49	20	-6
Atlantic S.A.S., Périgny/La Rochelle, France	€ '000	100	65,704	3,700
HYALTECH Ltd., Livingston, United Kingdom	GBP '000 € '000	100	12,735 15,956	1,885 2,288
F.C.I. S.A.S., Paris, France	€ '000	100	12,016	677
Carl Zeiss Meditec France S.A.S., Le Pecq, France	€ '000	100	2,822	-33
Carl Zeiss Meditec S.A.S., Périgny/La Rochelle, France	€ '000	100	59,696	4,186
F.C.I. SUD Ltd., Quatre Bornes, Mauritius	MUR '000 € '000	100	58,765 1,481	11,419 296
F.C.I. Ophthalmics Inc., Pembroke, USA	USD '000 € '000	100	2,479 1,918	391 301

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

** The company's liquidation is complete, the company still has to be deleted from the commercial register; information on the shareholdings from final liquidation balance sheet dated 3 April 2012 (HGB), presentation of result for entire liquidation period (1 December 2010 – 3 April 2012).

Disclosures pursuant to Section 160 (1) No. 8 AktG

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

German Corporate Governance Code/Declaration according to Section 161 AktG (German Stock Corporation Act)

The declaration mandated under Section 161 German Stock Corporation Act (AktG) was issued by the Management and Supervisory Boards and made available to the shareholders on the Company's website at: www.meditec.zeiss.com/ir.

42. Clearance for publication

The Management Board of Carl Zeiss Meditec AG cleared these IFRS consolidated financial statements for submission to the Supervisory Board on 22 November 2012. The Supervisory Board's task is to review the consolidated financial statements and declare whether it approves the consolidated financial statements.

Jena, 22 November 2012

Carl Zeiss Meditec AG



Dr. Ludwin Monz
President and
Chief Executive Officer



Dr. Christian Müller
Chief Financial Officer
and Member of the
Management Board



Thomas Simmerer
Member of the
Management Board

Declaration pursuant to Section 297 (2) Sentence 4 *HGB* and Section 315 (1) Sentence 6 *HGB*

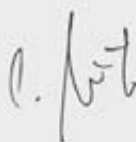
To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated annual financial statements of Carl Zeiss Meditec give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the consolidated management report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

Jena, 22 November 2012

Carl Zeiss Meditec AG



Dr. Ludwin Monz
President and
Chief Executive Officer



Dr. Christian Müller
Chief Financial Officer
and Member of the
Management Board



Thomas Simmerer
Member of the
Management Board

Auditor's opinion

We have audited the consolidated financial statements –, comprising the income statement, statement of comprehensive income, statement of financial position, statement of cash flow, statement of changes in equity and notes to the consolidated financial statements together with the group management report for the business year from 1 October 2011 to 30 September 2012. 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 Art. 315a (1) *HGB* (*Handelsgesetzbuch*: German Commercial Code) are the responsibility of the Company's Board of 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 § 317 *HGB* [*Handelsgesetzbuch* "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* [Institute of Public Auditors in Germany] (*IDW*). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the 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 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 § 315a Abs. 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.

Jena, 22 November 2012

KPMG AG
 Wirtschaftsprüfungsgesellschaft

Strom
 Wirtschaftsprüfer

Nötzel
 Wirtschaftsprüferin

Single-entity financial statements of Carl Zeiss Meditec AG, Jena, financial year 2011/2012 (HGB) – Summary

The complete annual financial statements of Carl Zeiss Meditec AG, Jena, in accordance with the German Commercial Code (*Handelsgesetzbuch, HGB*), including the unqualified audit certificate, will be available for downloading from the Carl Zeiss Meditec Website www.meditec.zeiss.com/ir. Alternatively, it may also be requested in written form as an offprint from Carl Zeiss Meditec AG.

Table 1: Overview of key items in the single-entity financial statements (in € '000)

Income statement	Financial year 2010/2011	Financial year 2011/2012	Change
Revenue	456,548	519,683	+13.8 %
Gross profit	193,602	232,380	+20.0 %
Result from ordinary activities	49,620	66,477	+34.0 %
Net income/loss for the year	36,476	47,083	+29.1 %
Retained profits brought forward	49,403	41,159	-16.7 %
Net retained profit	41,159	63,849	+55.1 %

Balance sheet	30 September 2011	30 September 2012	Change
Fixed assets	576,184	580,514	+0.8 %
Current assets	330,758	346,693	+4.8 %
<i>thereof: trade receivables</i>	22,774	20,088	-11.8 %
<i>thereof: cash and cash equivalents</i>	149,009	120,024	-19.5 %
Shareholders' equity	771,863	794,553	+2.9 %
Liabilities	46,500	52,004	+11.8 %
Total assets	907,812	938,498	+3.4 %

Proposal for the utilisation of profits by the Management Board for financial year 2011/2012

Financial year 2011/2012 closes with net income for the year of € 47,082,678.31.

