R E S P O N S I B I L I T Y

I N N O V A T I O N

C U S T O M E R   F O C U S

2 0 1 3 / 2 0 1 4

Navigable PDF

This pdf document enables you to navigate directly to the desired information – with a simple mouse click:

1. "Bookmarks" shows or hides the document's internal bookmarks and enables you to navigate to the appropriate content (click here to show or hide the "Bookmarks").

2. By clicking on each item in the table of contents of the document you can also reach the corresponding content directly.

Annual Report Carl Zeiss Meditec Group

Financial highlights

(IFRS)

(Figures in € ’000, unless otherwise stated)

	Financial Year 2013/2014	Financial Year 2012/2013	Financial Year 2011/2012
Revenue	**909,255**	**906,445**	**861,875**
Research and development expenses	***99,751***	***97,577***	***93,450***
Research and development expenses in % of revenue	***11.0 %***	***10.8 %***	***10.8 %***
EBIT	**120,705**	**132,610**	**122,900**
EBIT in % of revenue	***13.3 %***	***14.6 %***	***14.3 %***
Net income	***79,157***	***97,748***	***76,392***
Attributable to:			
Shareholders of the parent company	74,954	92,131	71,870
Non-controlling interest	4,203	5,617	4,522
Profit per share[1] (in €)	***0.92 €***	***1.13 €***	***0.88 €***
Dividend per share (in €)	**0.40 €[2]**	**0.45 €**	**0.40 €**
Cash flows from operating activities	**63,105**	**64,624**	**92,100**
Cash flows from investing activities	**-49,437**	**-32,198**	**-37,401**
Cash flows from financing activities	**-7,523**	**-34,191**	**-242,870**
Total assets	1,039,110	983,074	962,875
Total equity	754,227	715,314	695,797
Total equity (in %)	72.6 %	72.8 %	72.3 %
Net cash[3]	293,319	351,839	356,318
Number of employees (30 September 2014)	**2,972**	**2,540**	**2,460**

[1] Profit/(loss) per share, attributable to the shareholders of the current financial year
[2] Amounts suggested by the Supervisory Board and the Executive Board of the Carl Zeiss Meditec AG
[3] Cash and cash equivalents plus treasury receivables from/payables to the group treasury of Carl Zeiss AG

**A fiscal year is much more than a balance sheet.
It is the sum total of the many issues, events and
challenges that have made it so special.**

Content

Letter to the shareholders

Ladies and Gentlemen,
dear shareholders,

The Carl Zeiss Meditec Group has brought financial year 2013/2014 to a successful close – a year that was characterized by intensified competitive and currency-related challenges. With an increase in revenue from € 906 to € 909 million, we came close to reaching the lower end of our revenue forecast. This increase in revenue was significantly influenced by currency effects: adjusted for currency effects, revenue growth amounts to 3.0 percent year-on-year. The operating result (EBIT) was curtailed, among other things, by effects of the acquisitions at the beginning of the calendar year, as well as currency effects. EBIT for the past financial year amounts to around € 120.7 million. This corresponds to an EBIT margin of 13.3 percent.

Earnings per share amount to € 0.92. The decline compared with the previous year is mainly due to a negative valuation result from currency hedging transactions, which is offset by significant gains in the previous year. We intend to propose to the Annual General Meeting a regular dividend of 40 cents per share for financial year 2013/2014, and to keep the dividend ratio on approximately the same level as the previous years, at 43.4 percent.

On the whole, the previous distribution of revenue across the three strategic business units (SBUs) remained largely stable. The pace of growth, on the other hand, was very varied, since currency effects and the market situation in the three SBUs are very different. The "Surgical Ophthalmology" SBU performed the best in financial year 2013/2014: with revenue of € 146 million, growth in this SBU, which was largely unaffected by currency effects, was once again very encouraging, at over 20 percent. In addition to the successful business with premium lenses, such as the AT LISA® range, we shall be relying in future on increased sales of lenses in the standard segment for cataract surgery. Thanks to the successful integration of the U.S. intraocular lens manufacturer, Aaren Scientific Inc., we were already able to launch the CT LUCIA® at the end of the financial year, which is the first intraocular lens to be jointly developed and manufactured in Ontario, thus further broadening our lens portfolio. The "Microsurgery" SBU, which has traditionally been the strongest contributor to sales, ended the financial year with revenue of € 390 million, which is almost the same as the previous year. Revenue growth in this SBU was curbed significantly by currency effects. In the "Ophthalmic Systems" SBU a persistently high pricing and competitive pressure, as well as, for the most part, negative currency effects, are decisive factors in the downward trend in business figures. Overall, this SBU contributed € 373 million to revenue for the year.

The distribution of revenue amongst the regions remained largely the same, with almost an equal three-way split between the "APAC" ("Asia/Pacific"), the "Americas" and "EMEA" ("Europe, Middle East and Africa") regions. The "APAC" region grew by 4.8 percent; adjusted for currency effects, it achieved double-digit growth (10.8 percent). The high volatility of the Japanese yen had a noticeable impact in this region during the year. A VAT increase in Japan led, in spring 2014, to pull-forward effects and, as anticipated, to a decline in business in the second half of the year. Revenue in the "Americas" region decreased by 9.4 percent – primarily due to subdued growth in the U.S. market, compared with a strong performance the previous year. Even after adjustment for currency effects, therefore, there was still a decline of 6.8 percent. The "EMEA" region, on the other hand, achieved a good level of growth, increasing its revenue by 6.7 percent. Trends in the individual markets were somewhat varied. The core markets, including Germany, France and the United Kingdom, achieved a good level of growth overall, on a par with the region as a whole. Business in Russia slowed down dramatically, due to the expiry of government investment programs and a thus comparatively high previous year basis, while revenue in Southern Europe continued to rise.

We can also be satisfied with these overall solid figures, due to the fact that the past financial year was characterized by major challenges. Political uncertainty and unrest in many regions of the world, as well as significant currency fluctuations, impacted the important markets for medical technology. Competitive pressure also intensified in many areas of business. We countered these challenges by launching significant product innovations: We launched the first ophthalmic surgery microscope with integrated OCT camera with the OPMI LUMERA® and Rescan™ 700. In terms of software solutions, the review and analysis enhancement FORUM® Glaucoma Workplace enables improved visualization of clinical data. Then followed the IOLMaster® 700 with SWEPT Source Biometry™, which enables physicians to identify irregular geometries of the eye in their patients at an early stage. Our Essential Line presents a full range of devices for basic ophthalmic diagnostics. And, the new monofocal intraocular lens CT LUCIA® means that we now have the most comprehensive intraocular lens portfolio on the market.

In particular in the area of intraocular lenses, we benefit from case-number-dependent revenue, an area in which we have made major progress. In financial year 2013/2014 this area accounted for around 28 percent of revenue. Over the next few years we anticipate further improvements in this key figure; by financial year 2018/2019 at the latest, we aim to exceed the envisaged target of one third of consolidated revenue.

In addition, we adjusted the organizational structure at the beginning of the new financial year. The previous organizational structure mainly summarized the locations of strategic business units. In order to better substantiate our claim to be a solutions provider, the new organizational structure will be consistently geared to our customer groups. We are also planning increased strategic investments in a new product segment for the Carl Zeiss Meditec Group, in the area of ophthalmology, in order to realize future growth opportunities. This will, however, put additional strain on the EBIT margin in the short term. The EBIT margin is nevertheless expected to remain within a range of 13 to 15 percent until financial year 2018/2019.

Looking back and looking ahead to the future, we have good grounds for our optimism that the Carl Zeiss Meditec Group can expect further increases in revenue in the next few years, as a leading innovator with a range of customer-oriented solutions. I would be delighted if you would continue to put your trust in us and accompany us on the next steps of our development, which shall consistently focus on sustainable success.

Jena, November 2014

Yours sincerely,

Dr. Ludwin Monz
President and CEO
of Carl Zeiss Meditec AG

Dr. Ludwin Monz
President and CEO of Carl Zeiss Meditec AG

Dr. Christian Müller
Member of the Management Board

Dr. Ludwin Monz
President and CEO of Carl Zeiss Meditec AG

Thomas Simmerer
Member of the Management Board

MANAGEMENT BOARD

Report of the Supervisory Board

Dear Shareholders and Friends of the Company,

Prof. Dr. Michael Kaschke
Chairman of the Supervisory Board

Looking back, 2013/2014 was another successful year for Carl Zeiss Meditec. The Company performed well overall during the past financial year, in a challenging competitive and exchange rate environment. Two acquisitions at the beginning of the financial year strengthened distribution operations and enriched the product portfolio.

In the Supervisory Board's opinion, this is the result of a sound financial basis and a both very broadly diversified and very well balanced product portfolio, as well as a strong brand. We see additional guarantors of success in the corporate strategy, which is geared to long-term growth. Last but not least, it is the employees to whom we owe our success. I would like to take this opportunity to express my deep appreciation to the employees and the members of the Management Board, both from me personally and on behalf of the entire Supervisory Board, and commend them on their achievements.

Once again in the past financial year, the Supervisory Board received regular, up-to-date and comprehensive written and verbal reports from the Management Board, and was included in important decision-making. The subject of the reports from the Management Board was the economic situation and business development of the Group, as well as the individual strategic business units and their further strategic development, the position of the Group as a whole in terms of the risk situation, risk management, and the internal control system, and compliance.

The Supervisory Board also continued to engage in a regular exchange of information and ideas with the Company's Management Board outside of Supervisory Board meetings. Any collaboration between the Supervisory Board and the Management Board was always open and trusting, with constructive dialogue.

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*.

Compliance with the ZEISS Group's Code of Conduct, which is fully applicable within Carl Zeiss Meditec AG, was also complied with by the Supervisory Board with no exceptions.

Conflicts of interest among the members of the Supervisory Board did not arise in financial year 2013/2014.

Focus of the deliberations and audits of the Supervisory Board

During the past financial year the Supervisory Board convened at five ordinary meetings in which the Management Board also participated. The meeting on 13 January 2014 was held in the form of a telephone conference, since the agenda items to be discussed during this meeting related solely to the resolution on proposed resolutions that had already been discussed previously or made known to the Supervisory Board.

In addition, two extraordinary telephone conferences were held with the Management Board of Carl Zeiss Meditec AG on 10 December 2013 and 7 January 2014.

Furthermore, in the course of the past financial year a circular resolution was passed to update the declaration of the Management Board and the Supervisory Board of Carl Zeiss Meditec AG on the German Corporate Governance Code pursuant to Section 161 *AktG*.

The regular meetings addressed the revenue and earnings situation and the employment trend within the Carl Zeiss Meditec Group, as well as the financial situation of the Company and ongoing strategic projects, and future investments and their funding. The Management Board of Carl Zeiss Meditec AG gave a transparent insight into the decisions and developments, and explained them clearly and comprehensively.

In addition, the Supervisory Board addressed all other business transactions of importance for the Company, and, after close examination, raised no objections or doubts concerning the legitimacy or correctness of the management by the Management Board.

After careful examination of the financial statements and a detailed discussion with Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY), the Supervisory Board approved the annual financial statements and the management report, as well as the consolidated financial statements and the consolidated management report of the Company for financial year 2012/2013 at the meeting to approve the financial statements on 27 November 2013, and thus adopted the annual financial statements pursuant to Section 172 *AktG*. At the same meeting the members of the Supervisory Board passed the resolution on the utilization of profits based on the proposal of the Management Board, and discussed the recommendations of the German Corporate Governance Code. Furthermore, EY reported on the main results of the audit of the dependent company report, and the Supervisory Board reported on the results of its own audit of this report. In addition, the Supervisory Board unanimously granted its approval in principle for the takeover of intraocular lens manufacturer Aaren Scientific Inc. in the USA, provided that the conditions of the purchase agreement would be within framework to be stipulated by the Supervisory Board on 10 December 2013, and other outstanding issues could be clarified. Approval was also granted for the conclusion of the purchase agreement for the acquisition of the longstanding distribution partner Optronik A.S. in Turkey. The efficiency of the Supervisory Board was also reviewed at the same meeting and a resolution was passed on the implementation of the identified opportunities for improvement.

On 10 December 2013, during an extraordinary meeting which took the form of a telephone conference, the general terms and conditions of the purchase agreement pertaining to the acquisition of the intraocular lens manufacturer Aaren Scientific Inc. were stipulated, and the Management Board of Carl Zeiss Meditec AG was authorized by the Supervisory Board to lead the negotiations within the specified guidelines. In addition, the Supervisory Board gave its consent for Dr. Ludwin Monz to assume his mandate as a member of the Group Management Board of Carl Zeiss AG from 1 January 2014, supplementary to his role as President and CEO of Carl Zeiss Meditec AG.

During another extraordinary telephone conference on 7 January 2014, after the results of the negotiations concerning the takeover of Aaren Scientific Inc. had been submitted to the Supervisory Board within the prescribed timeframe, any remaining issues and questions pertaining to the transaction were adequately clarified.

During the Supervisory Board meeting held by telephone conference on 13 January 2014 the agenda for the Annual General Meeting on 4 March 2014 was adopted and, at the recommendation of the Audit Committee, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, was again appointed as auditor of the annual and the consolidated financial statements for financial year 2013/2014.

At the Supervisory Board meeting on 3 March 2014 it was resolved, among other things, to appoint Dr. Markus Guthoff as a member and Chairman of the Audit Committee, after Dr. Wolfgang Reim had previously announced his resignation.

On 5 May 2014 the Supervisory Board held its fourth ordinary meeting, during which, in addition to the regular reporting, in particular the status of the integration of Aaren Scientific and Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi A.S., formerly Optronik A.S., was discussed.

The fifth ordinary meeting of the Supervisory Board was held on 25 September 2014 to pass a resolution, among other things, on the budget for financial year 2014/2015. The Supervisory Board also reviewed the amount and structure of the remuneration to be paid to President and CEO, Dr. Ludwin Monz, and stipulated the adjustment with effect from 1 January 2014, and resolved to adjust the remunerations of Management Board members Dr. Christian Müller and Thomas Simmerer with effect from 1 October 2014. The collaboration being pursued with Abbott Medical Optics Inc. (AMO) in the USA, in the area of cataract surgery, to expand the distribution channels for ZEISS equipment was presented to the Supervisory Board as another agenda item and was approved by the Supervisory Board.

Diligent work of the committees

In accordance with its rules of procedure, the Supervisory Board of Carl Zeiss Meditec AG has formed three committees. These committees carry out preliminary work on topics to be discussed at the plenary Supervisory Board meeting and make decisions on behalf of the Supervisory Board, insofar as the plenary session has instructed them to do so in accordance with statutory regulations. The current chairs of the committees report regularly and extensively to the Supervisory Board about their work on the 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 jointly responsible for coordinating and preparing for the Supervisory Board meetings. In addition, this committee prepares the Supervisory Board's personnel decisions and passes resolutions on the transactions requiring approval submitted by the Management Board. The Supervisory Board may pass a special resolution charging this committee with further responsibilities, where this is legally permissible.

The General and Personnel Committee did not convene during the past financial year.

The **Audit Committee** is mainly concerned with the development of business and monitoring the accounting process, the efficiency of the internal control system and the internal auditing and risk management system, auditing, and in particular the independence of the auditor, as well as the additional services rendered by the auditor, and the specification of focus areas. 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, and, pursuant to the provisions of the German Corporate Governance Code, the Chairman of the Audit Committee, must be competent in the areas of accounting or auditing, and must be independent; this is fulfilled.

The Audit Committee convened at five meetings during the reporting period.

In the event of the appointment of new Supervisory Board members, the **Nominating Committee** proposes suitable candidates to the Supervisory Board for its candidate proposals to the Annual General Meeting.

The Nominating Committee did not convene during the reporting period.

Corporate governance and declaration of conformity

Responsible corporate management and control geared to generating sustainable value-added has always been an important component of Carl Zeiss Meditec AG's corporate culture and, from the Supervisory Board's perspective, a good basis for responsible and transparent management of the organization focused on generating long-term and sustainable value-added. 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 during the past financial year.

On 5 February 2014 the Supervisory Board passed the circular resolution to update the declaration of the Management Board and the Supervisory Board of Carl Zeiss Meditec AG on the German Corporate Governance Code pursuant to Section 161 *AktG*. The update included the stipulation to only allow the amendment to the remuneration structure for the members of the Supervisory Board to commence from its effective date, i. e., with entry of the amendment to the Articles of Association – to be resolved by the Annual General Meeting – in the commercial register, and not, as stated on 27 November 2013, with retrospective effect from 1 October 2013.

During the Supervisory Board Meeting on 5 December 2014 the Supervisory Board resolved upon the declaration of conformity pursuant to the German Corporate Governance Code, in its version dated 24 June 2014.

Further information on corporate governance reporting and the declaration of conformity can be found on the Carl Zeiss Meditec AG website **www.meditec.zeiss.com/ir** | Corporate Governance.

Audit of the annual and consolidated financial statements 2013/2014

The single-entity and consolidated financial statements for financial year 2013/2014, and the related management reports, have been audited in accordance with the resolution of the Annual General Meeting of 4 March 2014 by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart.

Before making its candidate proposal to the Annual General Meeting, the Supervisory Board obtained a declaration of independence from the auditor. In this declaration EY 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 July 2014 the Supervisory Board engaged EY to audit all of the financial statements and management reports for the past financial year, including the dependent company report on relationships with associated companies of Carl Zeiss Meditec AG pursuant to Section 312 *AktG*.

The annual financial statements of Carl Zeiss Meditec AG were prepared in accordance with the rules of the German Commercial Code (*Handelsgesetzbuch, HGB*). The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) prevailing at the end of the reporting period, as they are to be applied in the EU, and in accordance with Section 315a *HGB* in compliance with specific provisions of the *HGB*.

EY audited the annual financial statements and consolidated financial statements, as well as the associated management reports for financial year 2013/2014, including the accounting, and issued all the financial statements with an unqualified audit certificate.

The annual financial statements and consolidated financial statements prepared by the Management Board to 30 September 2014, 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 and audited in advance at the meeting of the Supervisory Board's Audit Committee in the presence of the auditor on 4 December 2014, in accordance with the requirements of Section 171 (1) Sentence 2 *AktG*, taking the lawfulness of the management into account, and subsequently at the plenary Supervisory Board meeting on 5 December 2014. The Supervisory Board approves the results of the audit. No objections were raised following the Supervisory Board's conclusive review of the audit. The Supervisory Board thus approved the annual financial statements prepared by the Management Board and the consolidated financial statements at its meeting on 5 December 2014. 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 has approved the Management Board's proposal on the utilization of profit.

It is therefore planned to utilize a portion of the net retained profit from financial year 2013/2014, amounting to € 102,887,654.06, 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 € 70,363,810.06 shall be carried forward to new account.

Dependent company 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 2013/2014, 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 conducting its audit EY issued the report with 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 dependent company report and the respective audit report were submitted in good time for inspection by the Supervisory Board of Carl Zeiss Meditec AG.

At the meeting on 4 December 2014 the auditor reported on the key results of the audit and responded to questions. After conducting its own audit of the dependent company report and inspecting the audit report prepared by the auditor, the Supervisory Board concluded that it agrees with the statements and conclusions in the dependent company report and the audit report. On completion of its own audit the Supervisory Board has no objections to raise against the declaration of the Management Board at the end of the dependent company report.

Composition of the Management Board and the Supervisory Board

In financial year 2013/2014 there were no changes to the members of the Management Board, but one change to the members of the Supervisory Board of Carl Zeiss Meditec AG. On 19 November 2014 Dr. Carla Kriwet was legally appointed as a member of the Carl Zeiss Meditec AG on proposal of the Management and Supervisory Boards. Dr. Carla Kriwet will thus succeed Dr. Wolfgang Reim, who had been a member of the board since 2007 and who had resigned from his office as a member of the Supervisory Board on 4 March 2014 for personal reasons. An election of the new Supervisory Board is planned for the Annual General Meeting of Carl Zeiss Meditec AG on 18 March 2015.

Final remarks

Given the persistent long-term market trends, the high level of innovative strength and the very balanced global presence, as well as the solid financial position achieved due to the encouraging development of business over the past few years, the Supervisory Board agrees with the Management Board that, from a current perspective, the Company is in a position to continue to develop its business successfully in the current financial year, if general economic conditions remain largely stable.

Jena, 5 December 2014
On behalf of the Supervisory Board

Yours sincerely,

Michael Kaschke

Prof. Dr. Michael Kaschke
(Chairman)

"OUR CHALLENGE IS BEING MORE EFFICIENT"

Glaucoma is the second largest cause of blindness and the leading cause of irreversible blindness worldwide. It causes not only direct cost for medical staff, drugs and devices, but also indirect factors like loss of earnings and unpaid taxes. Challenges and perspectives in the management of the chronic ophthalmic disease that affects more people than realized were topics of discussion for Glaucoma Specialist Prof. Dr. Paul Foster and Dr. Ludwin Monz, CEO and President of Carl Zeiss Meditec AG, at the UCL Institute of Ophthalmology in London.

Prof. Dr. Paul Foster lead ophthalmic epidemiology and glaucoma studies at the UCL Institute of Ophthalmology in London since October 2011. His research interests include epidemiology and environmental risk factors for eye diseases, surgical management of glaucoma and screening and prevention of glaucoma in East Asia. A leading scientist in ophthalmology, Paul Foster has published 180 peer reviewed papers. He serves as Trustee of the British Council for the Prevention of Blindness, and Chairs BCPB's Scientific Advisory Panel.

Prof. Dr. Paul Foster
Glaucoma Specialist, Moorfields Eye Hospital

ZEISS: *Professor Foster, from a medical perspective, what are the key challenges of glaucoma management, and what implications does glaucoma have for ophthalmology?*
Foster: Glaucoma is a disease of the optic nerve and becomes more frequent as people age. We know that there is a clear correlation between race, various types of glaucoma and age. The prevalence among people aged 40 years is roughly one percent, and is more than four percent among people aged 80 years. By 2020, there will be approximately 80 million people with glaucoma, an increase of about 20 million since 2010.
ZEISS: *So glaucoma must be taken seriously by healthcare systems worldwide.*
Foster: Absolutely. Glaucoma is the second largest cause of blindness and the leading cause of irreversible blindness worldwide. The problem with glaucoma is that it is largely asymptomatic in the early stages.
ZEISS: *While this is certainly true, I believe that the awareness and understanding of glaucoma has significantly improved over the last few years thanks in large part to advances in medical technology, such as progression analysis of perimetry data and because of new insights on structural characteristics provided by OCT technology.*
Foster: Oh yes, this is clearly the case. Your company has made a unique contribution to the body of ophthalmic science, particularly glaucoma diagnosis and progression monitoring. The ZEISS Humphrey Field Analyzer (HFA) is the industry standard in research and clinical practice of glaucoma all over the world. I cannot think of a major glaucoma study where the HFA was not the tool of choice for assessing visual field loss. And with increased sophistication of testing, we acquire useful information more quickly from more patients. We also have seen a much better understanding of the optic nerve head thanks to groundbreaking ZEISS OCT devices. Glaucoma, however, still remains a disease which doctors try to control rather than cure, and public knowledge and awareness of this disease leaves room for improvement.

ZEISS: What should everybody know about glaucoma in general, and in the special case of having a glaucoma patient among their family or relatives?
Foster: These are actually two questions. Let me first talk about awareness, and then I will touch upon patient compliance with treatment which should not be overlooked. Public awareness of glaucoma in the West is reasonable, but not good. Given that it is the second leading cause of blindness worldwide, people should be more aware of it. People need to know that eye diseases can cause blindness, but also that eye diseases are potentially curable. Everybody should have their eyes checked at least once every two years. This is especially important for people who have a history of glaucoma in their family. We know that family history is a strong risk factor for this disease – the risks are three to ten times higher. Unfortunately, patient compliance is a big, big problem. Not even half of the patients with a glaucoma diagnosis do exactly what we usually want them to do – such as taking drops as prescribed. It is a huge number. At the same time, patients' difficulties are understandable. Just think of taking antibiotics for a week! It is easy during the first few days – then suddenly you are no longer sure whether you have taken the mid-morning dose.

"Can't scientific work and improved devices help avoid high costs due to false positive diagnoses?"

Dr. Ludwin Monz
CEO and President

ZEISS: This does sound familiar. So from a patient's perspective, these practical questions should not be underestimated. What is the biggest challenge that ophthalmologists face in regards to glaucoma in daily practice?
Foster: I would say that it is about finding the right balance between identifying and managing disease at an early stage, and not over-diagnosing and over treating. A general problem is that at an early stage, glaucoma does not have

noticeable symptoms. So far too often, especially in developing countries, people present to a clinic too late, when they already have partial blindness and significant, irreversible loss of their visual fields. In more developed countries, risk factors for glaucoma, however, can be identified earlier which creates other challenges – for instance, many people with ocular hypertension are monitored over many years to identify new glaucoma signs. However, most will never actually develop the disease, at least in the time-scale over which research is conducted – most trials run for five years. The large number of what we call "false positives" results in high costs, and unnecessary burden on healthcare systems. Recent studies in the UK seem to indicate that we should not generally monitor people simply because they have ocular hypertension. According to data from the Ocular Hypertension Treatment Study, 19 out of 20 people with ocular hypertension do not develop glaucoma over a five year period of follow up.

ZEISS: *Now we are talking about what people feel they should be entitled to and what a healthcare system can legitimately provide, correct?*

Foster: Costs in dealing with glaucoma are definitely important. In the UK we are told that the cost for providing healthcare services is not to rise, but we are expected to boost our productivity by 20 percent over the next 10 years, equaling efficiency improvements of 2 percent per year without additional funding. Similar restrictions are also in place in most major healthcare systems.

ZEISS: *Do you think that scientific work and also the availability of various modalities and improved devices will provide better diagnosis in general and help to overcome the problem of too many false positive diagnoses?*

Foster: One hopes this to be the case with all the incremental improvements we have seen. I believe we will be able to identify the disease earlier and more accurately. It is a very exciting time, as we have more information on the characteristics of the patients than we have ever had, including genetic characteristics.

ZEISS: *When it comes to disease-related costs, most people tend to only look at the direct costs of treating or managing these diseases. You have another approach to this, which is much broader and, at least to my understanding, is a more appropriate assessment. So what is your view on the cost of glaucoma?*

Foster: Direct costs are obvious: Building and maintaining hospitals, supplies, drugs, devices and the staff at these premises are the highest cost factors. There are indirect costs that affect society in terms of loss of earnings for patients and relatives, lost tax revenues etc. Typically, the split between the two is about 50:50. On top of that we have to include the loss of quality of life of those affected by glaucoma.
ZEISS: *Is it fair to say that if we were to see more investment in diagnosis and treatment, then indirect costs would go down?*
Foster: There is good reason to believe that if for every euro, dollar or pound invested in prevention of blindness, we would see a return of two in the developed world and into developing countries, where the sheer quantity of undetected diseases is much higher, the ratio will be even greater, in the region of 1:4.
ZEISS: *What can be done to improve the situation, given the level of knowledge we have today as well as increasing cost restrictions and increasing frequency of glaucoma in especially aging societies?*
Foster: Well, the number of medical staff is increasing, but probably not fast enough. So our challenge is to do things better, and being more efficient. All in all, there is consensus among experts today that we have to improve three factors: people, processes and technology. And unless you can improve all of these, you are never going to achieve a breakthrough.
ZEISS: *Can you elaborate a bit on these three factors?*
Foster: Of course. The cost of medical staff, the doctors in the healthcare system is very high, and increasingly we have to delegate to other staff to take over tasks that are manageable by technically trained specialists. In Moorfields Eye Hospital, we have found that such innovations have improved the patient experience, reducing the time needed for a complete diagnostic examination by up to 50 percent, to a mere hour.
ZEISS: *And this is having implications on product design. We at ZEISS have always worked on improving usability as well for technicians, who may not have completed study for a full medical degree.*
Foster: This is not only in the interest of clinics for improved workflow efficiency. User-friendly devices seem to produce better results. So I very much encourage this. Making the equipment easier and smarter to use is key as well as to making the procedure quicker. If centers like ours have to deal with up to 70,000 glaucoma patients a year, improvements in the performance of devices clearly pay off. And IT can also help us to deal better with the vast amounts of data. At the moment, interesting and innovative research is being done. Such as in one case, fundus imaging data is outsourced to computer-literate laymen in India who screen these data for anomalies with remarkably high success rates. It is not that surprising. Properly trained, even your children could detect retinal haemorrhages on a fundus photograph after a while. And, again, process, technology and people need to come together in the right way.

