

**Single-entity financial statements  
of Carl Zeiss Meditec AG (HGB)**  
Financial year 2008/2009



CARL ZEISS MEDITEC

# Content

▶ <b>MANAGEMENT REPORT</b>	
Executive summary	3
Business report	4
Risk report	16
Research and development report	25
Supplementary report	26
Forecast report	27
Report on the remuneration of the Management Board and Supervisory Board	30
Closing statement on the dependent company report	36
▶ <b>INCOME STATEMENT</b>	
Income statement for financial years 2008/2009 and 2007/2008 (HGB)	37
▶ <b>BALANCE SHEET</b>	
Balance sheet as of 30 September 2009 and as of 30 September 2008 (HGB)	38
▶ <b>FIXED ASSETS</b>	
Fixed asset movement schedule (gross presentation)	40
▶ <b>NOTES</b>	
Notes to the annual financial statements for financial year 2008/2009	42
▶ <b>RESPONSIBILITY STATEMENT</b>	
Responsibility statement	62
▶ <b>AUDITOR'S OPINION</b>	
Auditor's opinion	63

# Management report

## Executive summary

Carl Zeiss Meditec AG, Jena, (“Carl Zeiss Meditec”, the “Company”) failed to escape the global recession in financial year 2008/2009 and recorded a year-on-year deterioration both in revenues and earnings. However, the Company believes that this trend is only a temporary one and has taken precautions in the past financial year to ensure that the Company emerges stronger from the crisis.

Revenues fell by 9.5 % year-on-year (€ 147.6 million) to € 133.5 million, with business growth varying by region in particular.

On the revenue side, the high level of business generated with diagnostic systems for ophthalmology in the previous year could not be maintained. Revenue of ophthalmic laser systems slightly declined compared with the previous year. In contrast with the overall market trend, business in refractive lasers only recorded a moderate decline in revenues of 5.5 % compared with prior-year levels, which can be explained in particular by the introduction of the new VisuMax® femtosecond laser and the associated consumables business.

In regional terms, the Company recorded a significant decline in revenues particularly in the region “Europe, Middle East and Africa” (EMEA), excluding Germany, where revenues totalled € 64.7 million (previous year: € 73.3 million). In this region revenues fell by 11.7 % year-on-year. Due in particular to the weak economy and to the financial crisis in the US, revenues in the “America” region fell year-on-year by 25 % to € 23.5 million. Revenues in the Asia region of € 33.4 million, on the other hand, were higher than the prior-year revenue figure of € 30.4 million and thus grew by 9.8 % – carried in particular by the Japanese subsidiary, but also by growth in China. The business in Germany showed a revenue decline of 5.3 % to € 11.9 million.

The result from ordinary activities declined from € 23.9 million the previous year to € 20.7 million in financial year 2008/2009. This includes investment income from the dividend distribution of the wholly-owned subsidiary Carl Zeiss Surgical GmbH of € 10 million. Net income in the year under review amounted to € 17.3 million (previous year: € 19.1 million).

Carl Zeiss Meditec AG’s cash holdings rose, on the other hand, from € 120.0 million in the prior year by € 27.0 million to € 147.0 million as at 30 September 2009. Added to this are receivables (i. e. balances) against Carl Zeiss AG’s Group Treasury of € 7.0 million (prior year € 8.9 million). The Company benefited from its consistently-pursued measures to reduce the working capital, which were strongly intensified during the past financial year. A continued positive operating cashflow recorded during the past year also helped. The payment of the dividend of € 14.6 million had the reverse effect. Due to the decrease in the operating result during the reporting period, the cashflow from operating activities fell to € 26.9 million (prior year € 37.5 million).

The Management Board will again propose to the Supervisory Board and the Annual General Meeting the distribution of a portion of the Company’s net retained profits in the form of a **dividend**.

## Business report

### 1. Macroeconomic conditions

In autumn 2009 there were signs of recovery from the “bottom of the trough” of what is arguably the worst recession since World War II. The situation on the global financial markets has eased considerably and sentiment indicators are starting to point upwards again. This is particularly due to political intervention, such as a number of government subsidy schemes and guarantees for the financial sector, and to the vigorous intervention of the central banks.

The recession in the USA also seems to be coming to a gradual end. Although the Joint Economic Forecast project group<sup>1</sup> has forecast a 2.6 %<sup>2</sup> decline in gross domestic product (GDP) for 2009 compared with the previous year, the expectations and optimism of companies and private households have improved slightly. American banks are showing considerably more interest in investing and have already repaid part of the government loans.