The Management Board recommends utilizing the net retained profits of € 63,849,348.95 for financial year 2011/2012 as follows:

1. Payment of a dividend of € 0.40 per no-par value share
for 81,309,610 no-par-value shares: € 32,523,844.00.
2. Carry forward of residual profit to new account: € 31,325,504.95.

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Corporate Governance report

I. Carl Zeiss Meditec AG conforms to all recommendations of the Government Commission on the German Corporate Governance Code with just two exceptions

Objective of corporate governance

The Management Board and Supervisory Board of Carl Zeiss Meditec AG are committed to responsible corporate governance and control that is geared to increasing the value of the Company in the long term. At the same time, the Management Board and Supervisory Board have made it their goal to ensure the best-possible transparency for all German and international interest groups, and firmly believe that this is the way to lay an important foundation for sustainably increasing the confidence of shareholders, business partners, employees and the public.

Further development and declaration of conformity

In financial year 2011/2012 the Management Board and Supervisory Board of Carl Zeiss Meditec AG focused intensively on corporate governance, particularly on the amendments to the Code in its applicable version dated 15 May 2012. At the meeting of the Company's Supervisory Board on 29 November 2012, both bodies adopted the declaration of conformity pursuant to Section 161 AktG, which has been made permanently accessible to the shareholders on the Company's website. This declaration states that the Company complies fully with the recommendations of the Government Commission on the German Corporate Governance Code with just two exceptions.

Section 5.4.1 of the German Corporate Governance Code stipulates that the Supervisory Board shall set specific targets regarding its composition, which – taking the company-specific situation into account – shall consider the Company's international activities, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Section 5.4.2, an age limit to be defined for Supervisory Board members, and diversity. These targets should, in particular, also include the appointment of a reasonable number of women to the Supervisory Board.

The Supervisory Board of Carl Zeiss Meditec is of the opinion that the composition of the Supervisory Board should, first and foremost, be geared to the interests of the Company, and must ensure efficient consulting with and monitoring of the Management Board. When appointing the Supervisory Board of Carl Zeiss Meditec AG, the priority shall therefore be to ensure that the members have the necessary capabilities, skills and specialist qualifications to properly fulfill their duties, and to ensure their independence. A leading global enterprise such as Carl Zeiss Meditec must also consider aspects such as internationality and the appropriate participation of women when appointing its Management and Supervisory Boards. Carl Zeiss Meditec has always endeavored to comply with these principles up until now, and shall also take them into account in future decisions when appointing the members of its executive bodies.

Section 5.4.6 of the Code in its version dated 15 May 2012 provides, for the first time, for a variable remuneration promised to the members of the Supervisory Board to be tied to the sustainable success of the Company.

The provisions for the remuneration of the Supervisory Board members were reformulated by way of a resolution of the Annual General Meeting dated 12 April 2011. These provisions stipulate a variable

remuneration, which is dependent on the Company's earnings per share and is limited to no more than the fixed remuneration (including the fixed remuneration for advisory activities). The detailed regulations are contained in Art. 19 of Carl Zeiss Meditec AG's Articles of Association.

The Supervisory Board shall address the amended recommendations for the performance-related remuneration of Supervisory Board members – pursuant to the revised version of the German Corporate Governance Code dated 15 May 2012 – in good time before the next Annual General Meeting planned for March 2013.

Carl Zeiss Meditec AG complies fully with the other new or amended recommendations of the Code added in 2012. These include the specifications for proxy voting (Section 2.3.3), amended requirements for the corporate governance report (Section 3.10), the recommended nominating power of the Personnel Committee in the Supervisory Board (Section 4.2.2), the specification of the recommendations on the severance payment cap (Section 4.2.3), the regular contact maintained between the Management Board and Supervisory Board regarding certain issues, including between meetings (Section 5.2), and the specification of the duties of the Audit Committee (Section 5.3.2). The basic principles of the remuneration system shall in future be presented within the remuneration report in the consolidated management report (Section 4.2.5) and, after an overall presentation has been given once, the Chairman of the Supervisory Board shall in future only report amendments to the Annual General Meeting (Section 4.2.3). Carl Zeiss Meditec shall also present additional information on stock option programs or similar securities-based incentive schemes in the remuneration report within the management report, if these are of relevance for the Company (Section 7.1.3). In addition, the remuneration of the members of the Supervisory Board shall continue to be presented on an itemized basis in the management report (Section 5.4.6).