Prof Dr. Foster, thank you very much indeed for these intriguing insights into one of the most common eye diseases.

"For every euro, dollar or pound invested in prevention of blindness, we will see a return of two in the developed world."

Prof. Dr. Paul Foster
Glaucoma Specialist, Moorfields Eye Hospital

Customer Statements

"I have a long history of working with ZEISS for ophthalmic surgery. They've been a superb company to work with. **They've been innovators from the beginning**. I think most eye doctors wish to have ZEISS technology in their office. It's reliable, it's consistent and it's accurate. All of those things are crucial to what we do."

Dr. Jay Bansal
Medical Director
LaserVue Eye Center
San Francisco Bay Area,
CA, USA

"I always thought ZEISS products were fabulous. I think they are **leaders in technology**. Now, when I have a question, I think that the ZEISS staff really do bend over backwards to make sure that I understand or they explain something for me."

Dr. Robert Peets
Ophthalmic Surgeon
Grandview Medical
Center Dayton,
OH, USA

"ZEISS is driven in the same way that I'm driven for a better performance. I've been impressed with their OCT and their other devices that have made my life better. It's **made me a better doctor**. I've been able to use that technology to make diagnoses that other cannot. I have better tools and better equipment, and this enables me to make better evaluation and management decisions."

Dr. Kevin M. Miller
Medical Director
Stein Eye Institute UCLA
Los Angeles,
CA, USA

"SMILE procedure is going to be a game-changer in laser vision correction. ZEISS is well known in the business and they **take care of their customers**. They're heavily focused in ophthalmology and so I'm glad they came out with this product."

Dr. Daniel Haddad
Medical Director
Laser Eye Institute Troy,
Michigan, USA

Sustainability

ZEISS focuses on economic success. This has been enshrined in the statute of the Carl Zeiss Foundation – the sole shareholder of the Group – for 125 years. ZEISS also assumes social responsibility towards its employees and at the Company's locations.

EADHERE TO ETHICAL STANDARDS

Responsibility is a highly valued tradition at ZEISS. As a company of the Carl Zeiss Foundation, the Group implements the provisions enshrined in the Foundation statute. In addition to profitable growth, these include the responsibility towards employees, social commitment at the Company's locations, as well as the promotion of science and education.

Environmental protection and efficient use of resources are also highly valued: from development through production, packaging and dispatch, to the disposal of the products, attention is given not only to quality and reliability, but also to sustainability.

The Group conducts its business in compliance with ethical standards. To this end, there is a Group-wide code of conduct, which applies for suppliers and customers during the entire business partnership. In addition to these company-specific rules and regulations, the principles of the United Nations Global Compact serve as a guide in matters concerning human rights, working standards, environmental protection and the fight against corruption.

RESPONSIBILITY

CREATE TRANSPARENCY

The Management Board and Supervisory Board of Carl Zeiss Meditec AG are committed to responsible corporate governance and control that is geared to sustainably increasing the value of the Company. The corporate culture 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. By means of the annually updated Declaration of Conformity, Carl Zeiss Meditec AG informs its shareholders to what extent the recommendations of the Government Commission on the "German Corporate Governance Code" are being complied with (see **www.meditec.zeiss.com/ir**).

CORPORATE GOVERNANCE

IMPROVE CUSTOMER RETENTION

Innovative products are the key prerequisite for achieving a good market position. However, entrepreneurial success can only be achieved if the products are combined into complete solutions and are flanked by excellent service. This is why ZEISS attaches particular importance to conducting its business in a customer-centric manner. Only those who know and understand the individual challenges customers face will develop the right solutions. Employees are given special training for this important "translation work". We also invest in further training for service technicians, who serve the customers during the entire useful life of the devices and systems. Rapid and competent assistance when the need arises reinforces customer loyalty and secures competitive advantages.

INNOVATION

For more information visit our website at:
www.zeiss.com/responsibility

ELIMINATE AVOIDABLE BLINDNESS

Since 2002 ZEISS has been supporting the initiative "VISION 2020 – The Right to Sight". The aim of this campaign is good, cost-effective and comprehensive ophthalmic care for as many people as possible, even in economically poorer regions. ZEISS is helping to ensure that people all over the world gain access to highly skilled and affordable treatment for their ophthalmic diseases with know-how, donations in kind, the personal commitment of employees, and tailored solutions.

In keeping with the slogan "Helping People to Help Themselves", ZEISS has set up four ophthalmology training centers over the past few years, at which both doctors and technicians are given training on how to use the diagnostic and treatment equipment. The first centre was opened in 2007 at the Cicendo Eye Hospital in the city of Bandung in Indonesia; the second was opened in the Kilimanjaro Christian Medical University College in Tanzania. There is also another center in Africa that is equipped with ZEISS surgical microscopes, at University College Hospital Ibadan in Nigeria. More recently, in 2013, the IAPB Center of Excellence in Latin America was opened in Asuncion (Paraguay) with financial support from ZEISS, in collaboration with CBM (Christian Blind Mission) and Fundación Visión.

VISION 2020

TRANSFER KNOWLEDGE

We consider the global training and further education of specialist staff as part of our social responsibility. ZEISS therefore supports the Fellowships Program of the International Council of Ophthalmology. Young doctors from emerging and developing countries are regular guests in Jena, to learn more about methods and techniques for treating ophthalmic diseases.

ENGAGEMENT

USE RENEWABLE ENERGIES

Since 2012 more than 4,000 solar panels on the roof of Carl Zeiss Meditec Inc. in Dublin have been converting solar energy into around 17 million kilowatt hours of electricity per year, thus covering 70 percent of the power requirement at the Dublin site. An ecologically and economically sound investment, which will have paid for itself in just eight years.

ENVIRONMENT PROTECTION

The Share on the capital market

Financial year 2013/2014

General development of the capital market

The capital markets and global benchmark indices were characterized until autumn 2014 by geopolitical tension, particularly in the Ukraine and Iraq, as well as an expansionary monetary policy in the most important currency regions, and inconsistent economic data.

During the first half of the financial year, developments in the global stock markets were positive and a number of benchmark indices, e. g. the DAX, reached historic highs. Since the end of March 2014, however, the European stock markets have suffered share price losses on the whole, although these were put back into perspective to some extent at the end of the financial year. The U.S. stock market was more stable overall and recorded significant gains in the reporting period.

The U.S. benchmark index, S&P 500, increased in this environment, over the twelve-month period to 30 September 2014, by 17 %; the German benchmark index, the DAX, and the TecDAX, in which Carl Zeiss Meditec AG is listed, also exhibited a positive trend, increasing by 10 % and 15 %, respectively.

Performance of the Carl Zeiss Meditec share

The performance of the Carl Zeiss Meditec share was positive during the first quarter of financial year 2013/2014. It opened on the first day of trading of the new financial year (1 October 2013) at a price of € 22.02 and subsequently increased, until 9 December 2013, to its highest price during the year of € 25.04, thus significantly exceeding the entire German market. The share price then fell during the further course of the reporting period, reaching its lowest price for the year of € 19.75 on 14 March 2014. From that point on the share recovered during the second half of the financial year, compensating for the losses of the first six months. On 30 September 2014 the Carl Zeiss Meditec share closed at a rate of € 22.97.

The German market as a whole performed well overall. At the beginning of financial year 2013/2014 the German share index, the DAX, opened at 8,619 points, and increased over the course of the reporting period to reach a record high of 10,051 points during the course of 20 June 2014, before closing at 9,474 points at the end of the financial year on 30 September 2014. This equates to growth of around 10 %.

The TecDAX rose by 15 % in the reporting year and closed on 30 September 2014 at 1,249 points, after starting financial year 2013/2014 at 1,082 points.

Figure 1: Relative performance of the Carl Zeiss Meditec share compared with the DAX, MDAX and TecDAX indices
(period: 1 October 2013 to 30 September 2014)

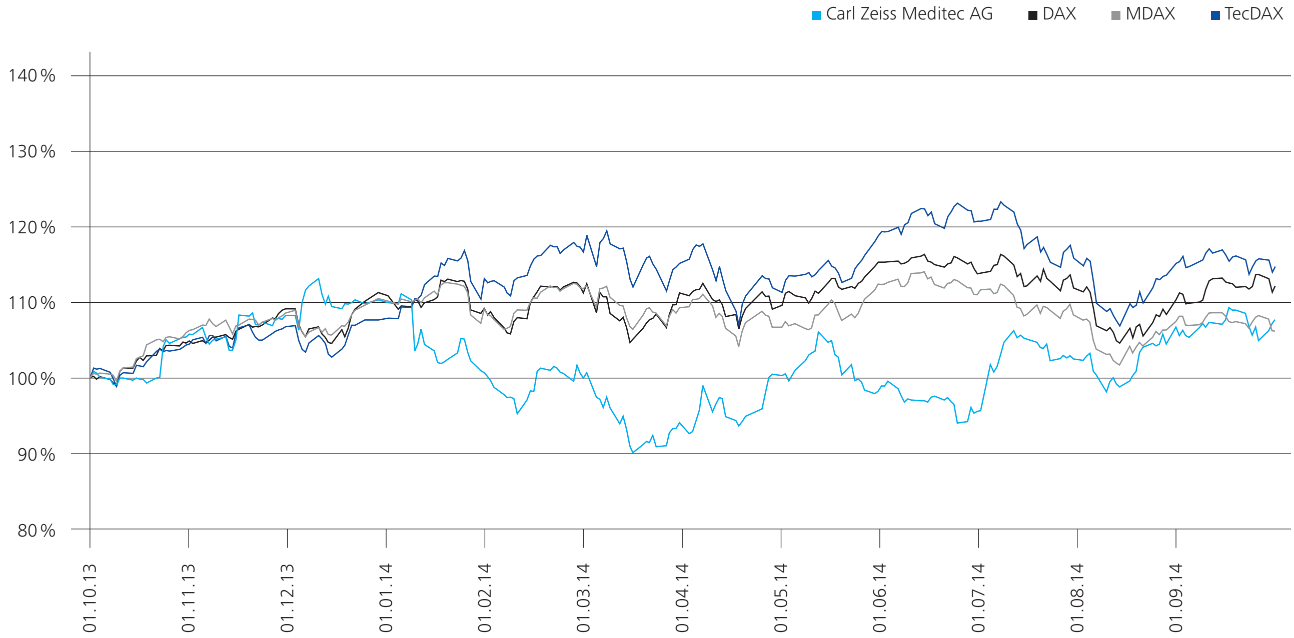
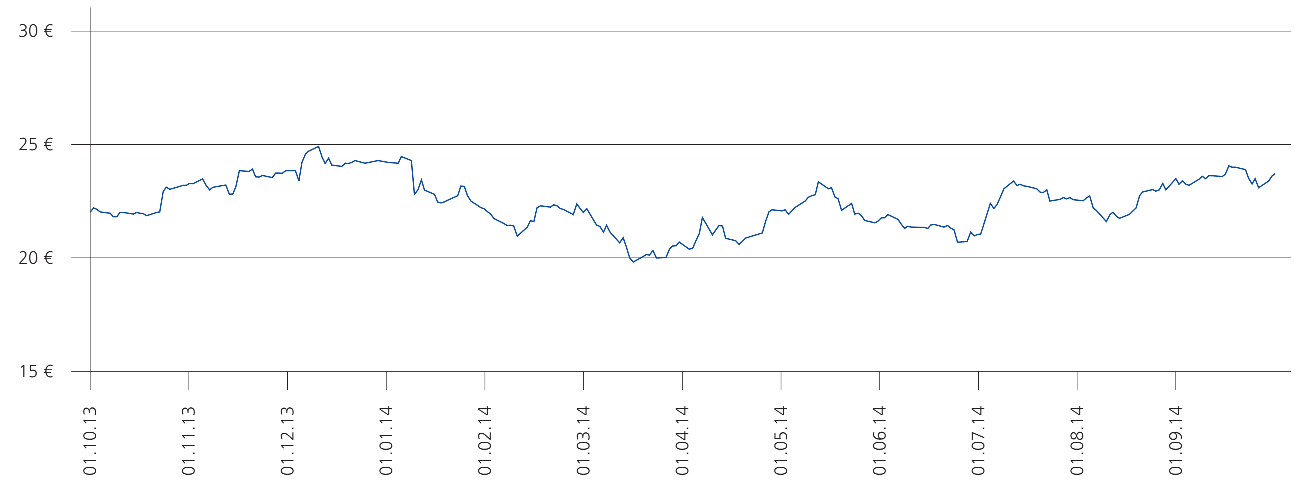


Figure 2: Development of Carl Zeiss Meditec share (period from 1 October 2013 to 30 September 2014)

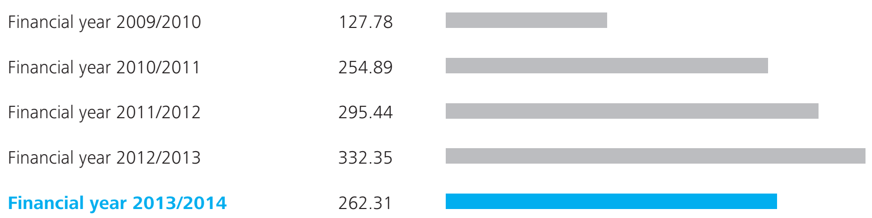


Market capitalization and trading volume

Carl Zeiss Meditec AG's market capitalization (product of shares issued multiplied by the share price at the end of the reporting period) increased year-on-year from € 1.79 billion to € 1.87 billion as of 30 September 2014. 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 2013/2014 was € 262.31 million (previous year € 332.35 million).

Figure 3: Market capitalization of Carl Zeiss Meditec AG as of 30 September 2014 (in € million)

Figure 4: Trading volume of the Carl Zeiss Meditec share on the Frankfurt Stock Exchange in financial year 2013/2014 (in € million)



During the reporting period, an average of 46,527 shares (previous year 57,205) of Carl Zeiss Meditec AG were traded each trading day.

The German TecDAX share index brings together the 35 largest technology stocks in terms of market capitalization and trading volume on the Frankfurt Stock Exchange. All technology stocks are listed on a quarterly basis. Carl Zeiss Meditec AG dropped to 15th place in the ranking for market capitalization as of 30 September 2014 (previous year 14th place). In terms of stock market turnover or trading volume, the Carl Zeiss Meditec share fell from 17th place in the previous year to 25th 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. At present, we are in contact with 13 analyst firms. The analysts covering our share see the current price target at an average of € 24.52 (as of 30 September 2014).

Six of the analysts have given it a "buy" recommendation; four recommend to "hold" and three recommend to "sell".

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

Dividend continuity

We shall continue to pursue a continuous, profit-driven dividend policy. We aim to adhere to this strategy in future and to continue to allow shareholders to participate to an appropriate extent in the Company's success.

Our reference for the regular dividend is a dividend ratio that generally equates to around one third of consolidated net income after non-controlling interests for the financial year just ended. On 18 March 2015, 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 (previous year € 0.45) for financial year 2013/2014. This would correspond to a total distribution of € 32.5 million (previous year € 36.6 million) and a dividend ratio of 43.4 % (previous year 39.1 %). The dividend return (ratio of dividend per share to opening price for the respective financial year) would be 1.82 % (previous year 2.25 %).

Figure 5: 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)
Financial year 2009/2010	0.22	0.33	44.720
Financial year 2010/2011	0.30		24.393
Financial year 2011/2012	0.40		32.523
Financial year 2012/2013	0.45		36.589
Financial year 2013/2014	**0.40**		**32.524**

Shareholder structure

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. According to our knowledge, the remaining 35 % are in free float.

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 2013/2014, 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. In addition to numerous conferences and roadshows, the majority of which were held in London, Great Britain, Paris, France, as well as in Munich and Frankfurt am Main, Germany, we also held regular telephone conferences on the interim financial statements, as well as numerous one-to-one and group meetings with institutional and private investors, both on the telephone and at one of our locations directly on site.

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 4 March 2014 in Weimar. Around 82 % of the voting share capital was represented at this General Meeting.

Listing and stock market trading

Carl Zeiss Meditec AG share				
Segment	Prime Standard			
ISIN	DE 0005313704			
German securities code (WKN)	531370			
Trading volume	46,527 shares/trading day			
Indices	TecDax	CDAX	HDAX	DAX International Mid 100
	DAXsector Pharma & Healthcare			DAXsector All Pharma & Healthcare
	DAXsubsector All Medical Technology			DAXsubsector Medical Technology
	Prime All Share			
Price development				
Share price at beginning of financial year 2013/2014				€ 22.02
Share price at end of financial year 2013/2014				€ 22.97
Share price on 28 November 2013				€ 22.11
Highest price in financial year 2013/2014				€ 25.04
Lowest price in financial year 2013/2014				€ 19.75
Shareholder structure				
Free float				35 %
Carl Zeiss AG				65 %
Evaluation				
Market capitalization of share capital as of 28 November 2013				€ 1.80 billion
Market capitalization of free float as of 28 November 2013				€ 630.14 million
Designated Sponsor				ICF Kursmakler AG until 30 September 2014 HSBC Trinkaus & Burkhardt AG since 1 October 2014

Consolidated management report

Consolidated management report
for financial year 2013/2014[1]

THE CARL ZEISS MEDITEC GROUP

Business

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

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

Ophthalmology within the Carl Zeiss Meditec Group brings together 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 the Carl Zeiss Meditec Group's activities in the field of ophthalmic implants (intraocular lenses or IOLs) and consumables.

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

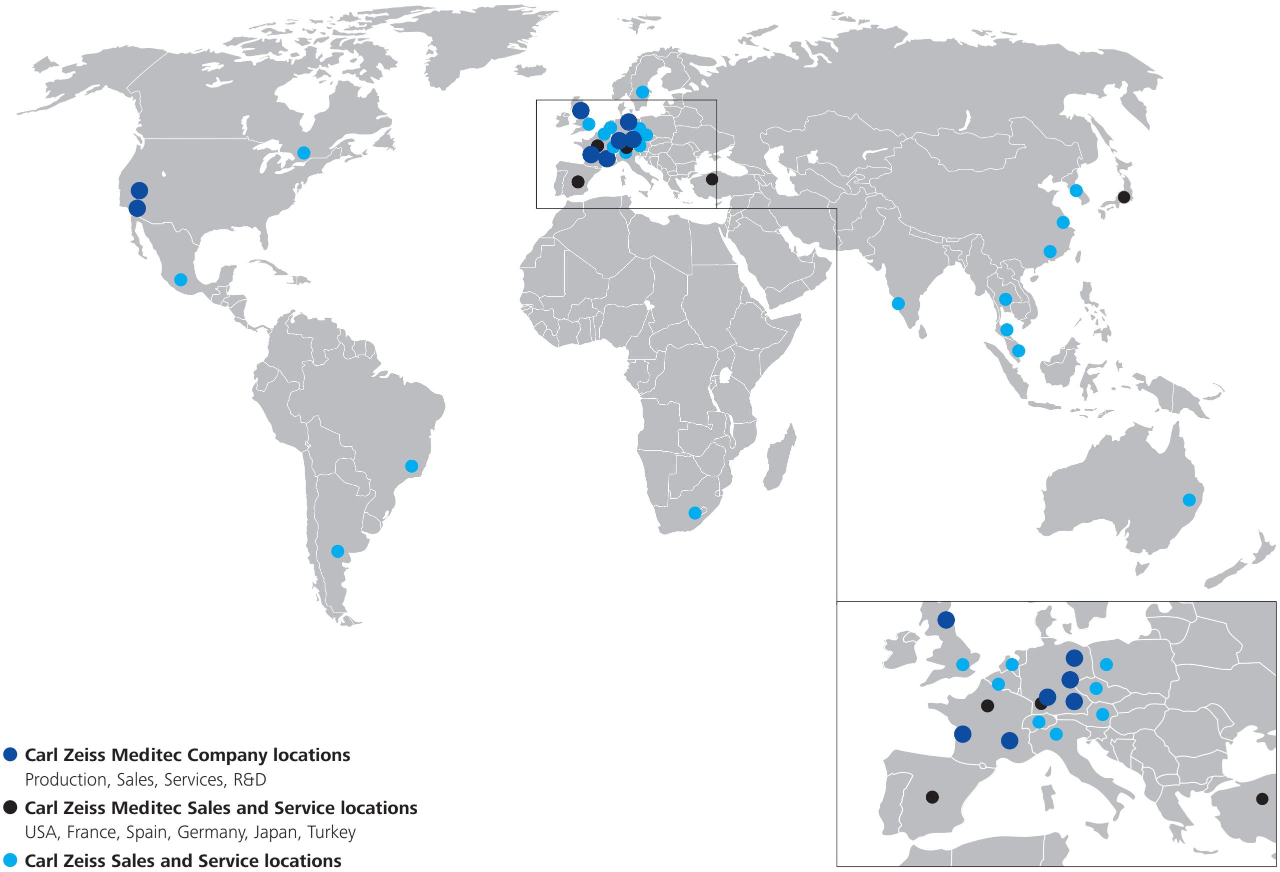
[1] This management report contains certain forward-looking statements concerning the development of the Carl Zeiss Meditec Group. At the present time, we assume that these forward-looking statements are realistic. However, such forward-looking statements are based both on assumptions and estimates that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

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

Markets

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

Figure 1: Carl Zeiss Meditec Group/locations

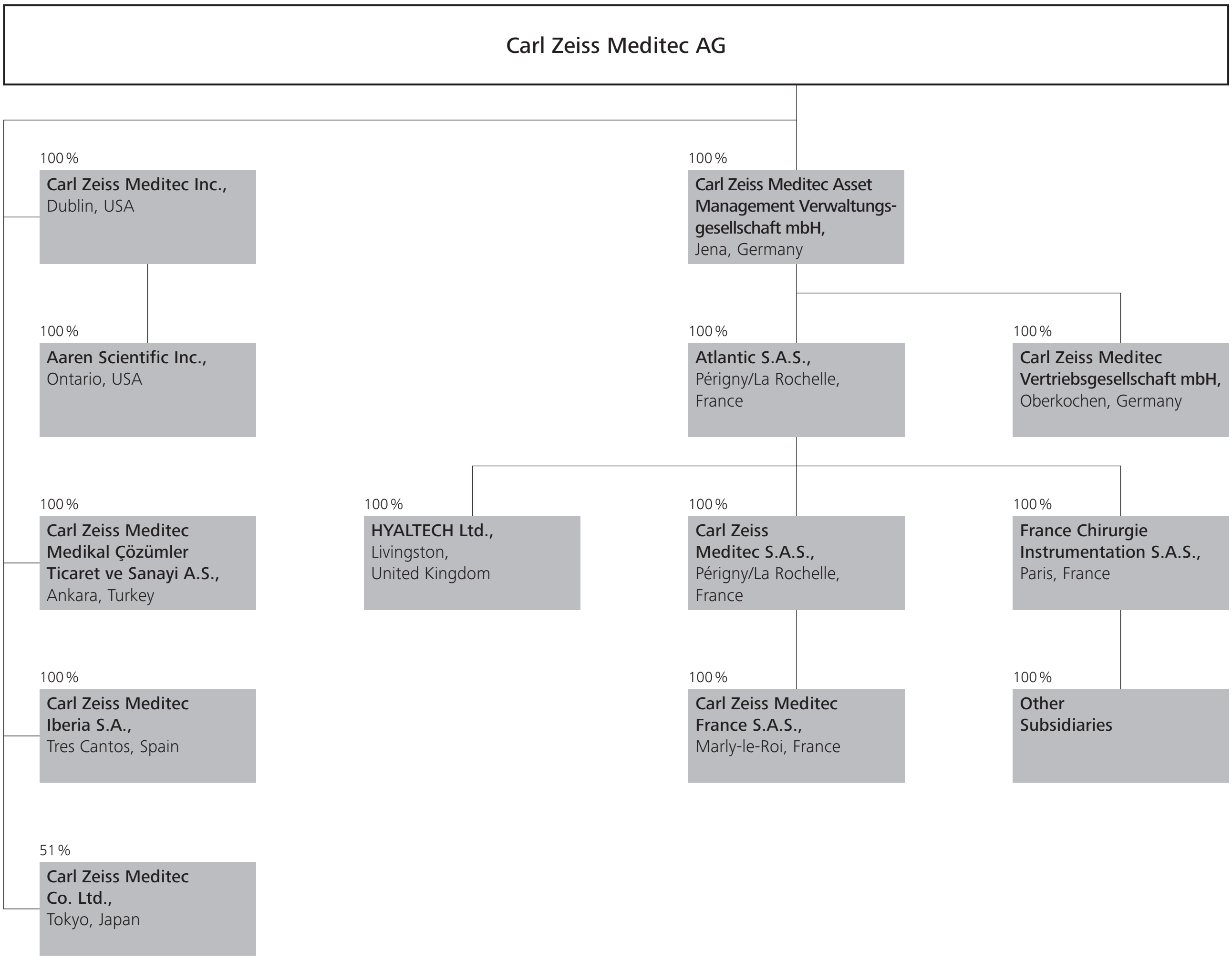


- **Carl Zeiss Meditec Company locations**
  Production, Sales, Services, R&D
- **Carl Zeiss Meditec Sales and Service locations**
  USA, France, Spain, Germany, Japan, Turkey
- **Carl Zeiss Sales and Service locations**

Group structure

Carl Zeiss Meditec AG, Jena, Germany, is the parent company of the Carl Zeiss Meditec Group ("Carl Zeiss Meditec Group", 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 2014.

Figure 2: Investment structure of the Carl Zeiss Meditec Group as of 30 September 2014



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

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

Furthermore, on 7 January 2014 Carl Zeiss Meditec Inc., Dublin, USA acquired 100 % of the shares in U.S. intraocular lens manufacturer, Aaren Scientific Inc., which is domiciled in Ontario, California, USA. Aaren Scientific Inc. is a company engaged in the research, development, manufacture and global distribution of intraocular lenses for cataract surgery. Aaren Scientific Inc. has been integrated in the strategic business unit "Surgical Ophthalmology" and supplements the existing locations Berlin in Germany and La Rochelle in France. This acquisition is an important strategic step for Carl Zeiss Meditec Group in terms of generating further growth in the "Surgical Ophthalmology" SBU in future.

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

Group strategy

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

Our corporate strategy therefore focuses on the success factors "Innovation", "Workflow Solutions" and "Customer Focus". The focus is therefore on making cutting-edge technology in medical application accessible to customers. The Company is therefore striving to establish its products as new gold standards in medical diagnostics and therapy. The broad product range, on the one hand, and the integration of the devices into specially developed data management and analysis platforms, on the other, aim to generate value-added for the customer. The objective is to fully reproduce workflows at our customers and thus increase efficiency in daily practice. The customers of Carl Zeiss Meditec value the support and service, in order to be able to satisfy the ever-growing demands for treatment quality and efficiency. At the same time, Carl Zeiss Meditec's customers are important partners for us to develop products according to the requirements of the market. Another key growth driver over the next few years shall therefore be the constant contact the Company has with its customers through the continuous expansion of its global service business.

Group management

The overriding corporate objective is to contribute to the advancement of medical technology with targeted innovations and thus generate long-term value-added for the Group. The tools for the financial management of the Carl Zeiss Meditec Group comprise a comprehensive system of key performance indicators. The greatest importance is attached to Economic Value Added® ("EVA®")[2], free cash flow[3], 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.