The European Union (EU), like the USA, has emerged from the pit of the recession. However, the member states of the EU are divided into two camps. While in some countries, such as Spain, Italy, Belgium, the Netherlands and Austria, GDP was still on the decline in the third quarter, it increased markedly in other countries, particularly in the two largest European economies, France and Germany. Nevertheless, the project group expects GDP in the EU to decrease by 4.0 %<sup>2</sup> in 2009 compared with the previous year.

The emerging Asian markets have made a visible recovery from the economic crisis, above all China and India, where GDP increased by 8.0 %<sup>2</sup> and 6.0 %<sup>2</sup>, respectively. The recovery in these countries was also attributable to reflationary monetary and fiscal measures; in addition, the banking system of the emerging markets was largely spared from the financial crisis.

There has also been a slight recovery in the German economy. The project group expects GDP in Germany to increase by 0.7 %<sup>3</sup> in the final quarter of 2009.

In the second half of 2009 the euro approached the \$ 1.50 mark again for the first time since mid-August 2008. The Japanese yen remained at a level of 130 yen against the euro in the second half of 2009.

### 2. Industry development

Growth in the medical technology market was still relatively stable in 2008. Due to the deterioration of macroeconomic conditions, however, there was a significant drop in demand for non-essential medical treatments, such as refractive laser surgery. This trend persisted in the first half of 2009.

<sup>1</sup> Joint Economic Forecast project group (*Projektgruppe Gemeinschaftsdiagnose*) (editors): Autumn 2009 „Zögerliche Belebung – steigende Staatsschulden“ („Hesitant recovery – Rising national debt“), *Gemeinschaftsdiagnose* Autumn 2009, 15 October 2009, Halle/Saale

<sup>2</sup> Cf. *ibid.*, p. 13

<sup>3</sup> Cf. *ibid.*, p. 35

The main growth drivers in medical technology are still sound, however. The global population is growing continuously. At the same time, the proportion of elderly people in the overall population is on the increase. Since the incidence of many diseases increases with age, it can be assumed that the demand for diagnostic and therapeutic products will continue to grow in ophthalmology in the medium term.

At the same time, a growing cost pressure in the health care sector in key national economies worldwide is forcing medical treatments to become more efficient. This tends to boost the demand for medical technology devices and systems that enable more efficient diagnoses and more effective treatments.

### 3. Market for ophthalmic products

The market for ophthalmic products in the broader sense includes ophthalmic pharmaceuticals, contact lenses, contact lens care products, consumables and implants for ophthalmic surgery, as well as devices and systems, with the exception of glasses and glasses frames. According to our estimates, this market had a global volume of around US\$ 27.2 billion (about € 18.1 billion) in 2008.

Carl Zeiss Meditec's product range includes devices and systems, consumables and instruments for ophthalmology. According to our estimates, these submarkets had a volume of around US\$ 7.5 billion, or around € 5.0 billion in 2008.

We estimate our share of the "devices and systems for ophthalmology" market segment the Company addresses at about 20 % in 2008.

Overall in the year under review we estimate – based on our current information – that we expanded our market shares we had in the market segments addressed by us in the previous year.

### 4. Development of revenue

The operating business of the Company is part of the Carl Zeiss Meditec Group's "Ophthalmic Systems" strategic business unit (SBU).

In financial year 2008/2009 Carl Zeiss Meditec AG generated revenue of € 133.5 million, which corresponds to a decrease of 9.5 % year-on-year (previous year: € 147.6 million).

As well as the diagnostic systems IOLMaster®, Cirrus™ HD-OCT and fundus cameras in the VISUCAM family, the main revenue drivers included the VisuMax® femtosecond laser system, revenues for which increased despite the difficult underlying economic conditions. The main selling market for IOLMaster®, which enables precise measurements to be taken of the eye prior to cataract surgery, without actually touching with the eye, was the EMEA sales region, Asia and the USA. The new, high-performance diagnostic system Cirrus™ HD-OCT allowed the company to counter the general economic trends and secure revenues within Europe. Cirrus™ HD-OCT is Carl Zeiss Meditec's new high-performance platform and marks a quantum technical and application leap in retinal imaging. The Cirrus™ HD-OCT, which is based on spectral domain technology, allows exquisite high-definition scans, precise registration and intuitive and efficient operation. This makes it possible to diagnose serious ophthalmic diseases, such as glaucoma and age-related macula degeneration, earlier than ever before and to assess their progress. Sales volumes and revenues fell year-on-year in the

business in systems to correct vision defects (MEL 80™). One reason for this is the decline in patient numbers, who in times of economic downturn choose to forego medical treatments not immediately necessary, which they have to pay for out of their own pocket. Business in ophthalmic lasers almost reached the previous year's level. The new ophthalmic laser system VISULAS® Trion, which was launched in the previous financial year, made a positive contribution a high-performance, compact and well-engineered multi-wavelength, solid-state laser system for controlled treatment of the retina.