The Chairman of Carl Zeiss Meditec AG's Supervisory Board is not simultaneously the Chairman of the Audit Committee – regardless of whether, as was the case to date, this was a discretionary provision of the Code, or if it has now been raised to the rank of a recommendation (Section 5.2).

Pursuant to the new recommendation in Section 3.6, the Supervisory Board is free, at any time, to convene without the Management Board, if necessary. In the past financial year there no cause on the part of the Supervisory Board to exclude the Management Board from a meeting. However, the General and Personal Committee of the Supervisory Board met to discuss matters pertaining to the Management Board contracts and excluded the Management Board. In future, the Supervisory Board shall also disclose the personal and business relationships candidates may have with the Company, the Company's executive bodies or with a major shareholder of the Company (Section 5.4.1) when making its candidate proposals at the Annual General Meeting. Carl Zeiss Meditec AG also conforms to the full extent to the new and now more specifically formulated requirements under Section 5.4.2 of the Code concerning the number of independent members on the Supervisory Board. The composition of the Supervisory was already in line with these requirements in the past, in terms of independent control and auditing.

Shareholders and Annual General Meeting

Around 150 shareholders and guests participated in the Annual General Meeting on 9 March 2012 in Weimar. The calculated presence amounted to more than 81 % of the total voting share capital, and was thus 4 percentage points higher in comparison with the previous year. The Annual General Meeting

accepted all agenda items for resolution. The detailed voting results from the most recent Annual General Meeting can be inspected in each case on the Company's website at www.meditec.zeiss.com in the "Investor Relations" section under "IR Calendar and Events".

Carl Zeiss Meditec AG arranges for the appointment of a proxy to exercise the shareholders' voting rights according to their instructions. This proxy can be reached during the entire event. The Company thus helped its shareholders once again in 2012 to personally exercise their rights, and assists them with voting by proxy.

Cooperation between the Supervisory Board and Management Board

As a company under German law, Carl Zeiss Meditec AG has a dual management system consisting of the Supervisory Board and the Management Board, which each have specific competencies and are strictly separate from each other in terms of their membership. Further elements of their collaboration, such as their objectives and organization, are outlined in the declaration on corporate governance at www.meditec.zeiss.com in the "Investor Relations" section under "Corporate Governance". Specific information on the content and scope of the collaboration between the Supervisory Board and Management Board in financial year 2011/2012 can be found in the Report of the Supervisory Board (page 32).

Management Board

As previously, the Management Board of Carl Zeiss Meditec AG has three members in the period under review.

The rules of procedure for the Management Board of Carl Zeiss Meditec AG, which have been inspected and approved by the Supervisory Board, regulate, among other things, the departmental responsibilities of the individual members of the Management Board, matters reserved for the Management Board as a whole, and the majorities required to pass Management Board resolutions. No changes were made to the rules of procedure in the past financial year.

Both the Supervisory Board and the other members of the Management Board must be informed immediately of any conflicts of interest of a Management Board member. There were no conflicts of interest in the past financial year. In addition, a member of the Management Board may only pursue secondary employment with the consent of the Supervisory Board, particularly in the case of a position on the Supervisory Board of companies outside the Group. In the past financial year none of the members of the Management Board were engaged in any ancillary activities.

Supervisory Board

As of 30 September 2012 the Supervisory Board of Carl Zeiss Meditec AG had a total of six members. The composition of Carl Zeiss Meditec AG's Supervisory Board conforms to the German One-Third Participation Act. Accordingly, the Supervisory Board is composed of four shareholder representatives and two employee representatives. There were no changes in the composition of the Supervisory Board in terms of its members from the capital side in the past financial year. Representatives from the employee side, Ms. Cornelia Grandy and Mr. Jörg Heinrich, were elected as new members of this body on 11 October 2011. The previous employee representatives, Mr. Wilhelm Burmeister and Mr. Franz-Jörg Stündel, stepped down.

In its own estimation, the Supervisory Board has a sufficient number of independent members, with Dr. Guthoff and Dr. Reim, who have no business or personal relationship with Carl Zeiss Meditec AG or the Management Board. There were no conflicts of interest on the Supervisory Board in financial year 2011/2012.

To fulfill its duties, the Supervisory Board has formed three permanent committees, each of which has three members: the General and Personnel Committee, the Audit Committee and the Nominating Committee. The Chairman of the Supervisory Board is Chairman of the General and Personnel Committee. Information on the work of the individual committees can be found in the Report of the Supervisory Board (page 32) and on the Company's website at www.meditec.zeiss.com in the "Investor Relations" section under "Explanation on Corporate Management".