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

BUSINESS REPORT

Underlying conditions for business development

Macroeconomic conditions

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

Situation in the medical technology sector

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

[2] Calculation: EVA® = operating result after taxes minus capital costs.
[3] Calculation: FCF = EBIT +/- changes in trade receivables +/- changes in inventories, including advance payments +/- changes in provisions (excluding provisions for pensions and tax provisions) +/- changes in current accrued liabilities +/- changes in trade payables [- increase in investments in property, plant and equipment and intangible assets] [+ write down of investments in property, plant and equipment and intangible assets] = Free Cash Flow.

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

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

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

a) Market for ophthalmic products

The market for ophthalmic products in the broader sense includes devices and systems for the diagnosis, treatment and post-treatment of ophthalmic diseases, implants for ophthalmic surgery and pharmaceuticals for ophthalmology, contact lenses, contact lens care products, consumables, but excludes glasses and glasses frames. According to the Company's estimates, the market had a global volume of around USD 34.3 billion (about € 26.1 billion) in 2013.

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

The Company estimates its share of the "devices and systems for ophthalmology" market segment, traditionally served by the Company, at about 20 % in 2013. In the market segment "implants, consumables and instruments for ophthalmic surgery", the Carl Zeiss Meditec Group estimates its global market share in 2013 at about 3 % to 4 %. However, our regional market shares in the countries the Company is currently focusing on range between 5 % and 20 %.

Based on the information at hand, the Group estimates that it sustained its market share overall in the market segments it addresses, in comparison with the previous year.

b) Market for microsurgery products

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

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

Overall assertion on the financial position of the Group at the end of the financial year

In financial year 2013/2014 the Carl Zeiss Meditec Group generated revenue of € 909.3 million, which is at the lower end of the forecast range of € 910 – € 940 million. All three strategic business units and regions contributed to this growth to varying degrees.

The competitive situation in the strategic business unit "Ophthalmic Systems" remained very tense during the financial year. Certain sections of this SBU were therefore faced with declining market shares. In the strategic business unit "Surgical Ophthalmology", on the other hand, the Group further improved its position, as expected, with revenue growth of over 20 %. The strategic business unit "Microsurgery" also found itself in a challenging environment during the year, which was characterized by a slowdown in growth. Nevertheless, the business unit maintained its leading market position, as anticipated.

Taking these challenges into consideration, the Company considers the development of business to be satisfactory.

At 13.3 %, the EBIT margin was down compared with the previous year (previous year 14.6 %). At the beginning of the financial year, the Company was still aiming to stabilize the EBIT margin at the level achieved. The decline that has occurred since then compared with the previous year is due, among other things, to the effects of acquisitions and negative currency effects.

The aim to achieve operative cash flow in the high double-digit million range was achieved by the Group in financial year 2013/2014, with € 63.1 million.

At € 93.6 million, free cash flow is almost on the previous year's level (previous year € 91.6 million).

EVA is down compared with the previous year, from € 65.8 million to € 41.7 million. This development is attributable to a lower operating result (EBIT) than the previous year, and to the increase in business assets, particularly as a result of the acquisitions.

In order to increase its innovative strength, to ensure the Company's future growth and sustainable performance, the Company has up to now invested around 10 – 11 % of its revenue each year in research and development (R&D), as budgeted. R&D spending was also on this level in the past financial year, amounting to 11.0 % of revenue.

The Carl Zeiss Meditec Group's financial position remained stable. This is also contributing towards the achievement of the Company's objectives, which are geared to sustainable growth, and protects the Group against external influences.

Table 1: Comparison of actual business development with forecast development in financial year 2013/2014

	Forecast Financial year 2013/2014	**Results Financial year 2013/2014**
Revenue	€ 910 – 940 million	€ 909.3 million
EBIT margin	Target by 2015: 15 %	13.3 %
Cash flow from operating activities	High double-digit millions	€ 63.1 million
Research and development expenses/revenue	~ 10 %	11.0 %
Free cash flow	–	€ 93.6 million
Economic Value Added® ("EVA®")	–	€ 41.7 million

Results of operations

Presentation of results of operations[4]

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

	Financial year 2012/2013	**Financial year 2013/2014**	Change
Revenue	906,445	909,255	+0.3 %
Gross margin	*53.8 %*	*53.7 %*	*-0.1 %-pts*
EBITDA	151,329	138,658	-8.4 %
EBITDA margin	*16.7 %*	*15.2 %*	*-1.5 %-pts*
EBIT	132,610	120,705	-9.0 %
EBIT margin	*14.6 %*	*13.3 %*	*-1.3 %-pts*
Earnings before tax	145,635	114,537	-21.4 %
Tax rate	*32.9 %*	*30.9 %*	*-2 %-pts*
Consolidated net income after non-controlling interests	92,131	74,954	-18.6 %
Earnings per share after non-controlling interests	€ 1.13	€ 0.92	-18.6 %

Revenue

In the reporting period the Carl Zeiss Meditec Group increased its revenue slightly, by 0.3 % (adjusted for currency effects: 3.0 %), from € 906.4 million to € 909.3 million. All strategic business units and business regions contributed to this growth to greatly varying degrees.

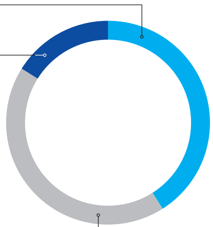
[4] The previous year was adjusted due to the amendment to IAS 19. Note 2 (u) "Recent pronouncements on accounting principles" in the accompanying notes to the financial statements contains further information on this.

a) Consolidated revenue by strategic business unit

In the reporting year almost 84 % of total revenue was attributable to the two largest strategic business units, **"Ophthalmic Systems"** and **"Microsurgery"**. The "Ophthalmic Systems" SBU accounted for 41.0 % of this revenue (previous year 43.1 %). The "Microsurgery" SBU contributed 42.9 % (previous year 43.5 %) of consolidated revenue. The share of revenue generated by the **"Surgical Ophthalmology"** SBU increased further, from 13.4 % in the same period of the previous year, to 16.1 %.

Figure 3: Share of strategic business units in consolidated revenue in financial year 2013/2014

Ophthalmic Systems SBU	**41.0 %**
Surgical Ophthalmology SBU	**16.1 %**
Microsurgery SBU	**42.9 %**



Revenue in the strategic business unit **"Ophthalmic Systems"** declined by 4.6 % compared with the previous year, to € 372.9 million (previous year € 391.0 million). This revenue decline was mainly due to negative currency effects; thus, based on constant exchange rates, revenue was down only slightly, by 1.8 %, compared with the previous year. The environment remained very difficult due to intense competition, particularly in the diagnostic instruments segment.

With an increase in revenue of 20.3 %, from € 121.3 million to € 146.0 million, the **"Surgical Ophthalmology"** SBU made a very positive contribution to growth in the past financial year. Even without taking the consolidation of Aaren Scientific Inc. into account, the SBU achieved a clear double-digit percentage organic growth rate. This business remained largely unaffected by foreign exchange rate fluctuations, so that, based on constant exchange rates, revenue growth was on almost the same level as the previous year, at 20.2 %.

This business unit continued to benefit in particular from the growing demand for innovative intraocular lenses and multifocal and toric premium lenses for minimally invasive cataract surgery. The AT LISA® tri toric, an advancement of the AT LISA® tri with added astigmatism correction, established itself very successfully on the market in the reporting period following its launch at the beginning of financial year 2013/2014.

At the start of financial year 2013/2014 Carl Zeiss Meditec Inc. had acquired 100 % of the shares in the U.S. company Aaren Scientific Inc., which is engaged in research and development, and in the production and global distribution of intraocular lenses for cataract surgery. This acquisition is an important strategic step for Carl Zeiss Meditec Group in terms of generating further growth in the "Surgical Ophthalmology" SBU in future. At the end of financial year 2013/2014 the Carl Zeiss Meditec Group was already able to launch the CT LUCIA®, the first intraocular lens in the standard segment to be manufactured at the new site in Ontario.

The strategic business unit **"Microsurgery"** generated revenue of € 390.4 million in the financial year under review (previous year € 394.2 million), in spite of persistently high exchange rate losses, and was therefore almost on a par with the previous year (- 1.0 %). Adjusted for currency effects, the SBU grew by 2.2 %. The strongest sales drivers were the surgical microscopes for neurosurgery and ENT surgery.

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

	Financial year 2013/2014	Financial year 2012/2013	
Ophthalmic Systems SBU	**372,892**	390,954	-4.6%
Surgical Ophthalmology SBU	**145,982**	121,310	+20.3%
Microsurgery SBU	**390,381**	394,181	-1.0%
Consolidated revenue	**909,255**	906,445	

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

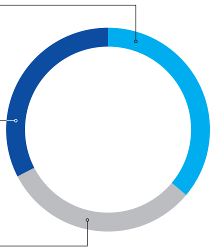
	Financial year 2013/2014	Financial year 2012/2013	
Ophthalmic Systems SBU	**372,892**	379,594	-1.8%
Surgical Ophthalmology SBU	**145,982**	121,495	+20.2%
Microsurgery SBU	**390,381**	381,829	+2.2%
Consolidated revenue	**909,255**	882,918	

b) Consolidated revenue by region

The Carl Zeiss Meditec Group has a very balanced range of business activities worldwide, with each of its three business regions generating around one third of its total revenue. In the past financial year 36.1% of consolidated revenue was attributable to the region **"Europe, Middle East and Africa" ("EMEA")**. The **"Americas"** and **"Asia/Pacific" ("APAC")** regions accounted for 32.6% and 31.3%, respectively, of the Group's total revenue. The "EMEA" and "APAC" regions made a positive contribution to growth in financial year 2013/2014, while the "Americas" region declined due, among other things, to the strong previous year basis.

Figure 6: Consolidated revenue by region in financial year 2013/2014

EMEA	**36.1%**
Americas	**32.6%**
APAC	**31.3%**



The **"EMEA"** region increased its revenue by a total of 6.7% (adjusted for currency effects: +6.6%), to € 328.1 million (previous year € 307.6 million). A good level of overall growth was achieved in the core markets, including Germany, France and the United Kingdom. The countries of Southern Europe, as a whole, and the Middle East, achieved growth. Revenue growth in Russia, however – which contributed significantly to this region's revenue growth in the past two years, due to government investment schemes – was curtailed, as expected, by the expiry of these investment schemes.

In the **"Americas"** region revenue decreased by 9.4% to € 296.8 million (previous year € 327.5 million). Adjusted for currency effects, this decline amounted to 6.8%. A major contributor to this decline was subdued growth in the U.S. market following a strong performance the previous year. Some countries of South America continued to grow.

Revenue in the **"APAC"** region grew by 4.8% in the year under review, from € 271.4 million in the previous year to € 284.4 million. As expected, revenue growth in Japan was volatile during the year, and slowed considerably in the second half of the year, after a strong first six months, due, among other things, to pull-forward effects in connection with the VAT increase on 1 April 2014. Substantial contributions to growth came from China and Australia. Currency effects continued to have a noticeable impact in this region, due, in particular, to the considerable volatility of the Japanese yen in the reporting period. Adjusted for currency effects, the region increased its revenue by 10.8 %.

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

	Financial year 2013/2014	Financial year 2012/2013	
EMEA	**328,063**	307,587	+6.7 %
Americas	**296,781**	327,481	-9.4 %
APAC	**284,411**	271,377	+4.8 %
Consolidated revenue	**909,255**	906,445	

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

	Financial year 2013/2014	Financial year 2012/2013	
EMEA	**328,063**	307,740	+6.6 %
Americas	**296,781**	318,463	-6.8 %
APAC	**284,411**	256,715	+10.8 %
Consolidated revenue	**909,255**	882,918	

Gross profit

In financial year 2013/2014 gross profit increased from € 487.5 million to € 488.4 million. The corresponding gross margin for the reporting period amounts to 53.7 % (previous year 53.8 %).

Functional costs

Functional costs for the first six months of the reporting year amount to € 367.7 million (previous year € 354.8 million), thus increasing slightly disproportionately to revenue, by 3.6 %. Accordingly, the share of functional costs in revenue increased, from 39.1 % last year, to 40.4 %. The absolute increase in costs is mainly attributable to the acquisitions of Aaren Scientific Inc. and Optronik A.S., as well as higher brand licensing costs proportionate to revenue, which led to an increase in selling and marketing expenses.

» **Selling and marketing expenses:** Selling and marketing expenses increased by 5.2 % in the year under review, from € 215.0 million to € 226.1 million. The acquisitions of Aaren Scientific Inc. and Optronik A.S., as well as higher brand licensing costs, mainly resulted in a rise in selling and marketing costs. In relation to sales revenues, selling and marketing expenses increased slightly, to 24.9 % (previous year 23.7 %).

» **General and administrative expenses:** Expenses in this area decreased slightly, by 1.0 %, to € 41.8 million (previous year € 42.2 million). Their share of revenue also decreased slightly, from 4.7 % in the previous year, to 4.6 %.

» **Research and development expenses (R&D):** The Carl Zeiss Meditec Group continuously invests in R&D, in order to further develop its product portfolio and ensure further growth. R&D expenses increased by 2.2 % in the first quarter, to € 99.8 million (previous year € 97.6 million). The R&D ratio remained almost the same as in the previous year, at 11.0 % (previous year 10.8 %).

Development of earnings

The Carl Zeiss Meditec Group uses earnings before interest and taxes (EBIT = operating result) as a key performance indicator. **EBIT** for the reporting period amounts to € 120.7 million (previous year € 132.6 million). This corresponds to an EBIT margin of 13.3 % (previous year 14.6 %). The decline compared with the previous year is due, among other things, to the effects of acquisitions. Negative currency effects also reduced the operating result.

Figure 9: EBIT and EBIT margin over a five-year period (figures in € '000)

Earnings before interest, taxes and depreciation **(EBITDA)** amounted to € 138.7 million for the past financial year (previous year € 151.3 million). The **EBITDA margin** thus amounted to 15.2 % (previous year 16.7 %).

Figure 10: EBITDA and EBITDA margin over a five-year period (figures in € '000)

Interest income/expenses (net) amounted to € - 0.06 million in the reporting period (previous year € - 1.4 million).

Currency effects arose in the form of foreign currency losses in the amount of € 5.7 million (previous year € 14.5 million), mainly as a result of the valuation of currency forward contracts as of 30 September 2014.

The **tax rate** for the reporting period amounts to 30.9 % (previous year 32.9 %). Generally, an average annual tax rate of between 31 % and 33 % is assumed.

Consolidated net income attributable to shareholders of the parent company for financial year 2013/2014 amounts to € 75.0 million and thus decreased by 18.6 % (previous year € 92.1 million). This decline was to a large extent due to negative valuation results from currency hedging transactions, which were offset by gains in the previous year. **Non-controlling interests** accounted for € 4.2 million of this (previous year € 5.6 million). In financial year 2013/2014 basic **earnings per share of the parent company** thus amount to € 0.92 (previous year € 1.13).

Financial position

Objectives and principles of financial management

A primary objective of financial management at the Carl Zeiss Meditec Group 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 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 encompasses all of its subsidiaries and is centrally organized at Group level. The Company also strives to continuously improve its financial power and reduce financial risks by keeping a constant check on the solvency of its debtors, which also involves the use of financial instruments.

The Company deposits any liquidity it does not require at normal market conditions with the Group treasury of Carl Zeiss AG. When investing surplus liquidity, short-term availability generally comes before the goal of maximizing earnings, so that funds can be accessed quickly if, for example, acquisition opportunities arise, as was the case at the beginning of the reporting year. The Group has production plants in the USA and Europe. This minimizes the effect of currency fluctuation. The remaining currency risk is hedged by simple futures trading. Details on these can be found in the notes to the consolidated financial statements under "(2) (h) Financial instruments", "(26) Additional disclosures on financial instruments", "(35) Financial risk management, (2) (t) and (32) "Related party disclosures".

Financial management

The ratio of borrowed capital to equity increased to 37.8 % as of 30 September 2014 (30 September 2013: 37.4 %).

The Group's dynamic debt ratio[5] stands at 1.5 years for financial year 2013/2014 (previous year 0.8 years). The Company is thus still in a position to settle is net debt within less than one-and-a-half years using cash flow from its operating activities.

The interest coverage ratio, i. e., the coverage of interest income by the operating result before depreciation and amortization (EBITDA), amounts to 137.1 (previous year 72.0).

Cash inflows generated from operating activities provide an important source of financing for Carl Zeiss Meditec AG. The parent company can also create additional liquidity by issuing new shares on the capital market. Furthermore, the Group 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 AG please refer to note "(23) Non-current financial liabilities", "(24) Current accrued liabilities" and "(25) Other current non-financial liabilities" in the accompanying notes to the consolidated financial statements.

Since the Group 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.

Separate reporting on financial instruments

The Carl Zeiss Meditec Group is exposed to currency fluctuation risks, due to its international business activities in numerous different currencies. Significant currency risks are hedged against with hedging transactions, based on a rolling business plan.

Hedges are mainly transacted centrally by Carl Zeiss Financial Services GmbH. The services provided by Carl Zeiss Financial Services GmbH to Carl Zeiss Meditec AG and its subsidiaries are regulated by corresponding general agreements. The hedges are processed by Carl Zeiss Financial Services GmbH with external business banks. Hedges are processed exclusively by banks with a high credit rating from leading agencies. Value-at-risk analyses, together with scenario, sensitivity and stress test analyses, are implemented during risk control and monitoring to quantify the currency risks. Hedging rates are specified for operative control of all relevant currencies. In addition, limits were defined to limit risks relating to contracting parties and transaction types. Contracts only exist with renowned financial institutions with international operations. Derivative financial instruments are not used for speculative purposes.

The business transactions are executed with strict separation of functions between the front office (trade), middle office (financial risk management, controlling) and back office (processing, documentation).

Statement of cash flows

The Carl Zeiss Meditec Group's statement of cash flows shows the origin and utilization of the cash flows within a financial year. The statement of cash flows is also presented with adjustments for the effects of the acquisitions of Aaren Scientific Inc. and Optronik A.S. A distinction is made between cash flows from operating activities and cash flows from investing and financing activities.

[5] Calculation: (Borrowed capital excluding non-controlling interests, less cash and less treasury receivables, plus financial investments in the amount of € 110 million for financial year 2013/2014)/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 2014. 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)

	Financial year 2013/2014	Financial year 2012/2013
Cash flow from operating activities	**63,105**	64,624
Cash flow from investing activities	**-49,437**	-32,198
Cash flow from financing activities	**-7,523**	-34,191
Change in cash and cash equivalents	**4,441**	-3,240

Cash flow from operating activities amounted to € 63.1 million in the reporting period (previous year € 64.6 million). The amount of operative cash flow was determined primarily by the smaller amount of consolidated net income compared with the previous year. There was also a reduction in receivables of € 16.0 million after receivables increased by € 45.5 million the previous year. Increased stockpiling of inventories due, among other things, to the market launch of a number of products at the end of the financial year, to ensure quick delivery, but also due to the fall in revenue in the fourth quarter, reduced operative cash flow by € 22.1 million. A decrease in trade payables by € 7.5 million also had a curtailing effect in financial year 2013/2014, following an increase of € 8.7 million in this item in the previous year. Higher tax payments than the previous year reduced cash flow from operating activities further.

Cash flow from investing activities amounted to € -49.4 million in the reporting period (previous year € -32.2 million). It should be noted, that there was a higher outflow of cash during the reporting period than in the previous year, due mainly to the acquisition of the longstanding distribution partner Optronik A.S. in Turkey and the U.S. intraocular lens manufacturer Aaren Scientific Inc.

Cash flow from financing activities in the past financial year 2013/2014 amounts to € -7.5 million (previous year € -34.2 million). The difference from the previous year is mainly due to the change in treasury receivables from and payables to the treasury of Carl Zeiss Financial Services GmbH.

Investment and depreciation policy

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

In terms of the production of devices and systems, the Company mainly confines itself to the integration of individual components to create system solutions. For this reason, the ratio of property, plant and equipment to total assets and investments in such property, plant and equipment is comparatively low. One exception, however, is the production of intraocular lenses, which generally demands higher investments due to a large vertical range of 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 investments[6] in property, plant and equipment to consolidated revenue. In financial year 2013/2014 this ratio was 1.9 %, as in the previous financial year.

At Carl Zeiss Meditec AG and its subsidiaries 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) (f) Other intangible assets" and "(2) (g) Property, plant and equipment" in the accompanying notes to the consolidated financial statements.

Key ratios relating to financial position

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

Key ratio	Definition	30 September 2013	**30 September 2014**	Change
Cash and cash equivalents	Cash-on-hand and bank balances	6,286	10,727	70.6 %
Cash and cash equivalents plus treasury receivables from/payables to the Group treasury of Carl Zeiss AG	Cash-on-hand and bank balances + Treasury receivables from Group treasury of Carl Zeiss AG[7] ./. Treasury payables to Group treasury of Carl Zeiss AG	351,839	293,319	-16.6 %
Net working capital	Current assets including financial investments ./. Cash and cash equivalents ./. Treasury receivables from Group treasury of Carl Zeiss AG[8] ./. Current liabilities excl. treasury payables to Group treasury of Carl Zeiss AG	316,377	312,453	-1.2 %
Working capital	Current assets ./. Current liabilities	528,216	495,772	-6.1 %

Table 4: Key ratios relating to financial position

Key ratio	Definition	Financial year 2012/2013	**Financial year 2013/2014**	Change
Cash flow per share	Cash flow from operating activities / Weighted average number of shares outstanding	€ 0.79	€ 0.78	-1.3 %
Capex ratio	Investment (cash) in property, plant and equipment / Consolidated revenue	1.9 %	1.9 %	+-0.0 %-pts

[6] In financial year 2013/2014 investments in property, plant and equipment (cash) totaled € 11.1 million, compared with € 9.7 million the previous year.
[7] 30 September 2013, including financial investments of € 140 million; 30 September 2014, including financial investments of € 110 million.
[8] 30 September 2013, excluding financial investments of € 140 million; 30 September 2014, excluding financial investments of € 110 million.

Net assets

Presentation of net assets

Total assets increased to € 1,039.1 million as of 30 September 2014 (30 September 2013: € 983.1 million). This increase is mainly attributable to the acquisition of Aaren Scientific Inc. and Optronik A.S.

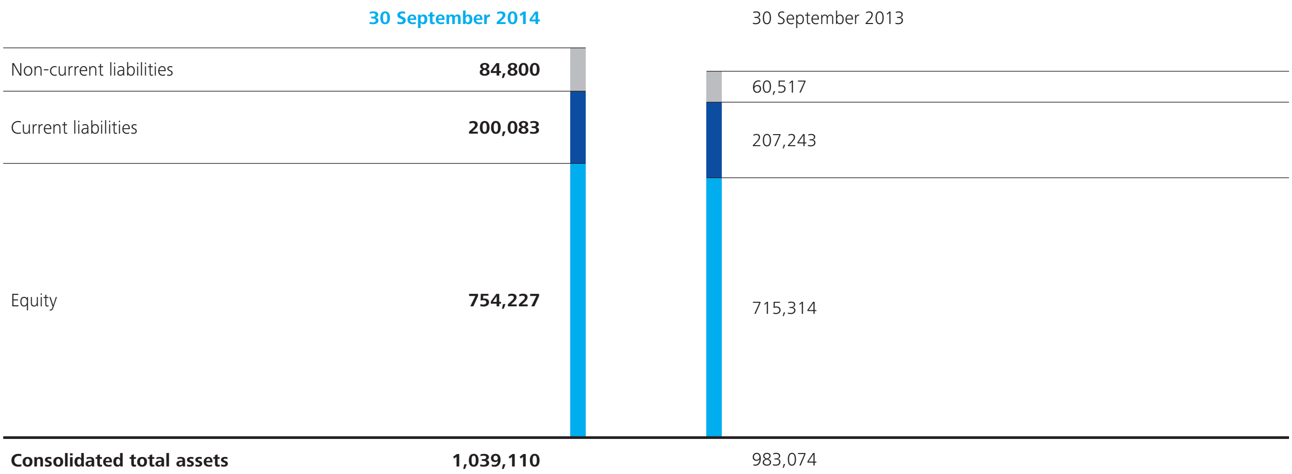
Figure 12: Structure of the consolidated statement of financial position: assets (all figures in € '000)

	30 September 2014	30 September 2013
Goodwill	158,876	121,046
Non-current assets (excluding goodwill)	184,379	126,569
Current assets	695,855	735,459
Consolidated total assets	**1,039,110**	983,074

Non-current assets increased mainly due to the increase in goodwill associated with the acquisition of Optronik A.S. and Aaren Scientific Inc. and to the increase in intangible assets, from € 247.6 million on 30 September 2013 to € 343.3 million on 30 September 2014.

There were significant changes in current assets as of 30 September 2014 (€ 695.9 million; 30 September 2013: € 735.5 million), attributable mainly to the reduction in treasury receivables (€ 290.6 million, 30 September 2013: € 352.4 million), primarily due to the acquisition of Optronik A.S. and Aaren Scientific Inc. Current trade receivables also decreased as of the end of the reporting period, from € 150.0 million as of 30 September 2013, to € 142.6 million as of 30 September 2014. Inventories increased to € 172.4 million as of 30 September 2014 (30 September 2013: € 148.5 million), due, among other things, to the stockpiling of inventories in the course of several product launches at the end of the financial year, as well as to the acquisitions of Aaren Scientific Inc. and Optronik A.S.

Figure 13: Structure of the consolidated statement of financial position: liabilities (all figures in € '000)



The equity recognized in the Carl Zeiss Meditec Group's statement of financial position amounts to € 754.2 million as of 30 September 2014 (30 September 2013: € 715.3 million). The equity ratio is 72.6 % (30 September 2013: 72.8 %) and thus remains high.

Non-current liabilities amounted to € 84.8 million as of 30 September 2014 (30 September 2013: € 60.5 million). Deferred taxes increased primarily as a result of the acquisitions of Aaren Scientific Inc. and Optronik A.S. Provisions for pensions also increased due to adjustments to interest rates.

Current liabilities (€ 200.1 million; 30 September 2013: € 207.2 million) decreased due, among other things, to a change in current provisions. The increase in derivative items as a result of hedging transactions increased current financial liabilities.

Key ratios relating to net assets

Table 5: Key ratios relating to net assets

Key ratio	Definition	30 September 2013	**30 September 2014**	Change
Equity ratio	Equity (incl. non-controlling interests) / Total assets	72.8 %	72.6 %	-0.2 %-pts
Inventories in % of rolling 12-month revenue	Inventories (net) / Rolling revenue of the past twelve months as of the end of the reporting period	16.4 %	19.0 %	+2.6 %-pts
Receivables in % of rolling 12-month revenue	Trade receivables as of the end of the reporting period (including non-current receivables) / Rolling revenue of the past twelve months as of the end of the reporting period	24.1 %	23.1 %	-1.0 %-pts

Orders on hand

The Carl Zeiss Meditec Group's orders on hand increased. As of 30 September 2014 orders on hand amounted to € 126.6 million, which corresponds to an increase of 23.6 % compared with the previous year (30 September 2013: € 102.4 million). This increase as of the end of the reporting period is due in part to product launches at the end of the fourth quarter, and to the effects of acquisitions.

Events of particular significance

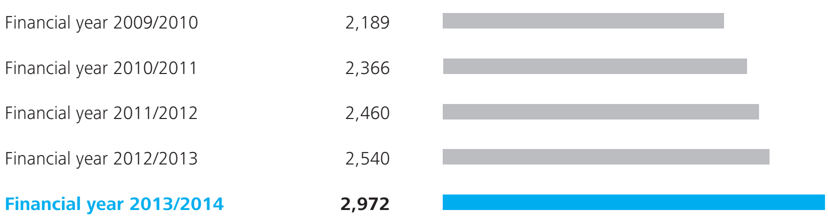
There were no other events of particular significance during financial year 2013/2014.

NON-FINANCIAL PERFORMANCE INDICATORS

Employees

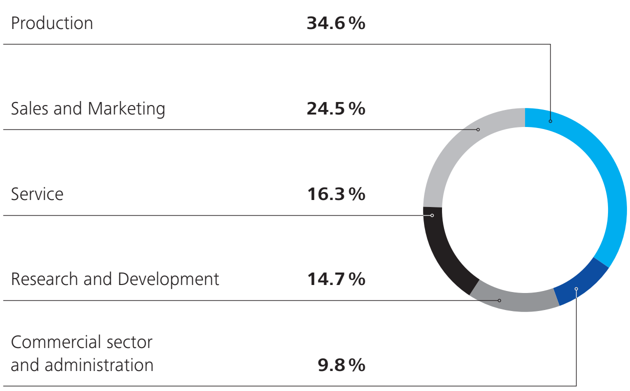
Highly qualified and motivated employees are a necessity for assuring the long-term success of a company. Responsible human resources development and continuous improvement play a crucial role in this. As of 30 September 2014 the Carl Zeiss Meditec Group had 2,972 employees worldwide (previous year 2,540). The year-on-year increase in the number of employees is mainly due to the acquisitions of Aaren Scientific Inc. and Optronik A.S.

Figure 14: Workforce of the Carl Zeiss Meditec Group at the end of the financial year



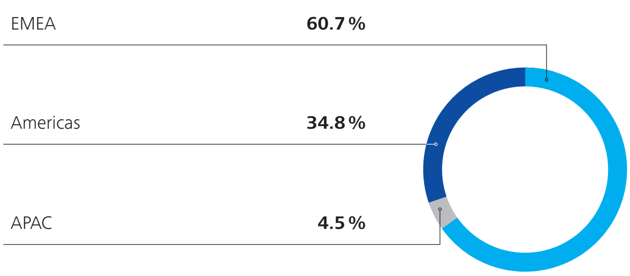
At 34.6 % (previous year 29.0 %) or 24.5 % (previous year 26.5 %), respectively, the majority of employees were working in "Production" or "Sales and Marketing" as of 30 September 2014. The increase in "Production" is primarily attributable to the acquisition of Aaren Scientific Inc. A total of 16.3 % (previous year 18.8 %) were working in "Service". The percentage of employees working in "Research and Development" amounted to 14.7 % as of the end of the reporting period (previous year 16.2 %). The percentage of employees working in commercial area as of 30 September 2014 was 9.8 % (previous year 9.4 %).

Figure 15: Distribution of employees by function



At 60.7 % (previous year 65.6 %), the majority of the Carl Zeiss Meditec Group's employees work in Europe. A total of 34.8 % of all employees within the Group work in the "Americas" region (previous year 29.1 %), while 4.5 % work in the "Asia/Pacific" region (previous year 5.2 %). The increase in the "Americas" region is due in particular to the acquisition of Aaren Scientific Inc.

Figure 16: Distribution of employees by region



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

Production

Production plants

The Carl Zeiss Meditec Group manufactures its products in Jena, Oberkochen and Berlin in Germany, Dublin and Ontario 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 surgical microscopes and microsurgical visualization solutions in Oberkochen; intraocular lenses are mainly manufactured in La Rochelle and Berlin, and Ontario. 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.

Production concept

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

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

Production planning

Production planning in Jena, 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 very short delivery times for implants. To this end replenishment orders are forwarded by the customers to a central warehouse; these, in turn, trigger a new order thus ensuring customers are served as quickly as possible. The Carl Zeiss Meditec Group also operates consignment warehouses in clinics and hospitals, which – depending on consumption – are continuously restocked.

Research and development

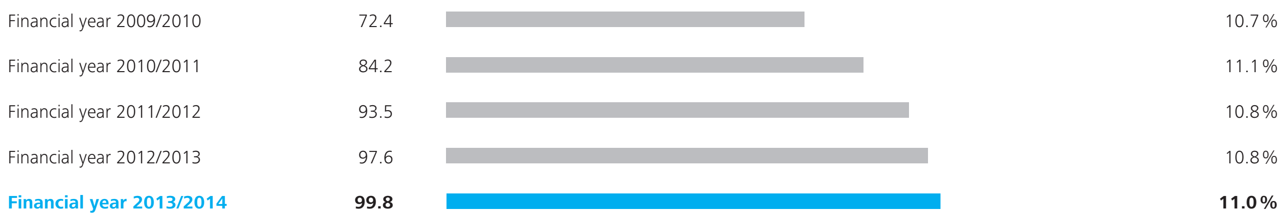
Objectives and focus of research and development

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

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

In financial year 2013/2014 research and development expenses increased by 2.2 % to € 99.8 million (previous year € 97.6 million). At the same time the R&D ratio remained almost the same as the previous year, at 11.0 % (previous year 10.8 %).

Figure 17: R&D expenses (in %) and R&D ratio to revenue (in € million)



In the reporting period 14.7 % (previous year 16.2 %) of the Carl Zeiss Meditec Group's entire workforce worked in Research and Development.

Focus of research and development activities in the reporting period

Research and development at the Company mainly focuses on:

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

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

Essential Line

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

IOLMaster® 700

The IOLMaster® 700 with SWEPT Source Biometry™ enables physicians to identify irregular geometries of the eye in their patients at an early stage. In addition to optical biometry, it also offers OCT[9] imaging across the entire length of the eye. Experts say that this produces more reliable refractive results. Up until now, even a flawless operation and a high-quality lens could bring unsatisfactory results, if irregular eye geometries were overlooked. The device simplifies the workflow: like the IOLMaster® 500, it takes a reference image of the limbal blood vessels, which allows the cylinder axis to be displayed intraoperatively in the surgical microscope as a navigational aid for the surgeon. As a component of the ZEISS Cataract Suite markerless, the IOLMaster® 700 also helps to improve efficiency in the implantation of toric lenses.

VISUPLAN® 500

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

[9] Optical coherence tomography

MEL® 90 Excimer Laser

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

ZEISS Cataract Suite markerless

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

VISALIS® 500 with APM™ mode

The phaco emulsification device VISALIS® 500, with its new ultrasound modulation APM™ (Advanced Power Modulation) features a significant reduction in phaco energy and increased anterior chamber stability. The aim of this is better treatment outcomes and faster recovery of the eye after surgery, as well as a significantly shorter treatment time.

AT LISA® tri toric 939MP

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

CT LUCIA®

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

OPMI LUMERA® and Rescan™ 700

This system for integrated intraoperative OCT imaging combines two of the Company's gold standard technologies. The system incorporates the OPMI LUMERA® 700 surgical microscope with the integrated OCT camera RESCAN™ 700. The system provides surgeons with top-quality OCT images of the eye, intraoperatively. The OCT images are superimposed over the microscope image in the eyepiece as three-dimensional real-time images, thus giving a view of anatomical details below the surface and making it possible to identify even transparent structures of the anterior and posterior segments of the eye. This means that OCT information, which could previously only be generated pre-operatively, is now available online during surgery for the first time. Continuous OCT scanning also helps to improve the treatment results, as the surgeon can monitor progress and can review the outcome during the operation. The new device thus provides a better foundation for making decisions during surgery.

EyeMag® Light II

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

Brands and patents

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

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

REMUNERATION REPORT

Remuneration of the Management Board

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

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

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

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

At its meeting on 26 September 2014 the Supervisory Board addressed the Management Board objectives for financial year 2014/2015. At the same meeting on 26 September 2014 the Supervisory Board redefined the amount and structure of the remuneration and other conditions of employment for Dr. Monz as Chairman of the Management Board of Carl Zeiss Meditec AG, further to his appointment as a member of the Group Management Board of Carl Zeiss AG, with effect from 1 January 2014. The remuneration paid to Management Board members Dr. Christian Müller and Thomas Simmerer was reviewed and adjusted, effective 1 October 2014, based on the salary situation compared with the market, the general price and salary trends, as well as achievements demonstrated and achievements anticipated in future.

Structure and amount of remuneration paid to the Management Board

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

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

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

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

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

Tabelle 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						
	Financial year	Fixed remuneration	Payments in kind[10]	Variable remuneration[11]	Total remuneration paid directly	LTIP	Total remuneration pursuant to Section 314 (1) No. 6a) *HGB*
Dr. Ludwin Monz	**2013/2014**	300.0	15.4	283.5	598.9	–	598.9
	2012/2013	270.0	16.9	200.8	487.7	–	487.7
Dr. Christian Müller	**2013/2014**	222.5	17.1	171.3	410.9	–	410.9
	2012/2013	216.0	16.5	163.9	396.4	–	396.4
Thomas Simmerer	**2013/2014**	231.1	17.2	185.4	433.7	–	433.7
	2012/2013	224.4	17.6	169.1	411.1	–	411.1

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

Pension scheme for members of the Management Board

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

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

	Financial year	Appropriation to pension provision for retirement benefit commitments	Present value of pension commitment, total
Dr. Ludwin Monz	**2013/2014**	127.5	–
	2012/2013	244.3	1.185.7
Dr. Christian Müller	**2013/2014**	127.2	405.4
	2012/2013	56.2	278.3
Thomas Simmerer	**2013/2014**	69.4	203.9
	2012/2013	34.6	134.5

In connection with the additional appointment of Dr. Monz as a member of the Group Management Board of Carl Zeiss AG, effective 1 January 2014, Carl Zeiss AG became responsible for the pension commitment to Dr. Monz, both for the past and for the future. The pension provision set up to date at Carl

[10] 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 statutory pension and unemployment insurance schemes, as well as contributions to group accident insurance.

[11] 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.

Zeiss Meditec AG has accordingly been transferred as a cash item to Carl Zeiss AG. The proportionate expense arising from the annual appropriation to the pension provision for Dr. Monz's function as President and CEO of Carl Zeiss Meditec AG shall from now on be passed on to Carl Zeiss Meditec AG.

Projected unit credits for pensions for other former members of the Management Board of Carl Zeiss Meditec AG amounted to € 691.3 thousand (previous year € 560.5 thousand).

Departure of members of the Management Board

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

Remuneration of the Supervisory Board

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

The previous regulation provided that the remuneration of the Supervisory Board would include, in addition to a basic remuneration and remuneration for work on the committees, a variable component that takes appropriate account of the Company's earnings per share. The basic remuneration for each member of the Supervisory Board was € 20,000. The Chairman of the Supervisory Board received double this amount and the Deputy Chairman received one-and-a-half times this amount. With the exception of members of the Nominating Committee and the Chairman and Deputy Chairman of the General Committee, members of committees received an additional, fixed remuneration of € 5,000; the Chairman of the Audit Committee received double this amount.

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

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

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

Tabelle 8: Itemized breakdown of remuneration paid to the Supervisory Board of Carl Zeiss Meditec AG pursuant to Art. 19 of the Articles of Association of Carl Zeiss Meditec AG (figures in € '000)

	Financial year	Basic remuneration	Committees	Remuneration for earnings per share	Total remuneration
Prof. Dr. Michael Kaschke (Chairman)	**2013/2014**	47.3	5.0	28.5	80.8
	2012/2013	40.0	5.0	45.0	90.0
Dr. Markus Guthoff (Deputy Chairman)	**2013/2014**	35.5	7.6	21.1	64.2
	2012/2013	30.0	–	30.0	60.0
Thomas Spitzenpfeil	**2013/2014**	23.7	5.0	15.8	44.5
	2012/2013	20.0	5.0	25.0	50.0
Dr. Wolfgang Reim[12]	**2013/2014**	8.4	4.2	12.7	25.3
	2012/2013	20.0	10.0	30.0	60.0
Cornelia Grandy	**2013/2014**	23.7	–	12.6	36.3
	2012/2013	20.0	–	20.0	40.0
Jörg Heinrich	**2013/2014**	23.7	5.0	15.8	44.5
	2012/2013	20.0	5.0	25.0	50.0

[12] Member of the Supervisory Board from 20 August 2007 until 4 March 2014.

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

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

OPPORTUNITY AND RISK REPORT

Opportunity and risk management

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

The Carl Zeiss Meditec Group is naturally exposed to a large number of risks within the scope of its business dealings. Regulating and controlling these risks within the bounds of risk-taking is a basic requirement for the Company's success. An effective risk management system implemented for this purpose serves to sustainably protect and – with respect to the associated opportunities – increase corporate value. A key objective is to prevent the occurrence of potential risks in advance, or, in the case of risks that have already arisen, to minimize their adverse effects by taking appropriate measures.

The risk management system of the Carl Zeiss Meditec Group exclusively records risks and incorporates all fully consolidated subsidiaries, and is essentially decentralized, i. e., 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 within the Carl Zeiss Meditec Group, and is based on the following two major components: a **risk reporting system** and an **internal control system**.

Risk reporting system

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

- The coordinated implementation of measures by the risk reporting system is ensured through the compilation of all relevant facts in the Carl Zeiss Meditec Group's corporate policy on risk management. Under the direction of a central Group risk manager, the local risk managers, together with local management at the individual locations, 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 over the period of their existence. The period of assessment is a maximum of five years. The risks are recorded in a database-assisted software solution and rated and categorized according to their probability of occurrence and damage potential.

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

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. The effect of these measures is quantified to analyze to what extent the respective risk in question can be reduced or whether it is possible to prevent it entirely. The measures to reduce risks and the early warning indicators are regularly updated, just like the residual risks derived from these, and documented in the above-mentioned database-assisted software.

The risk reporting system is continuously reviewed and further developed, and is also audited by the auditor for Carl Zeiss Meditec AG.

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

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

The **accounting-related part** of the internal control system is a system structured within the sphere of responsibility of and under the supervision of the CFO, which ensures that the preparation of the consolidated annual financial statements is in line with the International Financial Reporting Standards (IFRSs), 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. The Finance Group department 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 continuously 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.

Assessment of the internal control system

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

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

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

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

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

Significant risks

The individual risks identified by the risk management system are detailed below. Quantitative data is based on a net perspective after application of measures, and relates to the risk assessment period. The section entitled "Risk reporting system" contains further information on the quantification method used.

Economic environment

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

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

Market and competition

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

The costs of certain medical treatments carried out using products of the Carl Zeiss Meditec Group are reimbursed by health insurance funds, insurance companies or government health schemes. Changes in health and reimbursement policy in Germany or abroad could lead to the denial or reduction of reimbursement services. If reimbursement rates are too low, the profit margin of doctors and hospitals may fall, prompting them to suspend or restrict the performance of the respective treatments. The complete or partial discontinuation of reimbursements may accordingly reduce the demand for Carl Zeiss Meditec's products. In the case of new products, for which it cannot be predicted with any certainty whether health insurance funds, insurance companies or government health schemes will offer any reimbursement at all, or treatments with products for which there is no reimbursement, e. g. laser treatments for vision correction, demand may be significantly impaired by the financial situation of consumers. These risks, as well as the issues outlined below, may affect all segments of the Group.

The appearance of press reports about the potential risks of certain treatments, or changes in fashions and trends, may also adversely affect consumer decisions. A decline in the demand for such treatments may lead to a decrease in 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, and particularly in the private healthcare sector, there is a noticeable increase in the formation of regional and national purchasing alliances, as well as clinic chains. Such a trend may lead to falling selling prices in this customer segment.

Collectively, the above issues may impact the Group's earnings by an amount in the low double-digit million euro range.

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

New technologies and products
The markets in which the Company operates are characterized by a constant stream of technological innovations. A capacity for innovation and rapid product development are key competitive factors. New scientific findings may lead to shorter development and product cycles, alternative technologies or new pharmaceutical procedures. The success of 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 trends or technological advancements, this could weaken its competitive position. There is also a risk of one or several of the Group's products being completely superseded by alternative technologies, pharmaceutical procedures or treatment methods, thus reducing or entirely eliminating demand for certain products, which could result in losses in sales and earnings. The potential impact on earnings of these risks equates to an amount in the mid-single-digit to the low double-digit million euro range.

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

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

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

Although the relevant legal requirements are incorporated into all stages of development, production and distribution, there is no guarantee that products requiring approval will be granted regulatory approval at all or in time for their planned launch in the market, or that the Group's numerous registrations will still exist or be renewed in the future. This could lead to losses in sales. A delayed product launch may, in certain circumstances, result in that product not being accepted or meeting with only a small level of acceptance, as competitors may have launched similar products in the meantime. It is also possible for a sales ban to be imposed on the products of the Company, or for the regulatory approval requirements to be tightened in future.

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

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

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

Monitoring supplier risks plays a key role in the early-warning, risk information and management system. The effect of this on earnings is in the mid-single-digit to low double-digit million euro range. 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, the Carl Zeiss Meditec Group protects itself as best it can against supplier dependencies and changes on the commodities market.

Patents and intellectual property

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

Furthermore, in spite of the measures taken, third parties may still attempt to copy or partly copy products of the 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 litigation and prevent the infringement of third-party patents by the Carl Zeiss Meditec Group, the Patents department analyzes patents and new patent applications in the relevant areas at regular intervals. Overall, management in the area of patents and intellectual property does not expect such risks to have any material effects on the Group's net assets, financial position or results of operations.

Loss of confidential data

The Carl Zeiss Meditec Group owns a large number of business secrets. A set of measures serves to ensure that the confidentiality of business secrets is effectively protected and that there are no infringements. If business secrets of the Carl Zeiss Meditec Group leak to competitors, this may have adverse effects on the Group's competitive position. To limit this risk, ethical rules of behavior 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. The management does not expect this to have any material effects on the Group's net assets, financial position or results of operations.

Compliance and prevention of infringements
As a listed medical technology company, the Carl Zeiss Meditec Group is subject, in the countries in which the Group operates, to a large number of laws, regulations and guidelines outside of the product approval procedure (see section entitled "Product approval and political environment"). In order to ensure correct compliance with all regulations, these are regularly analyzed for any changes and internal processes and guidelines are adjusted, if necessary, to address existing regulations. Regular training measures are also in place to familiarize the employees with internal guidelines and make them aware of the negative effects breaches could have. The management does not expect this to have any material effects on the Group's net assets, financial position or results of operations.

Product liability risk
There is an inherent risk of malfunctions in some of the medical technology devices, systems solutions and implants manufactured by the Company causing injury or adverse effects to patients. This may be due, among other things, to components and raw materials purchased from external suppliers not meeting the specified quality requirements. These risks cannot be entirely excluded, even if the Carl Zeiss Meditec Group applies all reasonable quality control measures and complies with all legal requirements. Although no significant product liability claims have been brought against the Company to date, no assurance can be given that the Carl Zeiss Meditec Group 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 materializes. It could also damage the Group's reputation in the long term.

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

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

Certified quality management: A 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 the Carl Zeiss Meditec Group was certified by *DQS GmbH Deutsche Gesellschaft zur Zertifizierung von Managementsystemen* and complies with the U.S. standard for "Good Manufacturing Practice" ("GMP"), 21 C.F.R. part 820, Quality System Regulation.

Infrastructure risks
Uncontrollable environmental influences, such as natural disasters or terrorist attacks may have an adverse effect on the affected economy or beyond. The consequences of such events, such as the loss of employees or an interruption to business operations at the affected locations, may prevent the Company from providing regular production, distribution and other services in these regions and generating the expected earnings. All business segments could be affected by this. In addition, it could have material adverse effects on the Company's customers domiciled in the affected region and on their willingness to invest, as well as the local suppliers there and their willingness to supply. As a result, the Company's reputation, business activities, financial condition and results of operations, and its cash flow, could become significantly compromised.

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

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

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. The Carl Zeiss Meditec Group reviews its goodwill for impairment at least once a year.

Due to acquisitions made in the past, the Carl Zeiss Meditec Group reports goodwill totaling € 158.9 million in its consolidated statement of financial position as of 30 September 2014, of which € 125.5 million is attributable to the "Surgical Ophthalmology" business unit, € 30.9 million to "Ophthalmic Systems" and € 2.4 million to "Microsurgery".

The impairment tests carried out in the current financial year did not give any indication of impairment of the goodwill-bearing cash-generating unit (CGU). Based on the development of business, the Group also anticipates positive results from subsequent tests. For the future, however, the possibility cannot be entirely ruled out that the net assets, financial position and results of operations of individual or all of the goodwill-bearing CGUs may deteriorate. In such an event, the Carl Zeiss Meditec Group may be forced to recognize through profit or loss 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 Company competes with other market players. 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 with the Carl Zeiss Meditec Group not being achievable. With regard to other companies that may be acquired in future, there is a general risk that it may not be possible to fully and successfully 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 the Carl Zeiss Meditec Group can be found in note "(3) Purchase and sale of business operations" in the notes to the consolidated financial statements.

In the management's view, acquisitions do not pose any significant risks as of the end of the reporting period.

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.

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 the Carl Zeiss Meditec Group can be found in note "(28) Contingent liabilities and other financial commitments" in the accompanying notes to the consolidated financial statements.

Financial risks

As a result of the European debt crisis there is a latent credit quality risk concerning business banks at which the Carl Zeiss Meditec Group 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, the Carl Zeiss Meditec Group 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 "(35) Financial risk management".

In spite of the enduring euro and debt crisis, the Company has categorized the financial risks it faces as minor. The basis for this categorization is the sound financing structure with an equity ratio of 72.6 %, 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 the Carl Zeiss Meditec Group based on a rolling monthly cash forecast within a fixed planning period, and are managed as part of a Group-wide Carl Zeiss cash pool. The Company does not therefore anticipate any material adverse effect on its financial result.

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

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

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.

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

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

Potential risks of default on trade receivables – particularly given the euro and debt crisis and the generally greater risk of bad debt losses that comes with it – are minimized by means of an active credit control system. The 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.

The Carl Zeiss Meditec Group's financial situation can be considered stable. Cash and cash equivalents amounted to € 10.7 million at the end of the reporting period on 30 September 2014. We also had credit balances, recognized as receivables from the Group treasury of Carl Zeiss AG, of € 290.6 million. The Group also generated cash flow from operating activities of € 63.1 million in the reporting period. At the current time, therefore, there are no liquidity risks.

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

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

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 the Carl Zeiss Meditec Group to keep a general check on risks to the Group and ensure that they are manageable.

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

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

Carl Zeiss Meditec AG's subscribed capital amounts to € 81,309,610 and is composed of 81,309,610 no-par value ordinary bearer shares (no-par value shares), each with a theoretical interest in the share capital of € 1.00 per no-par value share. 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. These include 7.47 % of the voting rights or 6,074,256 no-par value shares in Carl Zeiss Meditec AG, which Carl Zeiss AG holds indirectly via its wholly owned subsidiary Carl Zeiss Inc., Thornwood, USA.

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

Pursuant to Section 179 and Section 133 *AktG*, an amendment to the Articles of Association requires a resolution by the General Meeting which, in turn, requires a simple majority of the votes cast and a majority comprising at least three quarters of the share capital represented at the time the resolution is passed. The Articles of Association may specify a different capital majority; in the case of an amendment to the purpose of the Company, however, only a larger capital majority may be specified. Art. 25 of Carl Zeiss Meditec AG's Articles of Association states that in cases for which the law requires a majority of the share capital represented at the time of resolution, a simple majority of the share capital represented is sufficient, provided that a greater majority is not mandatory by law. In accordance with Art. 28 of the Articles of Association of Carl Zeiss Meditec AG, the Supervisory Board is authorized to resolve amendments to the Articles of Association that only affect the version. This complies with Section 179 (1) Sentence 2 *AktG*.

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

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

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

» for capital increases against contributions in kind to grant shares for the purpose of acquiring companies, parts 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 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, with the consent of the Supervisory Board:

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

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

SUPPLEMENTARY REPORT

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

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

OUTLOOK

Corporate strategy

In financial year 2014/2015 we aim to achieve further sustainable growth. The aim of our strategy is to improve the diagnosis and treatment of diseases by further developing our products. Our strategy therefore focuses on the success factors innovation, integrated solutions for diagnostics and therapy, and customer focus. Innovation, in particular, plays a key role in this.

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

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

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

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

Future conditions for business development

Macroeconomic conditions

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

Future situation in the medical technology industry

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

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

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

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

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

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

Strategic business unit "Ophthalmic Systems"

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

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

The EBIT margin is currently expected to improve. However, it is still anticipated that this will be below the Group average.

Strategic business unit "Surgical Ophthalmology"

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

Strategic business unit "Microsurgery"

In the past financial year revenue reached almost the same figure as the previous year in the reporting currency. Adjusted for currency effects, the "Microsurgery" SBU achieved a slight increase and thus further improved our already exceptionally strong market position. We expect this growth to continue in 2014/2015. With our surgical microscopes the OPMI® Pentero® for neuro, spinal or plastic surgery, or the OPMI® VARIO, which is used in ENT surgery, for example, we are broadly diversified and are exploiting the associated market opportunities to an even greater degree by upgrading the products in terms of additional supporting applications.

We expect the "Microsurgery" SBU to continue to make significant contributions to earnings in future. We are confident that we shall grow at least to the same extent as the underlying market in the coming financial year. From a current perspective, and excluding currency effects, this corresponds to growth that is at most in the mid-single-digit percentage range. As things stand, the EBIT margin is expected to remain above the Group average.

Future selling markets

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

Future research and development activities

We aim to continue to be a pioneer of innovative solutions and processes, and to continuously develop our expertise in this area. The Carl Zeiss Meditec Group continues to invest considerable funds in research and development projects. Efficient and targeted development processes play a key role in this. Upstream from these is the search for new technologies and market trends, which are systematically identified and evaluated on an ongoing basis, in order to specifically carry over the most promising ideas to new development projects and then to establish ourselves on the market with new solutions. The important thing is to consider the regional market conditions and the needs of our customers in the development process from the outset. In the coming financial year 2014/2015 we plan to make additional strategic research investments in the field of ophthalmology. The projects started and currently underway require up-front investments over a period of at least three years. Currently, an expense of around € 10 million is expected in the coming financial year. For better comparison, starting from the first quarter of 2014/2015 we shall report investments allocated to this area of application separately.

Future investments

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

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 dividend ratio would therefore be 43.4 %, which would roughly correspond to the ratio for the previous year (previous year 39.1 %). The management also intends to allow shareholders to continue to participate fairly in the Company's success in future. The special dividend, an instrument that has been used several times in the past, may also be used again.

Future employee development

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

Future financial position

Interest income and expenses depend on changes in interest rates on the financial markets. At present, the Company does not expect any marked improvements in investment conditions in the next two years. Interest income and interest expenses are thus expected to remain around the previous year's level. As of 30 September 2014 current cash and cash equivalents of around € 293.3 million were available for financing. In view of this, as well as the ongoing expectation of positive business development and a positive cash flow from operating activities as a result, and the possibility to use other financial instruments and sources of financing, if necessary, we consider the Carl Zeiss Meditec Group's financing capacity to be adequate. In 2014/2015 we aim to achieve operative cash flow in the high double-digit millions, based on active working capital management.

Future opportunities

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

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

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

Overall assertion on future development

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

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

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

A crucial advantage for even greater stability of our overall business is a higher proportion of revenue with case-number-dependent products and services, since there is generally less fluctuation in these areas than in the capital goods business, for example. We already achieved our objective of increasing this share of revenue to 25 % by 2015 in reporting year 2012/2013 – two years earlier than planned. In financial year 2013/2014 we achieved a share of 28 %. From a current perspective, we expect a further increase in financial year 2014/2015. In the medium term we aim to increase this revenue share to over 30 % of consolidated revenue by financial year 2018/2019.

In financial year 2013/2014 the EBIT margin decreased from 14.6 % in the previous year to 13.3 %. This decline was attributable, among other things, to acquisition effects and negative currency effects, as well as the disappointing earnings situation in the "Ophthalmic Systems" SBU. For the next financial year, we are planning strategic research investments in a new area for the Carl Zeiss Meditec Group, which shall impact the EBIT margin in the short term. Nevertheless, the EBIT margin is expected to remain within the range of 13 % to 15 %, and thus at an attractive level, in financial year 2014/2015 and in the medium term until financial year 2018/2019.

In terms of free cash flow for financial year 2014/2015, we anticipate a figure that is still well into the double-digit millions. We are aiming for a slight improvement in Economic Value Added (EVA) in the coming financial year.

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.

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.