Remuneration of the Management Board and Supervisory Board

The remuneration of the Management Board and the Supervisory Board is uniformly presented and published in a remuneration report within the management report. To avoid duplication, please refer to the management report in this Annual Report (page 50) for more information.

Relationship with shareholders, transparency and communication

For selected press releases and price-related news – so-called ad hoc disclosures – Carl Zeiss Meditec uses electronic distribution channels, which ensure that these disclosures are distributed simultaneously worldwide in German and English. In the past financial year the Company published 18 press releases. Out of these, four press releases – taking precedence over the development of business in the individual quarters of the financial year – and two ad hoc disclosures on the anticipated preliminary sales figures for financial year 2010/2011 and in the first six months of financial year 2011/2012, were published via Thomson Reuters' international distribution system, as being particularly relevant for the capital market.

The Company website at www.meditec.zeiss.com/ir publishes, in German and English, the mandatory publications such as the Company's interim and annual financial statements, among other things, as well as additional information, such as corporate governance, presentations, share price data, press releases, a calendar of events, and much more, for the various interest groups. Telephone conversations, conferences and regular visits to the Company with or by investors, during which the Company explains its philosophy, the development of its business and its strategy, serve as additional channels of communication for the Company.

Directors' dealings and holdings

In the past financial year no member of the Management Board, but two members of the Supervisory Board, executed a notifiable securities transaction pursuant to Section 15a German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*).

On 10 January 2012, Supervisory Board Member Dr Wolfgang Reim sold 5,000 shares with a total value of € 82,150.00. In addition, Supervisory Board member Dr. Michael Kaschke and his wife, Sylvia Kaschke, each sold 500 shares with a total value of € 9,424.37 and € 9,403.86, respectively, on 3 April 2012, and 500 shares each with a total value of € 10,030.00 and € 10,025.00, respectively, on 20 April 2012.

The details of all securities transactions executed by members of the Management Board and Supervisory Board are published immediately after their disclosure on the Company's website at www.meditec.zeiss.com in the "Investor Relations" section under "Corporate Governance" in accordance with the prevailing legal requirements of Section 15b *WpHG*.

No member of the Management Board or Supervisory Board alone holds shares or related financial instruments that directly or indirectly exceed one percent of the issued shares of Carl Zeiss Meditec AG. The total holdings of all members of the executive bodies also total less than one percent.

Announcements on voting rights thresholds

In the past financial year Carl Zeiss Meditec AG received two reports from shareholders stating that the notifiable voting rights thresholds pursuant to the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*) had been reached, exceeded, or had fallen below the lower limit. In March, Massachusetts Mutual Life Insurance Company, Springfield, Massachusetts, USA reported that the voting rights share of MM Asset Management Holding LLC, Springfield, Massachusetts, USA, had exceeded the threshold of 3 % of the voting rights. In May Legg Mason & Co (UK) Limited, London, United Kingdom, reported that the share of The Royce Fund, Wilmington, Delaware, USA, in Carl Zeiss Meditec AG had fallen below the threshold of 3 %. Also in May Legg Mason & Co (UK) Limited, London, United Kingdom, reported that the share of Royce & Associates LLC, New York, NY, USA, and the share of Legg Mason Inc., Baltimore, Maryland, USA, in Carl Zeiss Meditec AG had fallen below the threshold of 3 %. The exact wording of all these disclosures can be found on the Company's website.

Accounting and auditing

The legally prescribed single-entity financial statements of Carl Zeiss Meditec AG, which are relevant for the dividend payment, are prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch, HGB*) and the German stock corporation act (*Aktiengesetz, AktG*). The annual consolidated financial statements and the interim reports of the Carl Zeiss Meditec Group have been prepared by the Management Board since 2005 in accordance with the principles of the International Financial Reporting Standards (IFRSs), as they are to be applied in the European Union. The financial statements are audited and approved by the Supervisory Board. The annual financial statements prepared in accordance with German commercial law are thus adopted.

KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, audited the consolidated financial statements for 2011/2012, as prepared in accordance with the provisions listed above, and issued them with an unqualified audit certificate. This also applies for the annual financial statements for financial year 2011/2012 prepared by Carl Zeiss Meditec AG in accordance with the provisions of the German Commercial Code (HGB).

The Annual General Meeting on 9 March 2012 appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, as auditor for the annual financial statements of Carl Zeiss Meditec AG and the consolidated financial statements for financial year 2011/2012, after the Supervisory Board had first obtained a declaration confirming the auditor's independence.