DECLARATION ON CORPORATE GOVERNANCE (PURSUANT TO SECTION 289A *HGB*) AND CORPORATE GOVERNANCE REPORT

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, 21 November 2014

Dr. Ludwin Monz President and Chief Executive Officer	Dr. Christian Müller Member of the Management Board	Thomas Simmerer Member of the Management Board

Consolidated financial statements

Consolidated income statement (IFRS)
for the period from 1 October 2013 to 30 September 2014

(Figures in € '000)

	Note		Financial year 2013/2014 1 October 2013 – 30 September 2014		Financial year 2012/2013* 1 October 2012 – 30 September 2013
Revenue	**(2p) (4)**		**909,255**		**906,445**
Cost of goods sold			(420,882)		(418,986)
Gross profit			**488,373**		**487,459**
Selling and marketing expenses			(226,126)		(215,044)
General administrative expenses			(41,791)		(42,211)
Research and development expenses	(32)		(99,751)		(97,577)
Other expenses	(5)		–		(17)
Earnings before interests, income taxes, depreciation and amortization		*138,658*		*151,329*	
Depreciation and amortization		*17,953*		*18,719*	
Earnings before interests and income taxes			**120,705**		**132,610**
Interest income	(6)		1,934		1,942
Interest expense	(6)		(1,992)		(3,316)
Interest balance from defined benefit pension plans	(6)		(953)		(727)
Foreign currency gains/(losses), net	(2c) (2v) (6)		(5,686)		14,496
Other financial result	(6)		529		630
Earnings before income taxes			**114,537**		**145,635**
Income tax expense	(7)		(35,380)		(47,887)
Net income			**79,157**		**97,748**
Attributable to:					
Shareholders of the parent company			74,954		92,131
Non-controlling interest			4,203		5,617
Profit/(loss) per share, attributable to the shareholders of the parent company in the current financial year (€): – Basic/diluted	**(2r) (8)**		**0.92**		**1.13**

* The prior-year figures are adjusted due to amended IAS 19 regulations.
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 2013 to 30 September 2014

(Figures in € '000)

	Note	Financial year 2013/2014 1 October 2013 – 30 September 2014	Financial year 2012/2013* 1 October 2012 – 30 September 2013
Net income		**79,157**	**97,748**
Other comprehensive income:			
Items that may be reclassified subsequently to net income/loss			
Foreign currency translation	(2m) (20)	8,117	(27,353)
Total of items that may be reclassified subsequently to net income/loss		**8,117**	**(27,353)**
Items that will not be reclassified subsequently to net income/loss			
Actuarial gains (losses) on defined benefit pension plans	(2m) (21)	(11,772)	(2,423)
Total of items that will not be reclassified subsequently to net income/loss		**(11,772)**	**(2,423)**
Other comprehensive income		**(3,655)**	**(29,776)**
Comprehensive income		**75,502**	**67,972**
Attributable to:			
Shareholders of the parent company		72,981	72,344
Non-controlling interest		2,521	(4,372)

* The prior-year figures are adjusted due to amended IAS 19 regulations.
The following notes to the consolidated financial statements are an integral part of the audited consolidated financial statements.

Consolidated statement of financial position (IFRS)

as of 30 September 2014

(Figures in € '000)

	Note	30 September 2014	30 September 2013*
ASSETS			
Goodwill	(2e) (10)	158,876	121,046
Other intangible assets	(2f) (11)	41,633	12,531
Property, plant and equipment	(2g) (12)	65,049	54,433
Investments		124	124
Deferred tax assets	(2i) (13)	65,941	52,828
Non-current trade receivables	(16)	10,161	5,421
Other non-current assets	(2h) (14)	1,471	1,232
Total non-current assets		**343,255**	**247,615**
Inventories	(2j) (15)	172,402	148,467
Trade receivables	(16)	142,607	150,000
Accounts receivable from related parties	(2t) (32)	57,103	62,701
Treasury receivables	(2t) (32)	290,614	352,412
Tax refund claims		3,670	310
Other current financial assets	(2h) (17)	3,141	6,384
Other current non-financial assets	(18)	15,591	8,899
Cash and cash equivalents	(2l) (19)	10,727	6,286
Total current assets		**695,855**	**735,459**
Total assets		**1,039,110**	**983,074**

(Figures in € '000)

	Note	30 September 2014	30 September 2013*
LIABILITIES AND EQUITY			
Share capital	(20)	81,310	81,310
Capital reserve	(20)	313,863	313,863
Retained earnings	(20)	361,130	322,765
Other components of equity	(2m) (20)	(41,031)	(39,058)
Equity before non-controlling interest		715,272	678,880
Non-controlling interest	(20)	38,955	36,434
Total equity		**754,227**	**715,314**
Provisions for pensions and similar commitments	(2n) (21)	48,888	32,747
Other non-current provisions	(2o) (22)	3,911	3,703
Non-current financial liabilities	(23)	1,588	1,820
Non-current leasing liabilities	(2k) (27)	10,415	11,969
Other non-current non-financial liabilities		7,596	7,863
Deferred tax liabilities	(2i) (13)	12,402	2,415
Total non-current liabilities		**84,800**	**60,517**
Current provisions	(2o) (22)	26,901	35,785
Current accrued liabilities	(24)	60,576	60,274
Current financial liabilities	(2h)	13,435	2,717
Current portion of non-current financial liabilities	(23)	477	507
Current portion of non-current leasing liabilities	(2k) (27)	2,359	1,835
Trade payables		33,421	35,861
Current income tax liabilities		7,741	11,962
Accounts payable to related parties	(2t) (32)	16,527	19,833
Treasury payables	(2t) (32)	8,022	6,859
Other current non-financial liabilities	(25)	30,624	31,610
Total current liabilities		**200,083**	**207,243**
Total liabilities		**1,039,110**	**983,074**

* The prior-year figures are adjusted due to amended IAS 19 regulations.
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 2013 to 30 September 2014

(Figures in € '000)

	Note	Financial year 2013/2014 1 October 2013 – 30 September 2014	Financial year 2012/2013* 1 October 2012 – 30 September 2013
Cash flows from operating activities:			
Net income		**79,157**	**97,748**
Adjustments to reconcile net income to net cash provided by/(used in) operating activities			
Income tax expenses	(7)	35,380	47,887
Result from carve-out of microscopy business of Optronik	(3)	(146)	–
Interest income/expenses	(6)	1,011	2,101
Result from other participations	(6)	(18)	–
Depreciation and amortization	(11) (12)	17,953	18,719
Appreciation and write-ups	(11)	(272)	–
Gains/losses on disposal of fixed assets		1,550	442
Dividends received		18	–
Interest received		1,679	2,643
Interest paid		(1,327)	(1,897)
Income tax reimbursement		3,369	2,673
Income taxes paid		(52,125)	(46,279)
Other non-cash income	(3)	(1,327)	–
Changes in working capital:			
Trade receivables	(16)	15,981	(45,508)
Inventories	(15)	(22,086)	(20,212)
Other assets	(14) (17) (18)	(2,716)	(4,566)
Trade payables		(7,497)	8,734
Provisions and financial liabilities	(21) (22) (24)	(2,002)	(2,516)
Other liabilities	(25)	(3,477)	4,655
Total adjustments		(16,052)	(33,124)
Net cash provided by operating activities		**63,105**	**64,624**
Cash flows from investing activities:			
Investment in property, plant and equipment	(12)	(11,141)	(9,723)
Investment in intangible assets	(11)	(6,980)	(918)
Proceeds from fixed assets		398	350
Proceeds from fixed term deposits		140,000	120,000
Investments in fixed term deposits		(110,000)	(140,000)
Acquisition of IOL/OVD-business IMEX Clinic S.L., Spain	(3)	(1,939)	(1,907)
Acquisition of consolidated companies/businesses, net of cash acquired	(3)		
(Optronik A.S., Turkey;		(10,800)	–
Aaren Scientific Inc., USA)		(51,183)	–
Carve-out of microscopy business of Optronik		2,208	–
Net cash used in investing activities		**(49,437)**	**(32,198)**
Cash flows from financing activities:			
Proceeds from/(repayment of) short-term debt		(505)	(36)
Proceeds from/(repayment of) non-current financial liabilities	(23)	(262)	(6,508)
(Increase)/decrease in treasury receivables	(2t) (32)	30,484	14,394
Increase/(decrease) in treasury payables	(2t) (32)	1,163	(7,738)
Change of leasing liabilities	(27)	(1,814)	(1,779)
Dividend payments to shareholders of Carl Zeiss Meditec AG	(9)	(36,589)	(32,524)
Net cash provided by/(used in) financing activities		**(7,523)**	**(34,191)**
Effect of exchange rate fluctuation on cash and cash equivalents		(1,704)	(1,475)
Net increase/(decrease) in cash and cash equivalents		**4,441**	**(3,240)**
Cash and cash equivalents, beginning of reporting period	(19)	6,286	9,526
Cash and cash equivalents, end of reporting period	**(19)**	**10,727**	**6,286**

* The prior-year figures are adjusted due to amended IAS 19 regulations.
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)

	Note	Share capital	Capital reserve	Retained earnings	Other components of equity	Equity before non-controlling interest	Non-controlling interest	Total equity
As of 1 October 2012 as reported		**81,310**	**313,863**	**261,309**	**(1,491)**	**654,991**	**40,806**	**695,797**
Effects from the retrospective application of IAS 19 revised		–	–	1,849	(17,780)	(15,931)	–	(15,931)
As of 1 October 2012		**81,310**	**313,863**	**263,158**	**(19,271)**	**639,060**	**40,806**	**679,866**
Foreign currency translation	(2c) (20)	–	–	–	(17,564)	(17,564)	(9,996)	(27,560)
Changes in value recognized directly in equity	**(2m) (20)**	**–**	**–**	**–**	**(17,564)**	**(17,564)**	**(9,996)**	**(27,560)**
Net income		–	–	93,505	–	93,505	5,617	99,122
Sum of comprehensive income for the period	**(2m) (20)**	**–**	**–**	**93,505**	**(17,564)**	**75,941**	**(4,379)**	**71,562**
Dividend payments	(9)	–	–	(32,524)	–	(32,524)	–	(32,524)
As of 30 September 2013 as reported		**81,310**	**313,863**	**322,290**	**(19,055)**	**698,408**	**36,427**	**734,835**
Effects from the retrospective application of IAS 19 revised		–	–	(1,374)	(2,223)	(3,597)	7	(3,590)
As of 1 October 2013		**81,310**	**313,863**	**322,765**	**(39,058)**	**678,880**	**36,434**	**715,314**
Foreign currency translation	(2c) (20)	–	–	–	9,682	9,682	(1,565)	8,117
Changes in equity from the remeasurement of pensions liabilities	(2n) (21)	–	–	–	(11,655)	(11,655)	(117)	(11,772)
Changes in value recognized directly in equity	**(2m) (20)**	**–**	**–**	**–**	**(1,973)**	**(1,973)**	**(1,682)**	**(3,655)**
Net income		–	–	74,954	–	74,954	4,203	79,157
Sum of comprehensive income for the period	**(2m) (20)**	**–**	**–**	**74,954**	**(1,973)**	**72,981**	**2,521**	**75,502**
Dividend payments	(9)	–	–	(36,589)	–	(36,589)	–	(36,589)
As of 30 September 2014		**81,310**	**313,863**	**361,130**	**(41,031)**	**715,272**	**38,955**	**754,227**

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 2013/2014 (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 center of excellence for optical and optical-related technologies. The Company has major subsidiaries in the USA, France, Japan, Spain, the United Kingdom, Turkey 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 2014 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*).

The financial year of Carl Zeiss Meditec AG 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 AG. A company is controlled if Carl Zeiss Meditec AG 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 the Carl Zeiss Meditec Group can be found in note (38) "Additional mandatory disclosures pursuant to Section 315a *HGB*" in these notes to the consolidated financial statements.

All key 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 separately in the consolidated statement of financial position from the equity attributable to shareholders of the parent company.

(b) 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 were hitherto 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, including changes to other result) 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 the Company holds less than 20 % are carried in the accounts as a financial instrument (see 2 (h)), if Carl Zeiss Meditec AG 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 AG's statement of financial position according to the principle of "predecessor accounting"*, with the assumption that the consolidated financial statements of the Carl Zeiss Meditec Group 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.

(c) 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.

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 carried under "Other components of equity".

Transactions executed in foreign currencies are converted using the effective exchange rate 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 2014	Exchange rate 30 September 2013	+/- %	**Average exchange rate 2013/2014**	Average exchange rate 2012/2013	+/- %
USD	0.7940	0.7408	7.2	0.7368	0.7620	-3.3
JPY	0.0072	0.0076	-5.3	0.0072	0.0082	-12.2
GBP	1.2849	1.1964	7.4	1.2204	1.1890	2.6
CAD	0.7104	0.7180	-1.1	0.6805	0.7503	-9.3
SEK	0.1093	0.1155	-5.4	0.1112	0.1164	-4.5
CHF	0.8287	0.8182	1.3	0.8191	0.8161	0.4
AUD	0.6925	0.6906	0.3	0.6781	0.7563	-10.3
PLN	0.2394	0.2371	1.0	0.2393	0.2393	0.0
ZAR	0.0705	0.0735	-4.1	0.0696	0.0821	-15.2
CZK	0.0364	0.0389	-6.4	0.0366	0.0391	-6.4
BRL	0.3245	0.3283	-1.1	0.3224	0.3623	-11.0
TRY	0.3480	0.3633	-4.2	0.3460	0.4122	-16.1

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

(d) 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 mainly based on the determination of values in use of cash-generating units, particularly for the purposes of the goodwill impairment test (note 2 (e)), the accounting and valuation of provisions (note 22), as well as the realizability of future tax charges and 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.

(e) 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).

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 of the cash-generating units – in the periods presented this was the value in use in each case – is determined on the basis of 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 takes into account a growth rate that is at least in line with the market growth rate anticipated for the industry, which, from a current perspective and excluding currency effects, corresponds to growth in the low to mid-single-digit percentage range. Growth in the "Surgical Ophthalmology" SBU, in particular, is expected to be faster than the usual market growth for this industry, according to industry surveys. From a current perspective, this equates to a growth rate in the mid-single-digit percentage range. As things stand, the EBIT margin is expected to remain around the average for the Group. Due to product innovations, our new product launches and a good performance by refractive lasers, the "Ophthalmic Systems" SBU is expected to at least grow to the same extent as the underlying market. This corresponds to a growth rate in the low to mid-single-digit percentage range. The EBIT margin is currently expected to improve. However, it is still anticipated that this will be below the Group average. The "Microsurgery" SBU is expected to continue making significant contributions to earnings in future. The Group is optimistic that it will grow in the coming financial year at a rate that is at least on a par with the underlying market, which would equate to growth in the mid-single-digit percentage range at most. As things stand, the EBIT margin is expected to remain above the Group average. Cost planning also considers strategic aspects as well as price trends in the procurement markets. Overall, the EBIT margin is expected to remain within a range of 13 % to 15 % in the medium term until financial year 2018/2019. The cash flow projections resulting from the management's financial forecasts, to determine the value in use, do not contain any cash flows from future restructuring measures or 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. In order to determine the future development of working capital, specific ranges are currently applied for each SBU. At the same time, the earnings for the respective plan year are adjusted, for the calculation of free cash flow, for the expected depreciation and amortisation, as well as asset additions – insofar as the investments for this had already begun at the time of the impairment test. 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 customary within the industry of the cash-generating unit under review. For the purposes of the impairment test, a growth rate of 0.65 % is applied for the cash flows, for the perpetuity period. The pre-tax discount rates applied for cash flow forecasts range between 12.2 % and 12.8 % (previous year 9.4 %, respectively). 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.

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 2013/2014. The results of these tests, based on values in use, did not give any indication of a need for impairment of goodwill or intangible assets not yet available for use.

The sensitivity analyses carried out by the Company for the "Surgical Ophthalmology" SBU showed a need for impairment of goodwill with an increase in the discount rate to 12.7 % or a decrease in EBIT for the last detailed planning period of 5.4 % (SBU "Surgical Ophthalmology"). In the case of the "Microsurgery" and "Ophthalmic Systems" SBUs, the analyses showed no impairment of goodwill, either with an increase in the discount rate by 1 percentage point or with a decrease in EBIT for the last detailed planning period of 20 %. Such changes are currently considered to be unlikely.

With a simultaneous increase in the discount rate and a decrease in EBIT for the last detailed planning period there would be no need for impairment for the "Surgical Ophthalmology" SBU up to an increase in the discount rate to 12.4 %, combined with a decrease in EBIT for the last detailed planning period of 2.5 %. The increase in goodwill is mainly attributable to the acquisition of Aaren Scientific Inc. From the Company's perspective, this development does not seem likely, however, as the acquisition of Aaren Scientific Inc. is a strategic investment, which will give Carl Zeiss Meditec AG access to additional markets in the medium term, and significantly better access to certain market segments, and it will generate profit. In the case of the "Microsurgery" and "Ophthalmic Systems" SBUs there would be no need for impairment, even with – from the management's perspective – unrealistic changes to the parameters in the form of an increase in the discount rate by 0.5 percentage points and a simultaneous decrease in EBIT for the last detailed planning period of 10 %.

For details on the change in goodwill in financial year 2013/2014 and the previous year please refer to note (10).

(f) 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 development phase of an internal project), is recorded, if evidence can be provided that the criteria according to IAS 38.57 are fulfilled. These are recognized from the date on which the intangible asset meets the above criteria, in the amount that corresponds to the total expenses incurred. If a self-constructed intangible asset cannot be capitalized, the development costs are recognized in income in the period in which they arise, and are not capitalized retrospectively at a later date.

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

Self-constructed intangible assets are mostly allocated to the category "Development costs" (note 11).

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 shall be amortized on a straight-line basis over the following periods, unless an indefinite useful life is assumed (see note (11)):

» *Brand names and trademarks*	*3 – 10 years*
» *Software*	*1 – 7 years*
» *Licenses*	*2 – 10 years*
» *Patents and other industrial Property rights*	*2 – 19 years*
» *Development costs*	*3 – 10 years*
» *Other intangible assets*	*3 – 10 years*

The amortization amounts for other intangible assets may be recognized in the income statement under both cost of goods sold and other operating 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 this test did not give any indication of a need for impairment of capitalized other intangible assets in the current financial year (see note (11)). Please refer to (e) above with regard to the method applied in the impairment test.

(g) 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 expected useful life of each asset. The following depreciation periods were applied:

» *Buildings and leasehold improvements*	*3 – 32 years*
» *Plant and machinery*	*2 – 21 years*
» *Other office equipment, fixtures and fittings*	*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 expected useful life or increase capacity are capitalized if they fulfil the general recognition criteria under IAS 16. Property, plant and equipment are also reviewed for impairment (impairment test), if indicated. Please refer to (e) 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.

(h) Financial instruments

Financial assets and financial liabilities are recognized 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/liabilities at fair value through profit or loss (FVTPL), 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 and payables (group cash management [treasury] of Carl Zeiss Financial Services GmbH, Oberkochen), trade receivables and payables, current loans, non-current debts and other financial assets and liabilities.

Loans and receivables and current and non-current 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 (35) for further information on credit risks.

Primary financial assets which are not classified as either 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 the 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.

Non-current, 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 2 years. Derivative financial instruments which have a positive fair value are carried in the statement of financial position, depending on their time to maturity, under the item "Other current financial assets" or "Other non-current assets", and derivative financial instruments with a negative fair value are carried in the statement of financial position, depending on their time to maturity, under the item "Current financial liabilities" or "Non-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 (35) for further information on currency risks.

(i) Income taxes
Current taxes are recognized for taxes owed on income at the time the Group companies incur them. Income taxes are calculated in accordance with the Asset and Liability Method pursuant to the provisions of 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, if these differences are expected to be offset over time. This is based on those tax rates that are expected to apply in the years in which these temporary differences are reversed or settled. 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 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).

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.

(j) 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 labour, 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.

Valuation allowances shall be made on inventories where cost exceeds the expected net realizable values. 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.

(k) 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 non-current 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 non-current 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 identified 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.

(l) 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. Because of their short maturity, the carrying amounts of cash and cash equivalents are approximately equal to their fair value.

(m) Other components of equity

The item "Other components of equity" includes the other changes in equity not reflected in income that are not associated with transactions with shareholders. For the Group, this currently relates to both currency translation and the actuarial effects of pension commitments and the taxes levied on these (see note (21)).

(n) Pension obligations

The Company pension scheme of the Carl Zeiss Meditec Group is comprised of various defined contribution and defined benefit obligations arising from current pensions and future pension entitlements, primarily in Germany, the USA and Japan. Provisions for pensions also include liabilities of the US company for post-employment health care benefit obligations.

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

Pension obligations and related costs are calculated according to the prescribed projected unit credit method pursuant to IAS 19 "Employee benefits". This takes into account both the known pensions and acquired future pension entitlements, as well as the salary and pension increases expected in the future. The interest rate used to calculate the present value of the obligations is generally be determined on the basis of the returns on first-class, fixed-rate corporate bonds in the relevant currency zone. In principle, this incorporated bonds with at least an "AA" rating. The expected income from plan assets and expenses from the interest cost of the obligations are recognized in interest income.

The service cost is classified as an operating expense.

Actuarial gains or losses that may arise from changes in the valuation assumptions or a deviation in actual circumstances from the basis of valuation are recognized in full in other comprehensive income in the period in which they occur.

(o) 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 fulfil 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 according to their expected maturities; therefore, provisions which are due in less than one year are carried as current provisions and provisions which are due in more than one year are carried as non-current 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. Actuarial gains and losses are recognized immediately through profit or loss. The measurement parameters correspond to the economic assumptions for financing the pension commitments. Plan assets for partial retirement obligations were set up 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 up to two years, 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.

Other commitments

The provisions for other commitments relate to recognizable individual risks and uncertain commitments, e. g. litigation risks.

(p) 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 contractual 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.

(q) Government grants

Pursuant to IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", government grants are only recognized, if there is sufficient 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 recognized through profit or loss over the useful life of the subsidized assets (as a reduction in depreciation of the subsidized property, plant and equipment).

Government grants received in financial years 2013/2014 and 2012/2013 are listed in note (31).

(r) Earnings per share

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.

(s) 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.

(t) 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-Stiftung (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 and joint venture companies, are regarded as related parties, and business transactions, for example income, receivables from and liabilities to these companies, are reported separately in note (32).

The Group sells some of its products 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 liabilities to or receivables from treasury, and are usually due or available daily. Pursuant to the cash pooling agreement, the companies of Carl Zeiss Meditec Group are authorized to utilize liquidity to finance their ongoing business activities, so that, from the Group's perspective, the cash pool transactions have the character of financing, are thus to be classified as financing activities and, in this sense, are carried in the statement of cash flows under cash flow from financing activities. Since the treasury receivables are also cash pool transactions, these are also carried in the statement of cash flows under cash flows from financing activities, thus ensuring the consistency of the accounting.

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 the licensed use of the "ZEISS" brand, 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.

The members of Management Board and Supervisory Board of Carl Zeiss Meditec AG, and their next of kin, are considered to be related parties (management in key positions). Note (38) and the Management Report (Remuneration Report) contain further information on this.

(u) 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
12 May 2011	IFRS 13 "Fair Value Measurement"	Guidance on measurement and disclosures on the measurement of fair value
16 June 2011	Amendment IAS 19 "Employee Benefits"	Accounting treatment of defined benefit pension plans; definition of the specific types of employee benefits and enhanced disclosure requirements
16 December 2011	Amendments IFRS 7 "Financial Instruments: Disclosures"	Additional disclosures relating to the offsetting of financial assets and liabilities
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
17 May 2012	Improvements to IFRSs (2009–2011)	Amendments to Standards IFRS 1, IAS 1, 16, 32 and 34
28 June 2012	Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	Expansion of transition regulations to IFRS 10, 11 and 12

With the exception of the amendments to IAS 19, there were no significant changes to the accounting and valuation methods in connection with any standards and interpretations applied for the first time, nor are such changes expected.

The amendments to IAS 19 "Employee Benefits" shall generally be mandatory, with retrospective effect, for financial statements for financial years starting on or after 1 January 2013. Carl Zeiss Meditec AG has adjusted the figures reported for the previous year for the effects of the amendments to IAS 19. Overall, the amendments to IAS 19 have the following material effects at Carl Zeiss Meditec:

Pensions and similar obligations: Up until now the Group has applied the corridor method. With the abolition of the corridor method as a result of the amended IAS 19, actuarial gains and losses have an immediate effect in the consolidated statement of financial position and led to an increase in provisions for pensions and similar obligations and to a decrease in equity. In addition, pension obligations and plan assets are subject to a standard interest rate (Net Interest Approach).

Partial retirement obligations: Due to the amended definition of termination benefits under IAS 19, top-up contributions within the scope of partial retirement agreements are no longer to be carried in their full amount as liabilities at fair value, rather, the top-up contributions are accumulated on a pro rata basis over the respective active service years within the term of the agreement with the partially retired employees. This reduces the provisions for partial retirement.

Net interest expense: The previous recognition of the expected income from plan assets and the calculation of the interest expense arising from the defined benefit obligation shall be superseded by the recognition of a net interest income from the defined benefit obligation. The net interest expense is recognized in the consolidated income statement within the financial result, under the item interest balance from defined benefit pension plans.

The following table shows the effects of the application of IAS 19 on the main items in the consolidated statement of financial position as of 1 October 2012 and as of 30 September 2013.

(Figures in € '000)

	30 September 2013	1 October 2012
Deferred income taxes	8,647	7,286
Other non-current assets	(6,144)	(10,881)
Assets	**2,503**	**(3,595)**
Revenue reserves	475	1,849
Other components of equity	(20,003)	(17,780)
Non-controlling interests	7	0
Equity	**(19,521)**	**(15,931)**
Provisions for pensions and similar obligations	22,113	14,944
Other non-current provisions	(89)	(2,608)
Liabilities	**2,503**	**(3,595)**

The effects on the consolidated income statement for the period 1 October 2012 to 30 September 2013 are presented in the following table.

(Figures in € '000)

	12 months Financial year 2012/2013 1 October 2012 – 30 September 2013
Cost of goods sold	(362)
Selling and marketing expenses	(750)
General and administrative expenses	106
Research and development costs	(258)
Earnings before interest and taxes	**(1,264)**
Interest expenses	3,275
Net interest from defined benefit pension plans	(727)
Other financial result	(3,236)
Income tax expense	578
Consolidated net income	**(1,374)**
thereof attributable to	
shareholders of the parent company	(1,374)
non-controlling interests	0
Earnings/(loss) per share attributable to the shareholders of the parent company in the financial year (in €): – basic/diluted	**(0.02)**

In addition, there are enhanced disclosure requirements for pension provisions, e.g. for features and risks of defined benefit plans. For more information see note (21).

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 AG.