The Supervisory Board agreed with the auditor that the Chairmen of the Supervisory Board and the Audit Committee shall be immediately informed of any disqualification or bias issues that may arise during the audit, if these cannot be remedied. The requirements concerning the internal rotation of the auditors (Section 319a (1) sentence 1 No. 4 *HGB*) shall be complied with.

It was also agreed that the auditor shall promptly report all findings and events of relevance to the responsibilities of the Supervisory Board that may arise during the course of the audit. In addition, the auditor shall inform the Chairman of the Supervisory Board and the Audit Committee, or make a note in the audit report, if it discovers circumstances during the course of the audit that could cause an inaccuracy in the declaration on the German Corporate Governance Code submitted by the Management Board and the Supervisory Board.

II. Discretionary provisions of the German Corporate Governance Code

In accordance with its voluntary commitment to good corporate governance, Carl Zeiss Meditec AG implements not only the recommendations of the Code – with just two exceptions – but also observes any relevant “discretionary provisions” of the Code.

The following table gives an overview of these provisions.

Table 1: Implementation status of discretionary provisions of the Code by Carl Zeiss Meditec AG in financial year 2011/2012

No.	Discretionary provision	Compliance by the Company
2.2.4	The meeting chairman should ensure that the annual general meeting proceeds quickly. He should follow the guideline that an ordinary general meeting should last no longer than 4 to 6 hours.	✓
2.3.3	Proxies nominated by the company should also be contactable during the annual general meeting (AGM).	✓
2.3.4	The company should allow shareholders to follow the AGM via modern communication media (e. g. the Internet).	✗ Experiences of other companies show that very few shareholders have taken advantage of such opportunities to date, resulting in an unfavorable cost/benefit ratio. Carl Zeiss Meditec shall monitor current developments and respond quickly to any fundamental changes.
3.7	An extraordinary general meeting should be held during a takeover offer, where appropriate.	✗ This will be reviewed, if required. However, the necessity did not arise in financial year 2011/2012.
3.10	The company should comment on the Code’s discretionary provisions in its corporate governance report..	✓
5.1.2	When new management board members are appointed, the maximum possible term of office of five years should not be the general rule.	✓
6.8	Company publications should also be produced in English.	✓

Declaration by the Management Board and Supervisory Board of Carl Zeiss Meditec AG on the German Corporate Governance Code in accordance with Art. 161 AktG

Pursuant to Section 161 AktG the Management and Supervisory Boards of Carl Zeiss Meditec AG are obliged to submit an annual declaration that the recommendations of the *Regierungskommission Deutscher Corporate Governance Kodex* (Government Commission on the German Corporate Governance Code) have been complied with. This declaration must be made permanently accessible to shareholders.

The Management Board and Supervisory Board declare that since the last declaration of conformity dated 5 December 2011, Carl Zeiss Meditec AG has conformed to all the recommendations of the Government Commission on the German Corporate Governance Code in its version dated 26 May 2010, as published by the German Federal Ministry of Justice in the official section of the electronic Federal Gazette, with just one exception (section 5.4.1). In addition, the Management Board and Supervisory Board of Carl Zeiss Meditec AG declare that all recommendations of the Code in its amended version dated 15 May 2012 were and are being complied with, with just two exceptions.

The following exceptions apply:

Section 5.4.1 of the German Corporate Governance Code stipulates that the Supervisory Board shall set specific targets for its composition, which – taking the company-specific situation into account – shall consider the international activities of the Company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Section 5.4.2, an age limit to be defined for Supervisory Board members, and diversity. These targets should also, in particular, include a reasonable number of women on the Supervisory Board.

The Supervisory Board of Carl Zeiss Meditec is of the opinion that the composition of the Supervisory Board should, first and foremost, be geared to the interests of the Company, and must ensure efficient consulting with and monitoring of the Management Board. When appointing the Supervisory Board of Carl Zeiss Meditec AG, the priority shall therefore be to ensure that the members have the necessary capabilities, skills and specialist qualifications to properly fulfil their duties, as well as their independence. A leading global enterprise such as Carl Zeiss Meditec must also consider aspects such as internationality and the appropriate participation of women when appointing its Management and Supervisory Boards. Carl Zeiss Meditec has always endeavored to comply with these principles up until now, and shall also take them into account in future decisions when appointing the members of its executive bodies.

Section 5.4.6 of the Code in its version dated 15 May 2012 provides, for the first time, for a variable remuneration promised to the members of the Supervisory Board to be tied to the sustainable success of the Company.