The Company did not opt to apply these standards early with the exception of the amendment to IAS 36 "Impairment of Assets", which the Company applied voluntarily for the first time this financial year:

Date of issue	Standard/Interpretation	Amendment/New statutory regulation	Date of first mandatory application	Adopted by the EU
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	Yes
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	Yes
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	Yes
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	Yes

Date of issue	Standard/Interpretation	Amendment/New statutory regulation	Date of first mandatory application	Adopted by the EU
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	Yes
16 December 2011	Amendments IAS 32 "Financial Instruments: Presentation"	Amendment to provisions for offsetting financial assets and liabilities	Financial years beginning on or after 1 January 2014	Yes
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	Yes
20 May 2013	IFRIC Interpretation 21: Levies	Accounting treatment of levies imposed by governments	Financial years beginning on or after 1 January 2014	Yes
29 May 2013	Amendment to IAS 36 "Impairment of Assets"	Amendment of recoverable amount disclosures for non-financial assets following the adoption of IFRS 13	Financial years beginning on or after 1 January 2014	Yes
27 June 2013	Amendment to IAS 39 "Financial instruments: Recognition and Measurement"	Novation of derivatives and continuation of hedge accounting	Financial years beginning on or after 1 January 2014	Yes
21 November 2013	Amendment IAS 19 "Employee Benefits"	Specification of the accounting treatment of employee contributions or third-party contributions for defined benefit plans	Financial years beginning on or after 1 July 2014	No
12 December 2013	Improvements to IFRSs (2010–2012)	Amendments to Standards IFRS 2, 3, 8, 13, IAS 16, 24 and 38	Financial years beginning on or after 1 July 2014	No
12 December 2013	Improvements to IFRSs (2011–2013)	Amendments to Standards IFRS 1, 3, 13, IAS 40	Financial years beginning on or after 1 July 2014	No
30 January 2014	IFRS 14 "Regulatory Deferral Accounts"	Interim standard for regulation of regulatory deferral accounts for transition to IFRS accounting	Financial years beginning on or after 1 January 2016	No
6 May 2014	Amendment IFRS 11 "Joint Arrangements"	Additional guidelines on the accounting presentation of an acquisition of an interest in a joint operation	Financial years beginning on or after 1 January 2016	No
12 May 2014	Amendment to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"	Guidelines on which methods can be applied for the depreciation of property, plant and equipment and the amortization of intangible assets	Financial years beginning on or after 1 January 2016	No
28 May 2014	IFRS 15 "Revenue from Contracts with Customers"	Amalgamation of existing standards and interpretations on revenue recognition (IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 13)	Financial years beginning on or after 1 January 2017	No
24 July 2014	IFRS 9 "Financial Instruments"	Classification and measurement of financial assets and financial liabilities, and hedge accounting requirements	Financial years beginning on or after 1 January 2018	No
12 August 2014	Amendment to IAS 27 "Separate Financial Statements"	Approval of the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in the separate financial statements of an investor	Financial years beginning on or after 1 January 2016	No
11 September 2014	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"	Guidelines on the recognition of unrealized gains or losses from transactions with assets between an investor and an associate or joint venture	Financial years beginning on or after 1 January 2016	No
25 September 2014	Improvements to IFRSs (2012–2014)	Amendments to Standards IFRS 5, 7, IAS 19 and 34	Financial years beginning on or after 1 January 2016	No

Carl Zeiss Meditec is not expected to apply any of the Standards listed until the date of first mandatory application, with the exception of the amendment to IAS 36 "Impairment of Assets" already described. 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. The specific effects of the first-time application of IFRS 9 are still being reviewed. The other standards listed shall, in some cases, also lead to more extensive disclosures in the notes to the financial statements. In addition, IFRS 15 "Revenue from Contracts with Customers" was published in May 2014. This Standard amalgamates a number of different standards and interpretations relating to revenue recognition. The effects of this standard are still being reviewed.

(v) 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 either measured 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. If it is not possible to reliably determine the fair value, equity interests and securities are valued at cost.

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, foreign exchange rates, commodity prices – and the evaluation methods described below.

If there is no active market, the fair value is determined using recognized valuation methods (present value method or option pricing model). Current market volatilities are used in option pricing models. The interest rates applied across the various maturities and foreign currencies range from -0.1 % to +11.0 % (previous year -0.1 % to +6.6 %)

The Group exclusively holds currency forward contracts as derivative financial instruments. The financial assets and liabilities held for trading (FVTPL) 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 transactions 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 1.4 % to 1.5 % (previous year 1.2 % to 2.3 %).

3. Purchase and sale of business operations

Financial year 2013/2014

Optronik A.S., Ankara, Turkey

On 5 December 2013 a purchase agreement was concluded between Carl Zeiss Meditec AG and Mr. Ömer Engin Kalinyazgan, Ankara, Turkey, which provides for the purchase of 100 percent of the shares in the distribution and service company Optronik Optik Ve Elektronik Cihazlar Ticaret Ve Sanayi Anonim Sirketi (hereinafter referred to as Optronik), domiciled in Ankara, Turkey. As contractually agreed, Carl Zeiss Meditec assumed the company's business activities with effect from 30 December 2013 (acquisition date). With effect from 6 February 2014 the company was renamed Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi Anonim Şirketi ("Carl Zeiss Meditec Medikal").

Optronik was the exclusive trader for Carl Zeiss Meditec AG products in the Turkish medical sector, as well as for the products of the Microscopy division of Carl Zeiss AG. The latter mainly includes microscopes for the industrial sector, as well as the biomedical research sector. In addition to distributing the above-mentioned products, the business also encompasses product-related services for private and public customers. Up until the date of the transaction, the company was the exclusive distribution partner of Carl Zeiss Meditec AG and Carl Zeiss AG for the products mentioned. In the first three months of the current financial year Carl Zeiss Meditec generated revenue of € 2.0 million within the scope of this business relationship, and paid commissions amounting to € 0.3 million to Optronik for business negotiated with end customers. These are recognized in the consolidated income statement under selling and marketing expenses.

This acquisition strengthens Carl Zeiss Meditec's business, particularly in Turkey, and it is a systematic investment in its distribution and service organization. The acquisition of Optronik means that Carl Zeiss Meditec AG shall be represented in the Turkish market by a team of established experts in the area of distribution and support, and shall offer customer-focused product solutions and related services.

The purchase price amounts to € 12.5 million and is comprised of a fixed sum of € 11.5 million and a contingent earn-out component of € 1.0 million.

Pursuant to the agreement, the fixed price of € 11.5 million was paid at the end of December 2013; a small adjustment payment of € 0.1 million was made in February 2014 as part of the final purchase price calculation. The earn-out component shall be payable in one tranche one year from the acquisition date, and shall depend on the revenue of the assumed business. The calculation of the earn-out is based on the achievement of defined revenue targets for the subsequent 12 months. In the event of deviations from the expected revenue targets the earn-out shall be increased or decreased accordingly. The expected earn-out of € 1.0 million results from an achievement of the revenue target of 85 %. 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 capped at € 2.2 million.

On 30 December 2013 Optronik and the seller, Mr. Ömer Engin Kalinyazgan, Ankara, Turkey, concluded a consultancy agreement, which regulates the rendering of relevant services to Optronik in the period of one year from the acquisition date. The agreement did not specify any remuneration. For this reason it is assumed that the consultancy services, which, based on a preliminary estimate, amount to significantly less than € 0.1 million, shall be compensated for with the earn-out payment. This results in a deduction in the same amount of the earn-out and the corresponding recognition of a prepaid expense under other current non-financial assets, which shall be reversed as an expense under general administrative expenses over the term of the agreement.

Prior to the merger, business relations existed between Carl Zeiss Meditec and Optronik in the form of supply and service transactions. At the acquisition date Carl Zeiss Meditec AG had outstanding trade receivables in the Medical Technology division from this period amounting to € 0.3 million, as well as outstanding sales commission liabilities, also amounting to € 0.3 million. These transactions, which Optronik accounted for identically, shall be treated separately from the acquisition of the assets and liabilities. These items were eliminated as part of consolidation in the consolidated financial statements as of 30 September 2014.

At the date of publication of Carl Zeiss Meditec AG's annual financial statements as of 30 September 2014 the allocation of the purchase price to the assets and liabilities of the acquired company was complete. The fair values of the identified assets and liabilities at acquisition date are as follows:

(Figures in € million)	Fair value
Other intangible assets	4.3
Property, plant and equipment	0.1
Deferred income tax assets	0.2
Inventories	1.6
Trade receivables	3.0
Cash and cash equivalents	0.7
Total assets	**9.9**
Non-current provisions	0.3
Deferred income tax liabilities	0.9
Short-term provisions	0.2
Current accrued liabilities	0.5
Current income tax liabilities	0.3
Other current non-financial liabilities	0.2
Total liabilities	**2.4**
Net assets	**7.5**
Goodwill from acquisition	5.0
Total costs of acquisition	**12.5**
Cash received	0.7
Capital outflow for purchase price components	(11.5)
Net capital outflow to 30 September 2014	**(10.8)**
Contingent purchase price payment	(1.0)

The following additional information is provided on the acquired receivables:

(Figures in € million)	Fair value	Gross amount	Valuation allowances
Trade receivables	3.0	3.1	0.1

The goodwill identified from the acquisition of Optronik is mainly attributable to the anticipated synergy effects of the integration of the distribution and service business into the existing business. It shall be allocated to all business units of the Carl Zeiss Meditec Group (€ 4.3 million) and to the Microscopy division (€ 0.7 million). For a breakdown of the distribution to the relevant CGUs see note (10). As expected, goodwill shall not be deductible for tax purposes.

Effect of Optronik on Carl Zeiss Meditec's result

Since the acquisition Optronik has contributed € 6.8 million to the Group's revenue recognized in the income statement. The acquired company's share of consolidated net income amounted to € 0.1 million. These shares relate exclusively to the Medical Technology division, since the Microscopy division was sold with effect from 1 January 2014, as detailed below. The presented amounts are not incremental; rather, in the previous year, they also contain the share of revenue and earnings generated with the former distribution partner, which, from this financial year, from the acquisition date, is recognized directly via Optronik as a distribution company of Carl Zeiss Meditec AG.

Pro forma account of the acquisition

Assuming that the presented acquisition had already been completed as of 1 October 2013, pro forma revenue would have amounted to € 911.1 million; pro forma consolidated net income would have amounted to € 79.4 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 achieved had the acquisition taken place at the beginning of the period, nor of future results. These amounts contain only the shares of revenue and earnings generated by the Medical Technology business in financial year 2013/2014.

Disposal of the Microscopy business of Optronik

On 5 March 2014 a purchase agreement was concluded between Carl Zeiss Meditec Medikal (formerly Optronik) and Carl Zeiss Teknoloji Çözümleri Ticaret Limited Şirketi ("Carl Zeiss Teknoloji"), a Turkish subsidiary of Carl Zeiss AG, domiciled in Istanbul, Turkey, which foresees the sale of assets and liabilities and the transfer of employees to Carl Zeiss Teknoloji associated with the sale of the products and services of the Microscopy division. As contractually agreed, Carl Zeiss Teknoloji assumed the assets and liabilities retrospectively as of 1 January 2014. The purchase price amounts to € 2.2 million.

The carrying amounts of the identified assets and liabilities of the microscopy business at the date of sale are as follows:

(Figures in € million)	Microscopy business Carl Zeiss Meditec Medikal
	Carrying amount
Goodwill	0.7
Other intangible assets	0.8
Inventories	0.4
Trade receivables	0.5
Total assets	**2.4**
Deferred income tax liabilities	0.2
Current provisions and liabilities	0.1
Total liabilities	**0.3**
Carrying amount of the sold net assets	**2.1**
Selling price	2.2
Net capital inflow to 30 September 2014	**2.2**

The gain on the disposal of € 0.1 million was recognized in the other financial result. The appropriateness of the selling price was assured by an independent third party based on a fairness opinion in accordance with the guidelines of IDW S 8.

Aaren Scientific Inc., Ontario, USA

On 7 January 2014 a purchase agreement was concluded between Carl Zeiss Meditec Inc., Dublin, USA, and the shareholders of Aaren Scientific Inc., which provides for the acquisition of 100 percent of the shares in Aaren Scientific Inc. (hereinafter referred to as Aaren), domiciled in Ontario/California, USA. As contractually agreed, Carl Zeiss Meditec Group assumed the company's business activities with effect from the same date.

Aaren is a company engaged in the research, development, manufacture and global distribution of a portfolio of intraocular lenses.

The broadening of the product range as a result of this acquisition facilitates the expansion of the Carl Zeiss Meditec Group's customer base, the addressing of new market segments, as well as the development of new geographical markets in the field of "Surgical Ophthalmology".

The purchase price is € 51.4 million and is composed of fixed sum of € 44.1 million and an escrow amount of € 7.3 million, which has been deposited in a trust account.

The fixed price component was calculated based on Aaren's final statement of financial position at the acquisition date. The escrow amount serves to secure contractually regulated warranties and guarantees in a timeframe of 24 months after the acquisition date, for circumstances that date from the time before the merger. As contractually agreed, the fixed price was paid, like the escrow amount, in January 2014. The fixed sum was adjusted slightly to the final amount during the course of financial year 2013/2014. The escrow amount shall be released to the seller 24 months after the acquisition date, subject to any claims that may have been made during this period.

At the date of publication of Carl Zeiss Meditec AG's annual financial statements as of 30 September 2014 the allocation of the purchase price to the assets and liabilities of the acquired company was complete. The fair values of the identified assets and liabilities at acquisition date are as follows:

(Figures in € million)	Fair value
Other intangible assets	24.1
Property, plant and equipment	3.6
Deferred income tax assets	2.0
Inventories	3.1
Trade receivables	2.6
Other current non-financial assets	0.3
Cash and cash equivalents	0.2
Total assets	**35.9**
Non-current provisions	0.4
Other non- current non-financial liabilities	1.5
Deferred income tax liabilities	8.9
Current provisions	1.5
Current accrued liabilities	1.1
Trade payables	1.0
Other current non-financial liabilities	0.2
Total liabilities	**14.6**
Net assets	**21.3**
Goodwill from acquisition	30.1
Total costs of acquisition	**51.4**
Cash received	0.2
Capital outflow for purchase price components	(51.4)
Net capital outflow to 30 September 2014	**(51.2)**

The following additional information is provided on the acquired receivables:

(Figures in € million)	Fair value	Gross amount	Valuation allowances
Trade receivables	2.6	3.1	0.5

The identified goodwill from the acquisition of Aaren is mainly the result of the anticipated synergy effects of the company's integration into the existing "Surgical Ophthalmology" business. As expected, goodwill shall not be deductible for tax purposes.

Incidental acquisition costs in the amount of € 0.7 million were incurred in the second quarter of financial year 2013/2014. These were recognized under general administrative expenses.

Effect of Aaren on Carl Zeiss Meditec's result

Since the acquisition Aaren contributed € 9.2 million to the Group's revenue recognized in the income statement. The acquired company's share of consolidated net income amounted to € - 1.6 million.

Pro forma account of acquisitions

Assuming that the presented acquisition had already been completed as of 1 October 2013, pro forma revenue would have amounted to € 913.4 million; pro forma consolidated net income would have amounted to € 78.7 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 achieved had the acquisition taken place at the beginning of the period, nor of future results.

Financial year 2012/2013

Carl Zeiss EyeTec GmbH, Aalen, Germany

With effect from 1 December 2012 Carl Zeiss Meditec AG assumed from Carl Zeiss EyeTec GmbH (CZ EyeTec GmbH), Aalen, Germany, the necessary assets for the continuation of this company's existing business operations. CZ EyeTec GmbH helps Carl Zeiss Meditec to select qualified suppliers and develops and optimizes diagnostic equipment in collaboration with Carl Zeiss Meditec. The relevant assets (approx. € 0.1 million) and the employees and the related personnel commitments (approx. € 0.5 million) were transferred to Carl Zeiss Meditec AG within its strategic business unit "Ophthalmic Systems". The purchase price amounts to around € -0.4 million. The resulting receivable from CZ EyeTec GmbH was settled, pursuant to the purchase agreement, in the second quarter of financial year 2012/2013.

This is a transaction under common control, as all companies involved are directly or indirectly majority-owned by Carl Zeiss AG. In line with the accounting method applied by Carl Zeiss Meditec AG, the transaction is carried at the prior carrying amounts. Accordingly, no hidden reserves or charges are disclosed. Consequently, the transaction does not give rise to any goodwill. Due to the small scope of the transaction in relation to the assets and liabilities of Carl Zeiss Meditec AG this purchase is considered insignificant.

Effects of purchases in previous years

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 regulated the purchase of assets and the transfer of employees in connection with the distribution and support of intraocular lenses (IOLs) and viscoelastics (OVDs).

The purchase price amounted to € 16.4 million and consisted, in addition to a fixed sum of € 9.0 million, of a discounted contingent earn-out component of € 3.6 million and a price for the assumed inventories of € 3.8 million. The fixed price components and the price of the inventories were paid in financial year 2011/2012. The earn-out component is payable in three tranches over 30 months starting from the acquisition date, and depends on the success of the assumed business.

In December 2012 the first tranche of the earn-out component was paid to the seller in the amount of € 1.9 million. The second and third tranches were paid in December 2013 and June 2014, respectively, in the amounts of € 0.7 million and € 1.2 million. A residual amount of the provision which was not required, in the amount of € 0.1 million, was reversed through profit or loss. Once the third tranche is paid, the earn-out component will have been paid in full.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

4. Revenue

Group earnings for financial years 2013/2014 and 2012/2013 mainly consist of sales revenues. The table below shows a breakdown of revenue:

(Figures in € '000)	**Financial year 2013/2014**	Financial year 2012/2013
Income from the sale of merchandize	823,277	824,943
Income from the provision of services (incl. sale of replacement parts)	81,314	74,427
Income from royalties/licenses	4,664	7,075
Total	**909,255**	**906,445**

5. Personnel expenses

Personnel expenses for financial years 2013/2014 and 2012/2013 were as follows:

(Figures in € '000)	**Financial year 2013/2014**	Financial year 2012/2013*
Wages and salaries	186,503	182,047
Social security contributions	34,969	33,327
Pension costs	7,272	7,805
Total	**228,744**	**223,179**

The employer's statutory pension contribution is contained in the social security costs. Total expenses from all additional defined contribution plans in the current financial year amounted to € 2,744 thousand (previous year € 2,954 thousand).

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

	30. September 2014	30. September 2013	**Average/ financial year 2013/2014**	Average/ financial year 2012/2013
Production	1,028	736	1,002	735
Sales & Marketing	733	677	726	667
Service	484	478	490	477
Research & Development	436	411	427	409
Administration	291	238	283	237
Total	**2,972**	**2,540**	**2,928**	**2,525**
Trainees	18	17	14	19

* The previous year was adjusted due to the amendment to IAS 19.

6. Financial result

The financial result comprises the following:

(Figures in € '000)	Financial year 2013/2014	Financial year 2012/2013*
Interest income	1,934	1,942
Interest expenses	(1,992)	(3,316)
Interest balance from defined benefit pension plans	(953)	(727)
Net interest income/loss	**(1,011)**	**(2,101)**
Currency gains	15,789	27,097
Currency losses	(21,475)	(12,601)
Foreign currency gains/(losses), net	**(5,686)**	**14,496**
Other financial result	**529**	**630**
Total financial result	**(6,168)**	**13,025**

The miscellaneous other financial result contains dividend income from an investment valued at cost of € 18 thousand. (previous year € 18 thousand).

7. Income taxes

Income taxes are comprised as follows:

(Figures in € '000)	Financial year 2013/2014	Financial year 2012/2013*
Current taxes:		
Germany	32,014	35,653
Abroad	9,808	13,323
	41,822	48,976
(thereof prior-period)	(2,348)	(2,902)
Deferred taxes:		
Germany	(1,765)	902
Abroad	(4,677)	(1,991)
	(6,442)	(1,089)
Total	**35,380**	**47,887**

In accordance with the tax law applicable in financial year 2013/2014, 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 20.00 % and 38.25 % (previous year 23.50 % and 39.43 %).

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 %, which applied in the past financial year (previous year 29.36 %). 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 20.00 % to 38.25 % (previous year 23.50 % to 39.43 %) For 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 29.36 %).

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

(Figures in € '000)	Financial year 2013/2014	Financial year 2012/2013*
Expected income tax expense	33,628	43,331
Non-deductible expenses	1,077	1,012
Tax-free income	(1,389)	(1,344)
Effects of changes in the tax rate	(154)	(178)
Taxes previous years	2,348	2,902
Foreign tax rate differential	974	3,840
Net retained earnings of subsidiaries intended for disbursement	195	–
Recognition and measurement of deferred tax assets	(1,008)	(1,170)
Other	(291)	(506)
Actual income tax expense	**35,380**	**47,887**
Effective tax rate	30.9 %	32.9 %

* The previous year was adjusted due to the amendment to IAS 19.

8. Earnings per share

The following table shows the calculation of earnings per share:

	Financial year 2013/2014	Financial year 2012/2013*
Net income attributable to shareholders of the parent company (€ '000)	74,954	92,131
Weighted average of issued shares	81,309,610	81,309,610
Earnings per share (in €)	**0.92**	**1.13**

9. Dividend

During the period under review, a dividend of € 0.45 per share (previous year € 0.40 per share) was paid to the shareholders of Carl Zeiss Meditec AG for financial year 2012/2013.

	Financial year 2013/2014		Financial year 2012/2013*	
	€ cent per share	**€ '000 Total**	€ cent per share	€ '000 Total
Dividend paid	**45**	**36,589**	**40**	**32,524**

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

10. 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 2013/2014 and 2012/2013:

(Figures in € '000)

	"Surgical Ophthal-mology" SBU	"Ophthalmic Systems" SBU	"Micro-surgery" SBU	Total
As of 1 October 2013	**92,626**	**28,420**	**–**	**121,046**
Additions	30,404	1,669	2,543	34,616
Currency effects	2,470	852	(108)	3,214
As of 30 September 2014	**125,500**	**30,941**	**2,435**	**158,876**
As of 1 October 2012	**92,626**	**29,001**	**–**	**121,627**
Currency effects	–	(581)	–	(581)
As of 30 September 2013	**92,626**	**28,420**	**–**	**121,046**

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 resulted from the acquisition of Aaren Scientific Inc. and Optronik, as well as from currency effects. The change in goodwill in the "Ophthalmic Systems" SBU is attributable, on the one hand, to the acquisition of Optronik, and also – as in the previous year – to currency effects. The goodwill generated for the first time in the "Microsurgery" SBU is mainly due to the acquisition of Optronik and the acquisition of the service and repairs business of ABS Med, Inc. for surgical microscopes (€ 341 thousand). Additionally this business unit is also affected by currency effects. Further information can be found in note (3).

11. Other intangible assets

Other intangible assets developed as follows in financial years 2013/2014 and 2012/2013:

* The previous year was adjusted due to the amendment to IAS 19.

(Figures 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 2013	**8,076**	**12,096**	**1,622**	**29,449**	**9,057**	**25,203**	**85,503**
Additions acquisitions	351	114	1,578	198	22,616	3,558	28,415
Additions	2	817	–	1,993	608	3,727	7,147
Reclassifications	–	85	–	–	–	(85)	–
Disposals	–	(116)	(1,403)	(72)	(1,429)	–	(3,020)
Currency effects	92	670	14	337	2,149	1,016	4,278
As of 30 September 2014	**8,521**	**13,666**	**1,811**	**31,905**	**33,001**	**33,419**	**122,323**
Depreciation and write downs as of 1 October 2013	**7,637**	**9,808**	**1,413**	**25,607**	**7,685**	**20,822**	**72,972**
Additions, acquisitions	90	114	644	–	–	–	848
Additions	371	1,078	339	1,648	1,123	2,648	7,207
Disposals	–	(116)	(492)	–	(1,429)	–	(2,037)
Reversal of impairment losses	–	–	(272)	–	–	–	(272)
Currency effects	55	549	13	243	221	891	1,972
As of 30 September 2014	**8,153**	**11,433**	**1,645**	**27,498**	**7,600**	**24,361**	**80,690**
Net carrying amount as of 30 September 2014	**368**	**2,233**	**166**	**4,407**	**25,401**	**9,058**	**41,633**

(Figures 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 2012	**8,116**	**12,451**	**1,622**	**28,362**	**9,037**	**26,998**	**86,586**
Additions	–	394	–	103	391	–	888
Reclassifications	–	103	–	1,147	–	(1,250)	–
Disposals	–	(470)	–	–	(228)	–	(698)
Currency effects	(40)	(382)	–	(163)	(143)	(545)	(1,273)
As of 30 September 2013	**8,076**	**12,096**	**1,622**	**29,449**	**9,057**	**25,203**	**85,503**
Depreciation and write downs as of 1 October 2012	**6,226**	**9,555**	**1,513**	**22,669**	**6,360**	**19,341**	**65,664**
Additions	381	1,007	41	1,915	1,610	3,141	8,095
Impairments	914	–	–	–	–	–	914
Reclassifications	141	–	(141)	1,145	–	(1,145)	–
Disposals	–	(470)	–	–	(180)	–	(650)
Currency effects	(25)	(284)	–	(122)	(105)	(515)	(1,051)
As of 30 September 2013	**7,637**	**9,808**	**1,413**	**25,607**	**7,685**	**20,822**	**72,972**
Net carrying amount as of 30 September 2013	**439**	**2,288**	**209**	**3,842**	**1,372**	**4,381**	**12,531**

Miscellaneous other intangible assets include assets identified via purchase price allocations (PPA) for customer relationships with a carrying amount of € 5,302 thousand (previous year € 4,181 thousand) and for technology with a carrying amount of € 0 thousand (previous year € 114 thousand). The remaining useful lives of customer relationships range between 1 and 5 years.

As of 30 September 2014 the Group does not hold any other intangible assets with an indefinite useful life.

12. Property, plant and equipment

Property, plant and equipment developed as follows in financial years 2013/2014 and 2012/2013:

(Figures 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 2013	**39,509**	**26,044**	**59,372**	**3,585**	**128,510**
Additions acquisitions	1,985	5,328	281	–	7,594
Additions	1,137	6,711	8,896	1,991	18,735
Reclassifications	1,053	1,582	576	(3,211)	–
Disposals	(571)	(3,565)	(5,728)	–	(9,864)
Currency effects	2,018	1,312	1,725	9	5,064
As of 30 September 2014	**45,131**	**37,412**	**65,122**	**2,374**	**150,039**
Depreciation and write downs as of 1 October 2013	**21,117**	**14,093**	**38,867**	**–**	**74,077**
Additions acquisitions	614	3,190	175	–	3,979
Additions	2,015	3,484	5,247	–	10,746
Disposals	(571)	(2,447)	(3,758)	–	(6,776)
Currency effects	1,249	682	1,033	–	2,964
As of 30 September 2014	**24,424**	**19,002**	**41,564**	**–**	**84,990**
Net carrying amount as of 30 September 2014	**20,707**	**18,410**	**23,558**	**2,374**	**65,049**

(Figures 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 2012	**41,897**	**23,805**	**53,657**	**1,227**	**120,586**
Additions	(191)	3,996	10,509	3,437	17,751
Reclassifications	(1,298)	139	2,165	(1,006)	–
Disposals	249	(1,394)	(5,584)	(57)	(6,786)
Currency effects	(1,148)	(502)	(1,375)	(16)	(3,041)
As of 30 September 2013	**39,509**	**26,044**	**59,372**	**3,585**	**128,510**
Depreciation and write downs as of 1 October 2012	**20,381**	**13,026**	**38,695**	**–**	**72,102**
Additions	1,769	2,368	5,573	–	9,710
Reclassifications	(589)	(2)	591	–	–
Disposals	249	(989)	(5,095)	–	(5,835)
Currency effects	(693)	(310)	(897)	–	(1,900)
As of 30 September 2013	**21,117**	**14,093**	**38,867**	**–**	**74,077**
Net carrying amount as of 30 September 2013	**18,392**	**11,951**	**20,505**	**3,585**	**54,433**

Property, plant and equipment – mainly land, buildings and leasehold improvements – includes leased property with a net book value of € 6,200 thousand (previous year € 6,671 thousand).

Property, plant and equipment with a net book value of € 4,562 thousand (previous year € 4,173 thousand) serve as collateral for liabilities.

13. Deferred taxes

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

(Figures in € '000)

	30 September 2014		30 September 2013*	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Losses carryforward	6,523	–	1,162	–
Other intangible assets	3,865	11,408	2,758	1,678
Fixed assets	3,319	1,687	4,014	962
Financial assets	2,614	61	2,404	363
Inventories	16,314	420	16,577	586
Trade receivables	1,319	55	1,258	32
Other assets	225	678	178	1,212
Provisions	25,267	–	19,223	100
Trade payables	–	–	72	–
Other liabilities	9,046	449	7,928	228
Retained earnings	–	195	–	–
Total	**68,492**	**14,953**	**55,574**	**5,161**
Deferred tax assets (net)	**53,539**		**50,413**	

The consolidated statement of financial position contains deferred tax assets, after offsetting pursuant to IAS 12, totaling € 65,941 thousand (previous year € 52,828 thousand*), and deferred tax liabilities of € 12,402 thousand (previous year € 2,415 thousand).

Deferred tax liabilities were carried in the amount of € 195 thousand for net retained earnings of subsidiaries intended for disbursement in the amount of € 13,310 thousand (previous year € 0 thousand). Deferred tax liabilities of € 8,120 thousand (previous year € 7,628 thousand) on retained earnings at subsidiaries in the amount of € 302,884 thousand (previous year € 304,471 thousand) were not carried as liabilities.

The table below shows the reconciliation of deferred taxes:

(Figures in € '000)	
Deferred tax assets (net) as of 30 September 2012, as reported	**43,707**
Effects recognized in other comprehensive income from the retrospective application of the amendments to IAS 19	7,286
Deferred tax assets (net) as of 1 October 2012	**50,993**
Effects recognized through profit or loss	1,089
Effects recognized in other comprehensive income from the retrospective application of the amendments to IAS 19	784
Currency effects	(2,453)
Deferred tax assets (net) as of 30 September 2013	**50,413**
Effects recognized through profit or loss	6,442
Effects recognized in other comprehensive income	5,077
Changes in the reporting entity	(7,363)
Currency effects	(1,030)
Deferred tax assets (net) as of 30 September 2014	**53,539**

14. Other non-current assets

Other non-current assets comprise the following:

(Figures in € '000)

	30 September 2014	30 September 2013*
Plan assets for accrued flexitime	1,081	1,065
Other	390	167
Other non-current assets	**1,471**	**1,232**

* The previous year was adjusted due to the amendment to IAS 19.

15. Inventories

Inventories comprise the following:

(Figures in € '000)	30 September 2014	30 September 2013
Raw materials and supplies	68,818	61,934
Unfinished goods	24,634	18,540
Finished goods	99,607	90,173
Total inventories, gross	**193,059**	**170,647**
Valuation allowances	(20,657)	(22,180)
Total inventories, net	**172,402**	**148,467**

Inventories were written up/down as follows:

(Figures in € '000)	Financial year 2013/2014	Financial year 2012/2013
Beginning of financial year	**22,180**	**24,625**
Additions acquisitions	756	–
Additions recognized as expenses	9,365	7,939
Currency effects	396	(419)
Reversals/utilization	(12,040)	(9,965)
End of financial year	**20,657**	**22,180**

Write-ups in the amount of € 2,553 thousand (previous year € 3,958 thousand) were recognized through profit or loss. The write-ups are mainly attributable to the adjustment of empirical values of parameters for depreciation routines. The cost of materials totaled € 312,785 thousand and € 304,264 thousand, respectively, in financial years 2013/2014 and 2012/2013. 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.

16. Trade receivables

Trade receivables comprise the following:

(Figures in € '000)	30 September 2014	30 September 2013
Current trade receivables	147,604	155,471
Non-current trade receivables	10,171	5,430
Trade receivables, gross	**157,775**	**160,901**
Valuation allowances	(5,007)	(5,480)
Trade receivables, net	**152,768**	**155,421**

17. Other current financial assets

Other current financial assets comprise the following:

(Figures in € '000)	30 September 2014	30 September 2013
Credit card receivables	1,082	635
Derivative financial instruments	1,869	5,557
Loans to employees	78	83
Other receivables	112	109
Other current financial assets	**3,141**	**6,384**

18. Other current non-financial assets

Other current non-financial assets comprise the following:

(Figures in € '000)	30 September 2014	30 September 2013
Prepaid expenses	7,178	5,303
Receivables from the tax office	6,425	1,257
Subsidies	–	64
Commission receivable	–	381
Advances paid	642	1,076
Debit balances of accounts payable	441	–
Other receivables	905	818
Other current non-financial assets	**15,591**	**8,899**

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

19. Cash and cash equivalents

Cash and cash equivalents comprise the following:

(Figures in € '000)	30 September 2014	30 September 2013
Cash	27	17
Bank balances	10,652	4,214
Short-term time deposits	48	2,055
Cash and cash equivalents	**10,727**	**6,286**

20. Equity

Subscribed capital

As in the previous financial year 2012/2013, the share capital of Carl Zeiss Meditec AG is composed 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 Annual 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.

Revenue reserves

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). As of 30 September 2014, the single-entity financial statements of Carl Zeiss Meditec AG showed a net profit of € 102,888 thousand (previous year € 82,342 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.

Other components of equity

The amounts recorded under "Other components of equity" resulting from foreign currency translation developed as follows:

(Figures in € '000)	
Currency translation as of 30 September 2012, as reported	**(1,491)**
Effects from the retrospective application of the amendments to IAS 19	(256)
Currency translation as of 1 October 2012	**(1,747)**
Development in financial year 2012/2013	(17,564)
Effects from the retrospective application of the amendments to IAS 19	207
Currency translation as of 30 September 2013	**(19,104)**
Development in financial year 2013/2014	10,140
Effects recognized in other comprehensive income in financial year 2013/2014	(458)
Currency translation as of 30 September 2014	**(9,422)**

For information on the development of pension-related changes in equity see note (21).

21. Retirement benefit obligations

The obligations arising from defined benefit plans are mainly attributable to retirement benefit obligations in Germany, the USA and Japan. The features and the risks thus associated with the defined benefit plans vary, depending on the general legal, tax and economic conditions of the respective country.

Defined benefit plans

Germany

The currently applicable benefit regulation for employees in Germany is an employer-funded benefit comprising of retirement, disability and survivor benefits. As a general rule, employees are entitled to these benefits after they have been with the company for at least five years.

The benefit plan is a modular system, in which a pension module is calculated and defined for each financial year. The size of the contribution is determined based on the respective employee's income and the success of the company in that financial year, with a guaranteed basic contribution. The contribution is converted into a pension module according to age-related factors. The acquired pension modules are added together and paid out as a life annuity.

In order to reduce the risks associated with defined benefit pension plans, in particular longevity, pay increase, and inflation, benefits are funded via external plan assets. Since 2006 the Company has had a Contractual Trust Arrangement (CTA) with the independent trustee Carl Zeiss Pensions-Treuhand e.V. for the pension entitlements of the active employees at that time. Allianz Global Investors Advisory GmbH, whom the trustee commissioned to manage the special fund, invests the special fund in the capital market according to the investment principles prescribed by the trustee.

In addition to the employer-funded benefit, employees in Germany also have the option to participate in the Deferred Compensation plan. This is a defined contribution plan funded by the deferral of a certain amount of salary, for which the Company takes out reinsurance policies.

USA

The benefit entitlement for employees in the USA is regulated through three pension schemes. These are employer-funded benefits which, depending on how they are structured, include retirement and survivor benefits.

The most comprehensive plan at present relates exclusively to retirement benefits and was drawn up on 31 December 2012 for new employees, as well as to serve additional claims. This is a commitment based on the average salary immediately prior to drawing up the plan. The general legal and regulatory terms and conditions of the plan are based on the U.S. Employee Retirement Income Security Act (ERISA). There is a regulatory requirement in this defined benefit plan, to ensure a minimum level of funding in the amount of the administrative costs and other anticipated costs, in order to avoid benefit limitations.

The second major plan regulates medical and survivor benefits. Similar to the plan described above, this plan has also been drawn up already and consists only of benefits to beneficiaries who entered the retirement phase up until 31 October 2006. This plan is not subject to any legal or regulatory minimum funding requirements of any kind.

These defined benefit plans give rise to actuarial risks, including an investment risk, an interest rate risk and a longevity risk.

The plan assets are managed in a trust. As the funding employer, the Group has delegated supervision of the assets to an investment committee. The members of this investment committee have the fiduciary responsibility, pursuant to U.S. law and the trust agreement, to act solely in the interests of the beneficiaries. The committee has defined the principles and objectives of asset management in an investment strategy, including the stipulation to diversify the investment of the trust, in order to adequately mitigate concentration risks. The trustee of the trust, who is responsible for managing the assets within the confines of the law, acts only according to the specifications of the investment committee and has no autonomous decision-making authority over the plan assets.

Japan

The Group provides employees in Japan with an employer-funded benefit plan offering retirement benefits within the scope of a Retirement Allowance Plan. This benefit plan is a modular system, in which a pension module is calculated and defined for each financial year. The size of the contribution is determined based on the respective employee's income and the success of the company in that financial year. The benefit is paid in the form of a one-time payment upon retirement.

This defined benefit plan gives rise to actuarial risks, such as an interest rate risk and a longevity risk, as well as the risk associated with pay increases.

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:

(Figures in € '000)

	30 September 2014	30 September 2013*
Present value of obligations not financed by plan assets	11,096	9,929
Present value of obligations wholly or partly financed by plan assets	115,807	91,201
Total value of defined benefit obligation (DBO)	**126,903**	**101,130**
Fair value of plan asset	78,015	68,383
Net obligation/amount recognized	**48,888**	**32,747**

The defined benefit obligation is comprised of the following:

(Figures in € '000)

	30 September 2014			30 September 2013*		
	Defined benefit obligation (DBO)	Fair value of plan assets	Net obligation	Defined benefit obligation (DBO)	Fair value of plan assets	Net obligation
Germany	99,073	63,980	35,093	76,379	56,017	20,362
USA	19,103	14,035	5,068	16,999	12,366	4,633
Japan	7,730	–	7,730	7,425	–	7,425
Other	997	–	997	327	–	327
Net amount recognized	**126,903**	**78,015**	**48,888**	**101,130**	**68,383**	**32,747**

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

(Figures in € '000)

	Financial year 2013/2014	Financial year 2012/2013*
Current service cost	4,528	4,851
Net interest expense	953	727
Net expenditure in the financial year recognized in the income statement	**5,481**	**5,578**
Income from plan assets, excluding amounts already included in interest	2,993	774
Actuarial (gains)/losses	19,912	3,980
Expenses and income recognized in other comprehensive income	**16,919**	**3,206**
Actual (income)/expense on plan assets	(4,955)	(3,322)

The current service cost of € 4,528 thousand (previous year € 4,851 thousand) is included under both "Cost of goods sold" and functional costs, depending on the allocation of personnel costs to the functional areas.

* The previous year was adjusted due to the amendment to IAS 19.

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

(Figures in € ’000)	**Financial year 2013/2014**	Financial year 2012/2013*
Defined benefit obligation (DBO) at beginning of financial year	**101,130**	**94,219**
Current service cost	4,528	4,851
Interest expense	2,914	3,277
Benefit payments	(2,110)	(2,009)
Actuarial (gains)/losses based on demographic assumptions	867	–
Actuarial (gains)/losses based on financial assumptions	17,693	5,555
Actuarial (gains)/losses based on empirical assumptions	1,352	(1,574)
Additions/(disposals)	(317)	(7)
Currency translation differences from foreign plans	846	(3,182)
Defined benefit obligation (DBO) at end of financial year	**126,903**	**101,130**

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

(Figures in € ’000)	**Financial year 2013/2014**	Financial year 2012/2013*
Fair value of plan assets at beginning of financial year	**68,383**	**66,302**
Interest income	1,962	2,548
Revaluations (income from plan assets, excluding amounts already included in interest)	2,993	774
Employer contributions	5,779	366
Employee contributions	86	39
Pension payments from plan assets	(2,132)	(989)
Currency translation differences from foreign plans	944	(657)
Fair value at end of financial year	**78,015**	**68,383**

For the coming financial year the Group intends to pay a contribution of € 1,069 thousand (previous year € 977 thousand) into the defined benefit plans.

The plan assets serve exclusively to fulfil the defined benefit obligations. Securing these benefit obligations with financial resources presents a concern for future cash outflows, which occurs in some countries based on legal requirements, and on a voluntary basis in other countries.

The Group’s objective is to cover the pension obligations in Germany in full, within a medium-term period, by means of additions to capital and a positive capital market return. To this end, the Group shall make regular annual contributions to the plan assets. Carl Zeiss Meditec controls and monitors the financial risks arising from the outsourcing of pension obligations. Mainly pensions, shares and similar securities are employed, which, due to a broad spread in terms of currency and investment region, should generate an attractive return, as well as an appropriate reduction of risk. The outsourced funds are allocated by asset category based on analyses conducted by the trustee in concert with the Group and the appointed asset management company. In order to review the external funding strategy at regular intervals and make adjustments, an Asset-Liability-Matching (ALM) study is also regularly prepared in collaboration with an external consultant.

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

(Figures in € ’000)	**30 September 2014**	30 September 2013*
Equity instruments (shares)	**22,749**	**18,465**
Developed markets	16,613	12,453
Growth markets	6,136	5,092
Other	–	920
Debt instruments (bonds and debentures)	**38,338**	**39,554**
Government bonds	11,378	8,350
Corporate bonds	21,243	29,309
Other	5,717	1,895
Real estate	**733**	**1,285**
Alternative investments	**2,452**	**1,463**
Cash	**11,025**	**6,930**
Other	**2,718**	**686**
Total plan assets	**78,015**	**68,383**

* The previous year was adjusted due to the amendment to IAS 19.

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

(Figures in %)

	Germany		USA		Japan	
	Financial year 2013/2014	Financial year 2012/2013*	**Financial year 2013/2014**	Financial year 2012/2013*	**Financial year 2013/2014**	Financial year 2012/2013*
Discount factor	2.70	3.60	4.13	4.64	0.60	0.80
Non-current increase in salaries	2.75	3.00	–	–	2.80	2.28
Future increase in pensions	1.75	2.00	–	–	2.80	2.28
Cost trend medical care	–	–	–	–	–	–

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. Country-specific mortality tables were used in other countries. The calculation of the underlying discount factor also took market changes into account.

Changes in the definitive actuarial assumptions by half a percentage point would have affected the defined benefit pension obligation as of 30 September 2014 as follows:

(Figures in € '000)

	Increase	Decrease
Discount rate	14,721	(12,586)
Remuneration trend	2,895	(2,550)
Rate of pension progression	4,242	(3,845)

The sensitivity analyses presented take into consideration, whilst retaining the calculation method, the change to a single parameter, ceteris paribus in each case. The variation ranges set for the valuation assumptions were selected such that the respective assumption will not move outside the range within one year, with a probability of 60 % to 90 %.

In order to examine the sensitivity of the DBO to a change in the assumed life expectancy, the projected mortality rates were reduced, within the scope of a comparative calculation, to the extent that the reduction leads to an increase in life expectancy by roughly one year. The DBO as of 30 September 2014 would thus have been € 1,003 thousand higher.

The weighted duration of the pension obligations was 22.8 years as of 30 September 2014.

The following pension payments are projected for the next ten years for the defined benefit plan obligations existing as of the end of the reporting period:

(Figures in € '000)

Financial year ending 30 September	Expected benefit payments
2015	1,992
2016	2,417
2017	2,259
2018	2,979
2019	3,303
2020–2024	19,476

* The previous year was adjusted due to the amendment to IAS 19.

22. Provisions

The table below shows the development of current and non-current provisions:

(Figures in € '000)

	Personnel and social	Ongoing operations	Other	Total
As of 1 October 2013*	**4,692**	**24,103**	**10,693**	**39,488**
Additions acquisitions	673	243	1,522	2,438
Additions	1,367	7,974	5,578	14,919
Interest yield	132	–	–	132
Reclassifications	(85)	–	(30)	(115)
Reversals	(369)	(7,130)	(389)	(7,888)
Utilization	(1,804)	(9,453)	(7,343)	(18,600)
Currency effects	119	226	93	438
As of 30 September 2014	**4,725**	**15,963**	**10,124**	**30,812**
Current provisions	921	15,856	10,124	26,901
Non-current provisions	3,804	107	–	3,911
Provisions as of 30 September 2014	**4,725**	**15,963**	**10,124**	**30,812**
Current provisions	989	24,103	10,693	35,785
Non-current provisions	3,703	–	–	3,703
Provisions as of 30 September 2013*	**4,692**	**24,103**	**10,693**	**39,488**

Further information can be found in note (2 (o)). Non-current provisions for personnel and social commitments include provisions for partial retirement obligations. The fair value of the plan assets was offset against the provision at the end of the reporting period as follows:

(Figures in € '000)

	30 September 2014	30 September 2013*
Present value of partial retirement obligations	1,406	1,965
Fair value of plan asset	955	808
Reported net liability for partial retirement obligations	**451**	**1,157**

23. Non-current financial liabilities

Non-current financial liabilities comprise the following:

(Figures in € '000)

	30 September 2014	30 September 2013
Annuity loans	1,819	2,278
Non-current currency forward contracts	215	–
Other loans	31	49
Total non-current loans	**2,065**	**2,327**
Less current portion of non-current loans	477	507
Non-current loans, net of current portion	**1,588**	**1,820**

* The previous year was adjusted due to the amendment to IAS 19.

The variable-interest annuity loan of one Group company has a term of 18 years and is redeemed in quarterly instalments of € 124 thousand, each including interest. In financial year 2013/2014 this loan bore an average interest rate of 1.65 % p. a.

As of 30 September 2014 the Company's non-current liabilities had the following maturities:

(Figures in € '000)

Financial year ending 30 September	Liabilities
2015	477
2016	729
2017	488
2018	371
2019	0
Thereafter	0
Non-current liabilities, total	**2,065**

24. Current accrued liabilities

Current accrued liabilities include the following items:

(Figures in € '000)

	30 September 2014	30 September 2013
Outstanding invoices	17,973	19,744
Christmas bonus, special payments, and other personnel-related liabilities	36,012	33,462
Commissions/bonuses	3,629	3,983
Year-end costs	455	492
Consultancy fees	234	153
Insurance	629	569
Other accrued liabilities	1,644	1,871
Current accrued liabilities	**60,576**	**60,274**

25. Other current non-financial liabilities

Other current non-financial liabilities comprise the following:

(Figures in € '000)

	30 September 2014	30 September 2013
Deferred income	19,218	17,060
Payments received on account of orders	2,922	3,379
Liabilities from taxes not related to income	2,551	3,285
Liabilities from social security	2,210	2,072
Wage withholding tax	1,978	2,003
Outstanding customs duties	–	1,774
Other liabilities	1,745	2,037
Other current non-financial liabilities	**30,624**	**31,610**

26. 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 2014 and 30 September 2013.

(Figures in € '000)

	30 September 2014 Carrying amount statement of financial position IAS 39							
	Valuation category according to IAS 39	Carrying amount	Amortized cost	Fair value recog-nized in other compre-hensive income	Fair value recog-nized through profit or loss	Carrying amount cash reserves	Carrying amount state-ment of financial position IAS 17	Fair value*
Primary financial instruments								
Assets								
Trade receivables	LaR	**152,768**	152,768	–	–	–	–	**152,768**
Receivables from related parties	LaR	**57,103**	57,103	–	–	–	–	**57,103**
Treasury receivables	LaR	**290,614**	290,614	–	–	–	–	**290,614**
Investments	AfS	**124**	124	–	–	–	–	**124**
Non-current loans to employees	LaR	**5**	5	–	–	–	–	**5**
Other non-current financial assets	LaR	**1,399**	1,399	–	–	–	–	**1,399**
Other current financial assets	LaR	**1,272**	1,272	–	–	–	–	**1,272**
Cash	LaR	**10,727**	–	–	–	10,727	–	**10,727**
Liabilities								
Trade payables	FLAC	**33,421**	33,421	–	–	–	–	**33,421**
Liabilities to related parties	FLAC	**16,527**	16,527	–	–	–	–	**16,527**
Treasury payables	FLAC	**8,022**	8,022	–	–	–	–	**8,022**
Loans from banks	FLAC	**2,861**	2,861	–	–	–	–	**2,730**
Other financial liabilities	FLAC	**37**	37	–	–	–	–	**37**
Financial liabilities which cannot be allocated to any category within the meaning of IAS 39:								
Leasing liabilities	n. a.	**12,774**	–	–	–	–	12,774	**15,604**
Derivative financial instruments								
Assets								
Currency hedging contracts	FVTPL	**1,869**	–	–	1,869	–	–	**1,869**
Liabilities								
Currency hedging contracts	FVTPL	**12,602**	–	–	12,602	–	–	**12,602**
Thereof aggregated by valuation category pursuant to IAS 39								
Loans and receivables (LaR)		**513,888**	503,161	–	–	10,727	–	**513,888**
Available-for-sale financial assets (AfS)		**124**	124	–	–	–	–	**124**
Financial assets/liabilities through Profit or Loss (FVTPL)		**14,471**	–	–	14,471	–	–	**14,471**
Financial Liabilities Measured at Amortised Cost (FLAC)		**60,868**	60,868	–	–	–	–	**60,737**

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

(Figures in € ’000)

	30 September 2013 Carrying amount statement of financial position IAS 39							
	Valuation category according to IAS 39	Carrying amount	Amortized cost	Fair value recognized in other comprehensive income	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	**155,421**	155,421	–	–	–	–	**155,421**
Receivables from related parties	LaR	**62,701**	62,701	–	–	–	–	**62,701**
Treasury receivables	LaR	**352,412**	352,412	–	–	–	–	**352,412**
Investments	AfS	**124**	124	–	–	–	–	**124**
Other non-current financial assets	LaR	**129**	129	–	–	–	–	**129**
Other current financial assets	LaR	**827**	827	–	–	–	–	**827**
Cash	LaR	**6,286**	–	–	–	6,286	–	**6,286**
Liabilities								
Trade payables	FLAC	**35,861**	35,861	–	–	–	–	**35,861**
Liabilities to related parties	FLAC	**19,833**	19,833	–	–	–	–	**19,833**
Treasury payables	FLAC	**6,859**	6,859	–	–	–	–	**6,859**
Loans from banks	FLAC	**2,402**	2,402	–	–	–	–	**2,395**
Other financial liabilities	FLAC	**1,455**	1,455	–	–	–	–	**1,455**
Financial liabilities which cannot be allocated to any category within the meaning of IAS 39:								
Leasing liabilities	n. a.	**13,804**	–	–	–	–	13,804	**17,397**
Derivative financial instruments								
Assets								
Currency hedging contracts	FVTPL	**5,557**	–	–	5,557	–	–	**5,557**
Liabilities								
Currency hedging contracts	FVTPL	**1,187**	–	–	1,187	–	–	**1,187**
Thereof aggregated by valuation category pursuant to IAS 39								
Loans and receivables (LaR)		**577,776**	571,490	–	–	6,286	–	**577,776**
Available-for-sale financial assets (AfS)		**124**	124	–	–	–	–	**124**
Financial assets/liabilities at Fair Value through Profit or Loss (FVTPL)		**6,744**	–	–	6,744	–	–	**6,744**
Financial Liabilities Measured at Amortised Cost (FLAC)		**66,410**	66,410	–	–	–	–	**66,403**

* 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 (h). 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 item
» Trade receivables	LaR	» Non-current trade receivables » Trade receivables
» Receivables from related parties	LaR	» Accounts receivable from related parties
» Treasury receivables	LaR	» Treasury receivables
» Investments	AfS	» Investments
» Securities	AfS	» Securities
» Non-current loans to employees » Other non-current financial assets	LaR LaR	» Other non-current assets
» Other current financial assets » Asset-side currency hedging contracts	LaR FVTPL	» Other current financial assets
» Cash	LaR	» Cash and cash equivalents
» Trade payables	FLAC	» Trade payables
» Liabilities to related parties	FLAC	» Accounts payable to related parties
» Treasury payables	FLAC	» Treasury payables
» Other financial liabilities	FLAC FLAC	» Non-current financial liabilities » Current portion of non-current financial liabilities
» Loans from banks	FLAC FLAC FLAC	» Non-current financial liabilities » Current portion of non-current financial liabilities » Current financial liabilities
» Liabilities-side currency hedging contracts	FVTPL	» Current financial liabilities
» Leasing liabilities	n. a.	» Non-current leasing liabilities » Current portion of non-current leasing liabilities

As of 30 September 2014 the Company had currency hedging contracts with a total nominal value of € 281,763 thousand (previous year € 283,168 thousand). Gains and losses on the valuation of derivative financial instruments not yet due totaling € - 10,737 thousand (previous year € +4,516 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 table shows 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.

(Figures in € '000)

		Interest effects	From subsequent valuation at fair value	Currency translation	Valuation allowance	Write-offs	Result recognized in other comprehensive income	Net result
From loans and receivables	30 September 2014	1,586	n. a.	1,609	(968)	(39)	n. a.	2,188
	30 September 2013	1,893	n. a.	(8,114)	(1,185)	(198)	n. a.	(7,604)
From available-for-sale financial assets	30 September 2014	–	–	–	–	–	–	–
	30 September 2013	–	–	–	–	–	–	–
Financial assets and liabilities recognized at fair value through profit or loss	30 September 2014	–	(10,737)	3,662	–	–	–	(7,075)
	30 September 2013	–	4,516	16,984	–	–	–	21,500
From financial liabilities carried at amortized cost	30 September 2014	(261)	n. a.	(220)	n. a.	n. a.	n. a.	(481)
	30 September 2013	(727)	n. a.	1,110	n. a.	n. a.	n. a.	383
Other	30 September 2014	(2,336)	–	–	529	–	–	(1,807)
	30 September 2013*	(3,267)	–	–	630	–	–	(2,637)
Total	**30 September 2014**	**(1,011)**	**(10,737)**	**5,051**	**(439)**	**(39)**	**–**	**(7,175)**
	30 September 2013*	**(2,101)**	**4,516**	**9,980**	**(555)**	**(198)**	**–**	**11,642**
thereof through profit or loss	30 September 2014	(1,011)	(10,737)	5,051	(439)	(39)	–	(7,175)
	30 September 2013*	(2,101)	4,516	9,980	(555)	(198)	–	11,642
thereof selling and marketing expenses	30 September 2014	–	–	–	(968)	(39)	–	(1,007)
	30 September 2013	–	–	–	(1,185)	(198)	–	(1,383)

The interest from financial instruments is carried under "Interest income"; dividends are carried under "Other financial result" (see note (6)). 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 and Marketing 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 and liabilities 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 where input factors are derived directly or indirectly from observable market data.

Category 3
» Valuation is based on valuation methods where input factors are not based exclusively on observable market data.

(Figures in € '000)

		Category 1	Category 2	Category 3	Total
Financial assets recognized at fair value through profit or loss	30 September 2014	–	1,869	–	1,869
	30 September 2013	–	5,557	–	5,557
Financial liabilities recognized at fair value through profit or loss	30 September 2014	–	(12,602)	–	(12,602)
	30 September 2013	–	(1,187)	–	(1,187)

* The previous year was adjusted due to the amendment to IAS 19.

Carl Zeiss Meditec shall review at the end of each reporting period whether there are grounds for reclassification to or from a valuation category. In the reporting period there were no reclassifications amongst the valuation categories.

OTHER DISCLOSURES

27. Leases

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 2013/2014 and 2012/2013 amount to € 13,578 thousand and € 12,067 thousand, respectively.

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

(Figures in € '000)	Lease and rental payments
Up to 1 year	11,927
1 to 5 years	26,331
More than 5 years	14,037
Total minimum lease and rental payments	**52,295**

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 outstanding obligations from finance leases are as follows:

(Figures in € '000)	Financial year 2013/2014	Financial year 2012/2013	Financial year 2013/2014	Financial year 2012/2013	Financial year 2013/2014	Financial year 2012/2013
	Present value of future lease payments		Interest portion of future lease payments		Total future lease payments	
Due within 1 year	1,857	1,150	70	19	1,927	1,169
Due within 1 to 5 years	2,537	1,952	258	91	2,795	2,043
Due after more than 5 years	63	–	5	–	68	–
Total	**4,457**	**3,102**	**333**	**110**	**4,790**	**3,212**

In the ended financial year 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 lessor

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, and any profit from the transaction is to be distributed.
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 instalments by 13 % every five years.

In addition, the land and buildings of the French subsidiary Carl Zeiss Meditec S.A.S. in Périgny/La Rochelle are financed via a finance lease. This lease agreement comprises three contracts: the basic lease agreement was concluded in 2001 and was extended in 2002 and 2003 by additional 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.

There are also finance lease agreements pertaining to company vehicles.