The provisions for the remuneration of the Supervisory Board members were reformulated by way of a resolution of the Annual General Meeting dated 12 April 2011. These provisions stipulate a variable remuneration, which is dependent on the Company's earnings per share and is limited to no more than the fixed remuneration (including the fixed remuneration for advisory activities). The detailed regulations are contained in Art. 19 of Carl Zeiss Meditec AG's Articles of Association.

The Supervisory Board shall address the amended recommendations for the performance-related remuneration of Supervisory Board members – pursuant to the revised version of the German Corporate Governance Code dated 15 May 2012 – in good time before the next Annual General Meeting planned for March 2013.

Jena, 29 November 2012

For the Supervisory Board
(Dr. Michael Kaschke)

For the Management Board
(Dr. Ludwin Monz)

Explanatory report of the Management Board of Carl Zeiss Meditec AG on the disclosures pursuant to Art. 289 Section 4 and 315 Section 4 HGB

As an introduction please refer to the disclosures pursuant to Art. 289 Section 4 and 315 Section 4 HGB in the consolidated management report for financial year 2011/2012, which are self-explanatory. In addition to these disclosures, the Management Board of Carl Zeiss Meditec AG is issuing the following explanatory report:

Classes of shares other than those described in the disclosures of the consolidated management report for financial year 2011/2012 as mentioned above do not exist. Nor are there restrictions on behalf of Carl Zeiss Meditec AG concerning the voting rights or transfer of shares. Furthermore, the Management Board is not aware of any other agreements concluded, for example, between individual shareholders.

The voting rights announcement last issued by Carl Zeiss AG pursuant to Art. 21 Section 1, Art. 22 Section 1 Sentence 1 No. 1 German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*) is dated 15 February 2006. Another voting rights announcement in connection with Germany's Transparency Directive Implementation Act (*Transparenzrichtlinie-Umsetzungsgesetz, TUG*) by 20 January 2007 was not required due to Art. 41 Section 4a Sentence 2. The voting rights announcement pursuant to Section 21 (1), Section 24 WpHG, which was issued by Carl Zeiss AG on behalf of Carl Zeiss Inc., is dated 27 October 2006. All voting rights announcements can be inspected on the Company's website at www.meditec.zeiss.com/ir, "Corporate Governance – Vote Rights Disclosures".

The Company did not issue shares with special rights that grant supervisory powers.

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

Further details on the authorization of the Management Board to repurchase own shares can be found in the Invitation to the Annual General Meeting 2010 under Agenda item 6 "Resolution on authorization to purchase Company's own shares" and the related report of the Management Board. The invitation is available on the Company's website at: "Annual General Meeting 2010".

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

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

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Financial terms

APAC

Abbreviation for "Asia/Pacific"

Term to describe the economic area of Asia/Pacific and the Pacific region.

Capex

Abbreviation for "Capital expenditure"

Indicates the level of investment in property, plant and equipment.

Usually stated as the capex ratio, i. e., investments in property, plant and equipment in the reporting period in relation to consolidated revenue for the same period.

Cash flow from operating activities

Also: operative cash flow

Shows the net change in the company's cash and cash equivalents resulting from operating activities and is thus an indicator of the financial strength arising from this.

Calculation: usually an indirect calculation by adjusting the consolidated net income generated in a period by non-cash transactions from the income statement and cash transactions resulting from changes in individual items in the consolidated balance sheet; adjusted items are associated with the company's operating activities – mainly depreciation and amortisation and changes in working capital.

DSO

Abbreviation for "Days of sales outstanding"

Number of days that customers take to pay an invoice.

Earnings per share

Indicates the consolidated earnings per share that were generated.

Calculation: consolidated net income divided by the weighted average number of outstanding shares in the reporting period.

EBIT

Abbreviation for "Earnings before interest and taxes"

EBITDA

Abbreviation for "Earnings before interest, taxes, depreciation and amortization"

Property, plant and equipment and intangible assets are depreciated and amortized, respectively, insofar as they have a limited useful life.

EMEA

Abbreviation for “Europe, Middle East and Africa”

Term to describe the economic area of Europe, consisting of Western and Eastern Europe, the Middle East and Africa.

IFRS

Abbreviation for “International Financial Reporting Standards”, until 2001: “International Accounting Standards” or IAS

International accounting regulations developed and published by the London-based “International Accounting Standards Board” (IASB).

Pursuant to Art. 62 German Stock Exchange Regulations (*Börsenordnung, BörsO*), companies in Germany that are listed on the official or regulated market with extended admission criteria (Prime Standard), must prepare consolidated financial statements according to IFRS or US GAAP.

Working capital

Calculated from the difference between current assets and current liabilities and thus reflects, in purely financial terms, the extent to which current liabilities are covered by current assets.

Working capital is also an indicator of how much capital generated from operating activities is tied up in the company, i. e., it indicates the portion of current assets not tied up to cover current liabilities and that therefore “work” in the procurement, production and selling process.

Technical terms



AT LISA® tri

AT LISA® tri is a trifocal intraocular lens for improved intermediate vision. This lens enables patients to switch between near, distance and intermediate visual acuity without corrective glasses, even in poor light conditions.



AT TORBI®

The first pre-loaded bitoric microincision lens (MICS) developed for the correction of astigmatism. Their cylinder power is distributed symmetrically on the front and rear surface of the IOL. Due to the reduction in the difference between the two radii, compared with monotoric intraocular lenses, significantly better imaging properties are achieved.



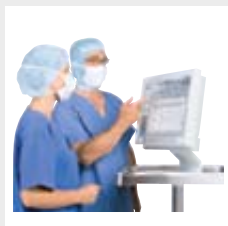
BLUEMIXS™ 180 Injector

Novel injector, which can also be used for the implantation of preloaded refractive ZEISS MICS intraocular lenses (multifocal, toric and multifocal toric IOLs). The lenses to be implanted do not have to be loaded first, thus ensuring quick and safe implantation. The injector enables an incision of 1.8 mm and is therefore MICS-compatible.



CT ASPHINA®

The first pre-loaded monofocal aspheric intraocular lens with correction of aberrations for microincision cataract surgery (MICS) with an incision of 1.8 mm.



CALLISTO eye®

CALLISTO eye® is a modular platform assisting the surgeon in the operation room and thus optimizing the documentation and visualization of diagnostic and patient data. CALLISTO eye® works seamlessly with the OPMI LUMERA® 700 surgical microscope and simplifies operation and mirroring of microscopic settings into the eyepiece.



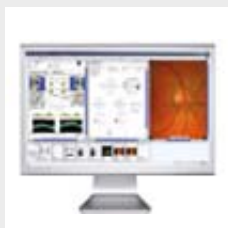
CRS-MASTER™

Instrument for customized diagnosis, treatment planning and refractive surgery for fast configuration in combination with the excimer laser. CRS-Master™ measures the refractive error and refractive power of the eye (wavefront analysis). Additionally, deviations in the corneal surface can be determined (topography).



Cirrus™ HD-OCT

High-resolution diagnostic system for the structural examination of cross-sections and three-dimensional reconstructions of the fundus of the eye (e. g. for the early detection of glaucoma or the diagnosis of age-related macular degeneration).



FORUM®

State-of-the-art data management system for ophthalmology. It serves to store all relevant examination data and images in a central location and also gives access to and presents this data in a clinically relevant manner via viewer software, in the practices and clinics, or by remote access. FORUM can communicate with virtually all available examination devices and EMR (Electronic Medical Record) systems.

**Humphrey® Field Analyzer (HFA II-i)**

System for static and kinetic measurement of the visual field for assistance with glaucoma diagnosis.

**INTRABEAM®**

INTRABEAM® is an innovative radiation therapy device by Carl Zeiss which is used for intraoperative radiotherapy of all solid tumors. The INTRABEAM® device utilizes soft, short-range x-ray radiation and brings the radiation directly into the tumor or the tumor bed. The INTRABEAM® irradiation unit therefore enables a gentle and at the same time highly efficient treatment.

**IOLMaster® 500**

Device for accurate and efficient non-contact measurement of the eye and calculation of the required intraocular lens prior to cataract surgery.

**MEL 80®**

Excimer laser for fast and accurate treatment of vision defects (refractive errors).



OPMI LUMERA® 700

Surgical microscope for ophthalmology, which uses Stereo Coaxial Illumination (SCI) to enable surgeons to visualize details of the eye that were previously extremely difficult to identify. Newly available assistance functions enable the surgeon to work more comfortably and more precisely, and the freely movable ceiling mount creates space and headroom in the operating room.



OPMI® Pentero® 900

High-end surgical microscope for neuro- and spinal surgery that accurately displays diseased tissue, e. g. brain tumors and vascular diseases. Innovative technologies, such as various fluorescence modules are fully integrated in the surgical microscope and make surgical workflows more efficient. Microsurgical procedures in the brain and spinal cord can thus be performed with much less invasion.



OPMI® VARIO 700

Multidisciplinary surgical microscope with outstanding optical features, intuitive user interface and ergonomic design for spinal, ear, nose and throat, plastic and reconstructive surgery, and neurosurgery.



Stratus OCT™

Retinal diseases are precisely visualized and analyzed using the Stratus OCT™. The versatile visualization tools enable the generation of optical sections of the retina, thus increasing diagnostic effectiveness and allowing early detection of glaucoma.