The obligations from finance leases are as follows:

(Figures in € '000)	Financial year 2013/2014	Financial year 2012/2013	Financial year 2013/2014	Financial year 2012/2013	Financial year 2013/2014	Financial year 2012/2013
	Present value of future lease payments		Interest portion of future lease payments		Total future lease payments	
Due within 1 year	2,359	1,835	928	987	3,287	2,822
Due within 1 to 5 years	10,415	9,369	2,001	2,523	12,416	11,892
Due after more than 5 years	–	2,600	–	193	–	2,793
Total	**12,774**	**13,804**	**2,929**	**3,703**	**15,703**	**17,507**

28. 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 € 1,748 thousand (previous year € 1,331 thousand) and for intangible fixed assets totaling € 114 thousand (previous year € 139 thousand).

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 AG. 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 this claim and is therefore contesting it.

Provisions were set up for the expected costs (note (22)).

29. Securities

Assets pledged as security

Borrowings in the amount of € 1,819 thousand (previous year € 2,278 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.

30. Segment reporting

Pursuant to IFRS 8, the Group publishes its operating segments based on the information that is reported internally to the Management Board, 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 AG's main 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. For more information on the business activities of the SBUs please refer to the management report in this Annual Report.

Internal management reports are evaluated regularly by the CEO 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.

(Figures in € '000)

	Ophthalmic Systems		Surgical Ophthalmology		Microsurgery		Total	
	Financial year 2013/2014	Financial year 2012/2013*	**Financial year 2013/2014**	Financial year 2012/2013*	**Financial year 2013/2014**	Financial year 2012/2013*	**Financial year 2013/2014**	Financial year 2012/2013*
External revenue	**372,892**	**390,954**	**145,982**	**121,310**	**390,381**	**394,181**	**909,255**	**906,445**
Gross profit	165,885	176,276	84,781	68,807	237,707	242,376	488,373	487,459
Selling and marketing expenses	(91,493)	(88,987)	(40,934)	(35,196)	(93,699)	(90,861)	(226,126)	(215,044)
General and administrative expenses	(14,994)	(16,800)	(11,704)	(9,727)	(15,093)	(15,684)	(41,791)	(42,211)
Research and development expenses	(51,142)	(55,105)	(11,366)	(8,805)	(37,243)	(33,667)	(99,751)	(97,577)
Other expenses	–	(17)	–	–	–	–	–	(17)
Earnings before interest and income taxes	**8,256**	**15,367**	**20,777**	**15,079**	**91,672**	**102,164**	**120,705**	**132,610**
Depreciation and amortization	6,191	7,766	8,614	7,132	3,148	3,821	17,953	18,719
Appropriation to provisions	8,906	14,670	1,128	1,892	4,885	17,009	14,919	33,571
Reconciliation of segments' comprehensive income to the Group's period-end result:								
Comprehensive income of the segments							**120,705**	**132,610**
Consolidated earnings before interest and taxes (EBIT)							**120,705**	**132,610**
Financial result							(6,168)	13,025
Consolidated earnings before income taxes							**114,537**	**145,635**
Income tax expense							(35,380)	(47,887)
Net income							**79,157**	**97,748**
Thereof attributable to:								
Shareholders of the parent company							74,954	92,131
Non-controlling interest							4,203	5,617

As a general rule there were no intersegment sales.

The information on geographic regions is based on the regions of Germany, USA, Japan, Europe (excluding Germany) and Rest of world according to the registered office of the subsidiary which recognizes the revenues or which holds the non-current assets. Each region essentially offers the same type of products and services.

(Figures in € '000)

	Financial year 2013/2014		Financial year 2012/2013*	
	Revenue	**Non-current assets**	Revenue	Non-current assets
Germany	425,268	57,932	397,683	56,254
USA	276,208	101,506	299,996	30,556
Japan	101,588	816	113,703	706
Europe (excluding Germany)	106,191	106,346	95,063	101,288
Rest of world	0	429	0	438
Total	**909,255**	**267,029**	**906,445**	**189,242**

* The previous year was adjusted due to the amendment to IAS 19.

Segment assets comprise the non-current assets of the segment less deferred income taxes of € 65,941 thousand (previous year € 52,828 thousand), investments of € 124 thousand (previous year € 124 thousand) and non-current trade receivables of € 10,161 thousand (previous year € 5,421 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 (32)).

31. Government grants

Receipt grants allocated for financial year 2013/2014 and 2012/2013 were as follows:

(Figures in € '000)

	Financial year 2013/2014	Financial year 2012/2013
Research and development subsidies	219	178
Grants for assets	335	525
Wage subsidies	244	33
Total	**798**	**736**

Grants received in the amount of € 335 thousand (previous year € 525 thousand) were deducted from the acquisition costs of the relevant property, plant and equipment. Investment grants and investment subsidies are recognized when there is adequate assurance that the associated terms and conditions will be met and the grants and subsidies will actually be awarded. 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 for which a provision has not been set up. The subsidies awarded for research and development costs were recognized under Research and development expenses.

Wage subsidies were recognized in production and functional costs.

32. Related party disclosures

The following transactions and outstanding balances arise from various agreements with related parties:

(Figures in € '000)

	Transaction amount			
	Financial year 2013/2014		Financial year 2012/2013	
	Carl Zeiss Group	thereof Carl Zeiss AG	Carl Zeiss Group	thereof Carl Zeiss AG
Sale of merchandise	255,989	30	231,586	–
Purchase of merchandise	48,250	1,438	45,667	2,394
Services rendered	13,429	2,182	30,312	1,237
Purchased services	89,407	43,996	67,205	35,052
including:				
Lease and rental costs	5,086	3,329	4,562	4,334
Research and development expenses	11,299	5,930	10,479	4,579
Licensing costs	9,443	8,703	5,203	4,463

(Figures in € '000)

	Outstanding balance			
	30 September 2014		30 September 2013	
	Carl Zeiss Group	thereof Carl Zeiss AG	Carl Zeiss Group	thereof Carl Zeiss AG
Receivables	347,716	1,181	415,113	7,132
Liabilities	24,548	7,070	26,692	9,170

The amounts presented above include income – mainly financial income – and expenses – mainly financial expenses – totaling € 9,248 thousand (previous year € 25,239 thousand) and € 16,278 thousand (previous year € 3,149 thousand), as well as receivables from and liabilities to Carl Zeiss Financial Services GmbH in the amount of € 290,614 thousand (previous year € 352,412 thousand) and € 8,022 thousand (previous year € 6,859 thousand).

Receivables from Carl Zeiss Financial Services GmbH in financial year 2013/2014 include a current fixed-term deposit of € 110,000 (previous year € 140,000 thousand). Aside from this fixed-term deposit, the loans granted and monies invested by Carl Zeiss Financial Services GmbH are subject to standard market conditions and a variable interest rate.

The remuneration paid to the Group's management in key positions (Management Board and Supervisory Board) is composed of the following:

(Figures in € '000)	Financial year 2013/2014	Financial year 2012/2013
Short-term payments due	1,793	1,645
Payments due after termination of employment contract	324	335
Other long-term payments due	604	462
Total remuneration paid to key personalities within the Group	**2,721**	**2,442**

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.

33. Employee participation programs

The Company did not issue any stock options or free shares in financial years 2013/2014 and 2012/2013.

34. Notifiable transactions in the reporting period

During the past financial year no members of the Management Board and Supervisory Board executed any notifiable securities transactions pursuant to Section 15a of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*).

At the current time, no Company shares are held by members of the Management Board or Supervisory Board of Carl Zeiss Meditec AG.

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*).

35. 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 (h)). The Group also holds non-current, interest-bearing financial receivables and liabilities and leasing 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 measured 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.

(Figures in € '000)	30 September 2014	30 September 2013
Variable-interest financial assets	–	–
Fixed-interest financial assets	–	–
Total interest-bearing assets	–	–
Variable-interest financial liabilities	2,030	2,571
Fixed-interest financial liabilities	13,588	13,560
Total interest-bearing liabilities	**15,618**	**16,131**

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.

(Figures 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 2014	2,030	(47)	47	–	–
	30 September 2013	2,571	(57)	57	–	–

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, in order 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 2014.

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. These transactions mainly relate to the currencies listed in the following table. 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 currency forward contracts with a term of max. 2 years 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.

The fair values are calculated exclusively using recognized actuarial methods and based on publicly accessible market information.

(Figures in € ’000)

		Total	Thereof: in the following currencies – translated to € –											
		EUR	EUR	USD	JPY	GBP	CAD	SEK	AUD	PLN	ZAR	CZK	BRL	Other
Assets														
Trade receivables	30 September 2014	152,768	151,560	1,206	–	2	–	–	–	–	–	–	–	–
	30 September 2013	155,421	155,272	19	–	–	–	–	–	–	–	–	–	130
Receivables from related parties	30 September 2014	57,103	35,479	9,796	–	1,842	1,040	547	3,167	781	–	536	3,080	835
	30 September 2013	62,701	45,920	7,301	–	2,041	708	300	3,305	1,142	722	654	–	608
Asset-side currency hedging contracts	30 September 2014	1,869	–	1,257	25	95	–	65	139	7	–	28	197	56
	30 September 2013	5,557	–	2,143	1,401	14	145	44	1,287	–	226	3	–	294
Total assets	**30 September 2014**	**211,740**	**187,039**	**12,259**	**25**	**1,939**	**1,040**	**612**	**3,306**	**788**	**–**	**564**	**3,277**	**891**
	30 September 2013	**223,679**	**201,192**	**9,463**	**1,401**	**2,055**	**853**	**344**	**4,592**	**1,142**	**948**	**657**	**–**	**1,032**
Liabilities														
Trade payables	30 September 2014	33,421	31,078	1,467	799	12	–	–	3	–	–	3	–	59
	30 September 2013	35,861	32,554	2,129	989	109	–	–	3	–	–	–	9	68
Liabilities to related parties	30 September 2014	16,527	14,505	1,228	–	26	1	383	–	48	–	–	237	99
	30 September 2013	19,833	18,535	866	–	33	1	1	17	–	–	–	–	380
Liabilities-side currency hedging contracts	30 September 2014	12,602	–	8,696	712	881	499	6	926	105	–	8	688	81
	30 September 2013	1,187	-	437	10	292	-	16	26	94	59	19	–	234
Total liabilities	**30 September 2014**	**62,550**	**45,583**	**11,391**	**1,511**	**919**	**500**	**389**	**929**	**153**	**–**	**11**	**925**	**239**
	30 September 2013	**56,881**	**51,089**	**3,432**	**999**	**434**	**1**	**17**	**46**	**94**	**59**	**19**	**9**	**682**

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 income taxes and equity would have been affected as follows:

(Figures in € '000)		Carrying amount	Effects of currency risks on			
			Result		Equity	
			+10%	-10%	+10%	-10%
Assets						
Trade receivables	30 September 2014	152,768	(121)	121	–	–
	30 September 2013	155,421	(15)	15	–	–
Receivables from related parties	30 September 2014	57,103	(2,162)	2,162	–	–
	30 September 2013	62,701	(1,678)	1,678	–	–
Asset-side currency hedging contracts	30 September 2014	1,869	3,833	(3,833)	–	–
	30 September 2013	5,557	18,901	(18,901)	–	–
Effect of financial instruments before taxes	**30 September 2014**	**211,740**	**1,550**	**(1,550)**	**–**	**–**
	30 September 2013	**223,679**	**17,208**	**(17,208)**	**–**	**–**
Liabilities						
Trade payables	30 September 2014	33,421	234	(234)	–	–
	30 September 2013	35,861	331	(331)	–	–
Liabilities to related parties	30 September 2014	16,527	202	(202)	–	–
	30 September 2013	19,833	130	(130)	–	–
Liabilities-side currency hedging contracts	30 September 2014	12,602	21,927	(21,927)	–	–
	30 September 2013	1,187	3,034	(3,034)	–	–
Effect of financial instruments before taxes	**30 September 2014**	**62,550**	**22,363**	**(22,363)**	**–**	**–**
	30 September 2013	**56,881**	**3,495**	**(3,495)**	**–**	**–**

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 behaviour, 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. 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:

(Figures in € '000)

	Valuation allowance on trade receivables	
	Financial year 2013/2014	Financial year 2012/2013
Beginning of financial year	**5,480**	**4,817**
Changes in the reporting entity	628	–
Appropriation	1,440	1,411
Utilization	(2,037)	(483)
Reversal	(472)	(226)
Exchange rate differences	(32)	(39)
End of financial year	**5,007**	**5,480**
Gross book value of impaired trade receivables	44,351	38,056
Net book value of impaired trade receivables	39,344	32,576

The credit risks remaining after the individual valuation allowance for trade receivables are presented using the following age analysis:

(Figures 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 2014	152,768	78,883	12,253	8,333	2,502	8,389	3,064
	30 September 2013	155,421	90,247	13,228	7,976	3,985	5,145	2,264
Receivables from related parties	30 September 2014	57,103	39,636	2,559	2,199	1,772	8,364	2,573
	30 September 2013	62,701	48,372	4,087	3,050	3,368	3,171	653
Treasury receivables	30 September 2014	290,614	290,614	–	–	–	–	–
	30 September 2013	352,412	352,412	–	–	–	–	–

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 and treasury receivables within the Group, as well as the Group's sound financing structure with an equity ratio of 72.6 %, the risk of insolvency is currently considered negligible.

As of 30 September 2014 the Group's primary financial liabilities had the following maturities.

(Figures in € '000)

	End of reporting period	Carrying amount	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 2014	33,421	33,421	26,068	7,307	5	41	–
	30 September 2013	35,861	35,861	28,653	7,203	5	–	–
Liabilities to related parties	30 September 2014	16,527	16,527	15,916	607	4	–	–
	30 September 2013	19,833	19,833	18,349	1,484	–	–	–
Treasury payables	30 September 2014	8,022	8,022	8,022	–	–	–	–
	30 September 2013	6,859	6,859	6,859	–	–	–	–
Liabilities to banks	30 September 2014	2,861	2,904	1,042	124	124	248	1,366
	30 September 2013	2,402	2,508	124	–	124	372	1,888
Lease liabilities	30 September 2014	12,774	15,676	272	544	817	1,627	12,416
	30 September 2013	13,804	17,507	236	473	710	1,403	14,685
Other financial liabilities	30 September 2014	37	37	6	–	–	–	31
	30 September 2013	1,455	1,455	1,423	16	16	–	–
Total	**30 September 2014**	**73,642**	**76,587**	**51,326**	**8,582**	**950**	**1,916**	**13,813**
	30 September 2013	**80,214**	**84,023**	**55,644**	**9,176**	**855**	**1,775**	**16,573**

As of 30 September 2014 the Group's derivative financial liabilities had the following maturities.

(Figures in € '000)

	End of reporting period	Undiscounted cash outflows from derivative financial liabilities with settlement on a gross basis					
		Total	up to 30 days	from 31 to 90 days	from 91 to 180 days	from 181 to 360 days	more than 360 days
Cash outflows	30 September 2014	220,523	16,019	37,432	55,743	102,182	9,147
	30 September 2013	80,064	7,030	10,837	21,254	40,943	–
Cash inflows	30 September 2014	234,281	17,200	40,195	60,018	107,340	9,528
	30 September 2013	81,001	7,150	11,048	21,685	41,118	–

36. 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, 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 reports them to the Management Board 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, treasury receivables (group treasury of Carl Zeiss AG), excluding current financial investments. In the past financial year, the equity ratio stood at 72.6 % (previous year 72.8 %*). Net debt amounted to € 93,542 thousand (previous year € 49,062 thousand*). Since financial year 2012/2013 the Company has deposited its current financial investment with Carl Zeiss Financial Services GmbH, Oberkochen. In the financial year, the current financial investment was reduced to € 110,000 thousand (previous year € 140,000 thousand). This investment is carried under "Treasury receivables". The Company is not subject to any external minimum capital requirements. The table below shows the above key ratios in the reporting period:

(Figures in € '000)

	30 September 2014	30 September 2013*
Equity (incl. non-controlling interests)	754,227	715,314
Borrowed capital	284,883	267,760
Total assets	**1,039,110**	**983,074**
Cash and cash equivalents	10,727	6,286
Treasury receivables	290,614	352,412
thereof financial investment	110,000	140,000
Treasury receivables (excluding financial investment)	180,614	212,412
Equity ratio in percent	72.6 %	72.8 %
Net debt	**93,542**	**49,062**

The dynamic debt ratio, i. e., the ratio of net debt to operative cash flow, of the Group amounts to 1.5 years in the course of financial year 2013/2014 (previous year 0.8 years*). The interest coverage ratio, i. e., the coverage of interest income by the operating result before depreciation and amortization (EBITDA), amounted to 137.1 in financial year 2013/2014 (previous year 72.0*).

The Group's overall strategy with regard to capital management remained the same as the previous year.

37. 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 2012/2013, a dividend of € 36,589 thousand (€ 0.45 per share) was proposed in the financial year under review and distributed to the shareholders.

Agreement on a non-exclusive distribution collaboration

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

* The previous year was adjusted due to the amendment to IAS 19.

38. Other mandatory disclosures pursuant to Section 315a *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 2013/2014 and entered in the commercial register:

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

The total remuneration paid directly to the active members of the Management Board pursuant to Section 314 (1) No. 6a *HGB* amounted to € 1,444 thousand in financial year 2013/2014. (previous year € 1,295 thousand). Details of this remuneration are contained in the remuneration report in the management report. Projected unit credits for pensions for active members of the Company's Management Board amounted to € 609 thousand (previous year € 1,599 thousand). The expense for transfers to provisions for pensions of active Management Board members was € 324 thousand (previous year € 335 thousand). Furthermore, projected unit credits for pensions for former members of the Management Board of Carl Zeiss Meditec amounted to € 691 thousand (previous year € 561 thousand).

Supervisory Board

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

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

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. Wolfgang Reim Member of the Supervisory Board until 04/03/2014 Independent MedTech consultant	» none	» Member of the Board of Directors of GN Store Nord, Ballerup, Denmark » Member of the Board of Directors of Elekta AB, Stockholm, Sweden » Chairman of the Advisory Board of Ondal Medical Systems GmbH, Hünfeld, Germany » Member of the Advisory Board of Klingel GmbH, Pforzheim, Germany » Member of the Advisory Board of Medlumics S.L., Madrid, Spain
Cornelia Grandy* Member of the Supervisory Board since 2011 Service engineer and deputy chairwoman of the Works Council of Carl Zeiss Meditec AG, Jena, Germany	» none	» none
Jörg Heinrich* Member of the Supervisory Board since 2011 Employee for quality/complaint management and member of the General Works Council of Carl Zeiss Meditec AG, Jena, Germany	» none	» none

* elected employee representatives

Committees of the Supervisory Board

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

The total remuneration of the active members of the Supervisory Board amounted to € 296 thousand in financial year 2013/2014 (previous year € 350 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 charged by the Group auditor in Germany is composed as follows:

(Figures in € '000)	Financial year 2013/2014	Financial year 2012/2013
Auditing of financial statements	**289**	**254**
Other audit expenses	**0**	**0**
Tax consultancy services	**0**	**0**

Information on shareholdings (consolidated companies)

Name and registered office of the company	Currency	Share of voting capital (in %)	Equity as of 30 September 2014 translated at the market rate at the end of the reporting period*	thereof gain/(loss) for financial year 2013/2014 translated at average annual rate*
Carl Zeiss Meditec Inc., Dublin, USA	USD '000 EUR '000	100	192,499 152,844	-2,585 -1,905
Aaren Scientific Inc., Ontario, USA	USD '000 EUR '000	100	7,805 6,197	-2,120 -1,562
Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany	EUR '000	100	68,197	139
Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain	EUR '000	100	5,883	808
Carl Zeiss Meditec Co. Ltd., Tokyo, Japan	JPY '000 EUR '000	51	10,604,156 76,755	1,129,758 8,137
Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi A.S., Ankara, Turkey	TRY '000 EUR '000	100	20,001 6,960	5,569 1,927
Carl Zeiss Meditec Vertriebsgesellschaft mbH, Oberkochen, Germany	EUR '000	100	12,197	2,578
Atlantic S.A.S., Périgny/La Rochelle, France	EUR '000	100	74,774	25,669
HYALTECH Ltd., Livingston, United Kingdom	GBP '000 EUR '000	100	15,827 20,335	1,165 1,421
France Chirurgie Instrumentation S.A.S., Paris, France	EUR '000	100	13,441	609
Carl Zeiss Meditec France S.A.S., Marly-le-Roi, France	EUR '000	100	4,231	738
Carl Zeiss Meditec S.A.S., Périgny/La Rochelle, France	EUR '000	100	33,267	1,259
France Chirurgie Instrumentation SUD Ltd., Quatre Bornes, Mauritius	EUR '000	100	2,155	285
France Chirurgie Instrumentation Ophthalmics Inc., Pembroke, USA	USD '000 EUR '000	100	3,659 2,905	606 446

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

Information on shareholdings (unconsolidated companies)

Name and registered office of the company	Currency	Share of voting capital (in %)
Aaren Scientific S.L., Barcelona, Spain	USD '000	100
Hexavision S.A.R.L, Paris, France	USD '000	100
Aaren Cientifica do Brasil Ltda, Sao Paulo, Brazil	BRL '000	100
Ophthalmic Innovations International S. de R.L. de. C.V., Mexico	MXN '000	96

Aaren Scientific Inc., acquired in financial year 2013/2014, has smaller distribution companies in Spain, France, Brazil and Mexico, which are, however, of secondary importance for the Meditec Group, due to their suspended or very limited operations, and for this reason they are not consolidated.

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.**

39. Clearance for publication

The Management Board of Carl Zeiss Meditec AG cleared these IFRS consolidated financial statements to be handed over to the Supervisory Board on 21 November 2014. The Supervisory Board's task is to review the consolidated financial statements and declare whether it approves the consolidated financial statements.

Jena, 21 November 2014
Carl Zeiss Meditec AG

Dr. Ludwin Monz President and Chief Executive Officer	Dr. Christian Müller 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 AG 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, 21 November 2014
Carl Zeiss Meditec AG

Dr. Ludwin Monz
President and
Chief Executive Officer

Dr. Christian Müller
Member of the
Management Board

Thomas Simmerer
Member of the
Management Board

Audit opinion

We have audited the consolidated financial statements prepared by Carl Zeiss Meditec AG, Jena, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements, together with the group management report for the fiscal year from 1 October 2013 to 30 September 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs (International Financial Reporting Standards) as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) *HGB* (*Handelsgesetzbuch:* German Commercial Code) is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 *HGB* and German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* [Institute of Public Auditors in Germany] (*IDW*). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) *HGB* and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Eschborn/Frankfurt am Main, 21 November 2014
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Jäger	Bätz
Wirtschaftsprüferin	*Wirtschaftsprüfer*
[German Public Auditor]	[German Public Auditor]

Financial statements of Carl Zeiss Meditec AG, Jena, financial year 2013/2014 *(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**.

Table 1: Overview of key items in the single-entity financial statements (in € '000)

Income statement	Financial year 2012/2013	**Financial year 2013/2014**	Change
Revenue	**566,978**	**587,488**	**3.6%**
Gross profit	245,228	273,140	11.4%
Result from ordinary activities	**83,088**	**85,848**	**3.3%**
Net income/loss for the year	**51,017**	**57,135**	**12.0%**
Retained profits brought forward	63,849	82,342	29.0%
Net retained profit	**82,342**	**102,888**	**25.0%**

Balance sheet	30 September 2013	**30 September 2014**	Change
Fixed assets	572,160	558,411	-2.4%
Current assets	363,240	381,982	5.2%
thereof: trade receivables	*20,993*	*26,662*	*27.0%*
thereof: cash and cash equivalents	*3*	*4*	*33.3%*
Shareholders' equity	813,046	833,592	2.5%
Liabilities	55,171	43,189	-21.7%
Total assets	**943,884**	**949,040**	**0.5%**

Proposal for the utilisation of profits by the Management Board for financial year 2013/2014

Financial year 2013/2014 closes with net income for the year of € 57,134,493.89. The Management Board recommends utilizing the net retained profits of € 102,887,654.06 for financial year 2013/2014 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: € 70,363,810.06.

CONSOLIDATED FINANCIAL STATEMENTS

Additional information

Financial calendar and event calendar 2014/2015

Table 1: Financial calendar 2014/2015

Date	Financial year 2014/2015
13 February 2015	3 Month Report
13 February 2015	Telephone conference
18 March 2015	Annual General Meeting
7 May 2015	6 Month Report
7 May 2015	Telephone conference
7 August 2015	9 Month Report
7 August 2015	Telephone conference
14 December 2015	Annual Financial Statements 2014/2015
14 December 2015	Analyst's Conference, Frankfurt am Main

Table 2: Event calendar 2014/2015

Date	Financial year 2014/2015
26–29 January 2015	ARAB Health (Image) Dubai, United Arab Emirates
20–22 February 2015	ESCRS Winter Meeting (European Society of Cataract & Refractive Surgeons) (Ophthalmology) Istanbul, Turkey
10–14 March 2015	IDS (International Dental Show) Duesseldorf, Germany
1–4 April 2015	APAO (Asia-Pacific Academy of Ophthalmology) (Ophthalmology) Guangzhou, China
15–18 April 2015	AACNS (Asian Australian Congress of Neurological Surgeons) (Neurosurgery) Jeju Island, Korea
17–21 April 2015	ASCRS (American Society of Cataract and Refractive Surgery) (Ophthalmology) San Diego, USA
24–28 April 2015	ESTRO (European Society for Radiotherapy & Oncology) (Radiotherapy and Oncology) Barcelona, Spain
2–6 May 2015	AANS (American Association of Neurological Surgeons) (Neurosurgery) Washington D.C., USA
11–13 June 2015	DOC (28th International Congress of German Ophthalmic Surgeons) (Ophthalmology) Leipzig, Germany
5–8 September 2015	ESCRS Summer Meeting (European Society of Cataract & Refractive Surgery) (Ophthalmology) Barcelona, Spain
17–20 September 2015	Euretina (Ophthalmology) Nice, France
22–25 September 2015	FDI (World Dental Congress) (Dental) Bangkok, Thailand
26–30 September 2015	CNS (Congress of Neurological Surgeons) (Neurosurgery) New Orleans, USA
18–21 October 2015	ASTRO (American Society for Therapeutic Radiology and Oncology) (Radiology and Oncology) San Antonio, USA
14–17 November 2015	AAO (American Academy of Ophthalmology) (Ophthalmology) Las Vegas, USA

Contact

Carl Zeiss Meditec AG

Investor Relations
Sebastian Frericks

Phone: +49 3641 220 116
Fax: +49 3641 220 117
investors.meditec@zeiss.com

Corporate Communications
Jann Gerrit Ohlendorf

Phone: +49 3641 220 331
Fax: +49 3641 220 112
press.meditec@zeiss.com

Concept and editing by:
Henriette Meyer, Susanne Hellwage

Visual concept and design:
Publicis Pixelpark, Erlangen, Germany
www.publicis.de

Translation services by:
Herold Fachübersetzungen, Bad Vilbel, Germany
www.heroldservice.de

The Annual Report 2013/2014 of the Carl Zeiss Meditec Group was published on 8 December 2014 in German and English.

This is a translation of the original German-language annual financial report of the Carl Zeiss Meditec Group. In the Carl Zeiss Meditec Group shall not assume any liability for the correctness of this translation. If the texts differ, the German report shall take precedence.

Both versions and the key figures contained in this report can be downloaded from the following address:

www.meditec.zeiss.com/ir

MIX
Paper from responsible sources
FSC® C023511
FSC www.fsc.org

Print CO2 compensated
Id-No. 1441571
www.bvdm-online.de

Carl Zeiss Meditec AG
Goeschwitzer Strasse 51–52
07745 Jena
Germany

Phone: +49 3641 220 115
Fax: +49 3641 220 117
investors.meditec@zeiss.com
www.meditec.zeiss.com/ir

Printed in Germany 01/2015