VISALIS® 500

A modular system for cataract and retinal surgery. It therefore offers all device functions required in the ophthalmic operating room and is very versatile in use.



VisuMax®

Femtosecond laser system used to create incision-like tissue perforations in the cornea. This high-precision incision technique is used in refractive surgery and other corneal surgery procedures.



VISULAS Trion VITE

First multi-wavelength laser for photocoagulation of the retina, which significantly cuts treatment time, due to the use of multi-spot sequences, and reduces pain for patients.

Astigmatism

Vision defect caused by an irregularly shaped cornea. Different light incidences entering the pupil are not evenly refracted such that e. g. a ball is perceived as a line or a rod.

Cataract

Deterioration of vision through opacity of the lens.

Most common cause of blindness worldwide; typical disease among the elderly.

Ear, nose and throat surgery

Abbreviation: “ENT surgery”

Also: Otorhinolaryngology

Medical field concerned with the recognition and surgical treatment of diseases, injuries, malformations and malfunctions in the entire head and neck area.

Glaucoma

Ophthalmic disease which leads to increasing restriction of the field of vision, often caused by an increase in ocular pressure.

Second most common cause of blindness in industrialized countries.

IOL

Abbreviation of “Intraocular lens”

Synthetic lens to replace the natural lens of the eye, used in cataract surgery.

Neurosurgery

Medical field concerned with the treatment of diseases, injuries and malformations of the central nervous system (brain, spinal cord, peripheral nerves).

Presbyopia

Presbyopia is the age-related refractive error and defines the progressively diminished ability of the eye to focus on near objects.

ReLEx® smile

Minimally invasive procedure for the correction of vision defects which is based on lenticule extraction and which only uses state-of-the-art and precise femtosecond technology.

ZEISS MICS Platform

Broadest range of MICS intraocular lenses (IOLs) and viscoelastics (OVDs) on the market, and the VISALIS® phaco technology for microincision surgery. New to the range is the BLUEMIXS™ 180 injector, which can also be used, for the first time, for the implantation of preloaded refractive ZEISS MICS intracocular lenses.

ZEISS Toric Solution

This is a specifically coordinated combination of different products and services that enables the physician to implant toric intraocular lenses quickly and easily. Treatment outcomes are thus improved.

Financial calendar and Event calendar 2012/2013

Table 1: Financial calendar 2012/2013

Date	Financial year 2012/2013
14 February 2013	3 Month Report
14 February 2013	Telephone conference
5 March 2013	Annual General Meeting
15 May 2013	6 Month Report
15 May 2013	Telephone conference
14 August 2013	9 Month Report
14 August 2013	Telephone conference
5 December 2013	Annual Financial Statements 2012/2013
5 December 2013	Analyst's Conference, Frankfurt am Main

Table 2: Event calendar 2012/2013

Date	Financial year 2012/2013
28 – 31 January 2013	ARAB Health (Ophthalmology and Oncology) Dubai, United Arab Emirates
15 – 17 February 2013	ESCRS Winter Meeting (European Society of Cataract & Refractive Surgery) (Ophthalmology) Warsaw, Poland
13 – 16 March 2013	St. Gallen Breast Cancer Conference (Oncology) St. Gallen, Switzerland
19 – 23 April 2013	ASCRS (American Society of Cataract and Refractive Surgery) (Ophthalmology) San Francisco, USA
19 – 23 April 2013	2 nd ESTRO Forum 2013 (Radiotherapy und Oncology) Genf, Switzerland
27 April – 1 May 2013	AANS (American Association of Neurological Surgeons) (Neurological Surgeons) New Orleans, USA
22 – 25 September 2013	ASTRO (American Society for Therapeutic Radiology and Oncology) (Radiooncology) Atlanta, Georgia, USA
26 – 29 September 2013	Euretina (Ophthalmology) Hamburg, Germany
27 September – 1 October 2013	ECCO-ESMO-ESTRO (European Cancer Congress) (Oncology) Amsterdam, Netherlands
5 – 9 October 2013	ESCRS Summer Meeting (European Society of Cataract & Refractive Surgery) (Ophthalmology) Amsterdam, Netherlands
16 – 19 November 2013	AAO (American Academy of Ophthalmology) (Ophthalmology) New Orleans, USA

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Translation services by:
Herold Fachübersetzungen, Bad Vilbel, Germany
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The Annual Report 2011/2012 of Carl Zeiss Meditec AG
was published on 6 December 2012 in German and English.

Both versions and the key figures contained in this
report can be downloaded from the following address:

www.meditec.zeiss.com/ir

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