Sales of services were more or less on a par with the previous year.

The distribution of revenue by region in the period under review is reflected by the macroeconomic trends described in the section entitled "4 Underlying conditions for economic development", particularly for the "Americas" region. The Company recorded a 25.0% decline here year-on-year, which is attributable to the current negative underlying economic conditions in the USA. The "Asia/Pacific" region, on the other hand, recorded satisfactory growth during the last financial year. Revenue here rose by 9.8% to € 33.4 million (previous year: € 30.4 million). The greatest share of the growth for this region comes from Japan. After the "America" region, the second-highest percentage decrease was recorded in the "EMEA" region (excluding Germany). One reason for this is the particularly drastic impact of the economic crisis in some European countries. Revenue in Germany fell by 5.3% year-on-year to € 11.9 million. The decline in the OEM business is a major reason for this.

Table 1 below shows a comparison of revenue by region for financial year 2008/2009 and 2007/2008.

Table 1: Revenue by region (financial years 2008/2009 and 2007/2008 – figures in € '000)

Region	Financial year 2008/2009		Financial year 2007/2008		Change from previous year
	Sales	Share on Sales	Sales	Share on Sales	
Germany	11,925	8.9 %	12,586	8.5 %	-5.3 %
EMEA (without Germany)	64,740	48.5 %	73,304	49.7 %	-11.7 %
Americas	23,475	17.6 %	31,301	21.2 %	-25.0 %
Asia/Pacific	33,406	25.0 %	30,433	20.6 %	9.8 %
<b>Total</b>	<b>133,546</b>	<b>100.0 %</b>	<b>147,624</b>	<b>100.0 %</b>	<b>-9.5 %</b>

## 5. Orders on hand

Orders on hand amounted to € 8.8 million as of 30 September 2009 and were thus € 3.1 million lower than the previous year's level of € 11.9 million. The Company believes that the trend for customers to place orders at short notice will continue unabated.

## 6. Production planning and production

Product manufacture at Carl Zeiss Meditec focuses on the assembly of system components. More than two thirds of the parts or components are purchased from external suppliers. The remaining third is produced by subsidiaries of Carl Zeiss AG.

The Company's core competencies include the development of new technologies, products and applications (see the "Research and development report" for further information) and the manufacture and final assembly of key components and systems.

In financial year 2008/2009 the Company began to orientate its production organisation according to the principles of "lean manufacturing". This production philosophy is based on innovative changes in the value chain in order to identify all types of waste and to eliminate them through continuous process improvements. These optimisations lead to a sustained increase in process efficiency and product quality. This involves the close interlocking of all production-related processes and closer relations with our suppliers.

Following the three product lines that have been converted to date, with huge success, all further production lines are to successively follow. The method is also being extended to administrative areas ("lean management") in order to achieve efficiency improvements through process optimisation there as well.

The lean philosophy is thus a suitable tool for us to also reflect the claims we associate with the Zeiss brand in terms of our corporate processes, with the goal of reaping the maximum reward: satisfied customers.

Production planning is based on a rolling forecast prepared by the distribution partners. This means that the respective distributor prepares a rolling sales forecast, which then serves as a basis for ordering individual parts and manufacturing components. In order to keep stocks to a minimum, products are usually assembled to customer order.

## 7. Development of production capacities

Carl Zeiss Meditec makes up for any fluctuations in demand with flexible deployment of its production staff. This requires an appropriate training system that qualifies the employees to work on the different production lines. Flexible working hours also allow employees to be deployed as necessary in accordance with the rolling sales forecasts. Additionally, flexible production capacities were also shed during the reporting year due to the difficult underlying economic conditions.

## 8. Procurement

As described in the section entitled "6. Production planning and production", products are generally assembled on a made-to-order basis, in order to keep stocks as low as possible. Accordingly, the respective components are retrieved from the relevant suppliers shortly before the production deadline. The Company has consignment warehouses at its key suppliers. These warehouses are owned by the respective suppliers and are an integral part of Carl Zeiss Meditec's production process. The necessary components are retrieved and paid for as required. The suppliers bear full responsibility for replenishing stocks in these warehouses. This form of cooperation simultaneously highlights Carl Zeiss Meditec's confidence in long-term partnerships with its suppliers. In order to ensure that purchased parts and components are also of a consistently high quality, suppliers are also subject to regular qualification audits.

## 9. Quality management

In most of the world's markets official registrations and approvals are a prerequisite for marketing medical devices.

Accordingly, Carl Zeiss Meditec has registered its individual sites with the responsible national authorities.

In order to successfully obtain the necessary marketing approvals, Carl Zeiss Meditec's quality management system is regularly audited and certified by *DQS GmbH Deutsche Gesellschaft zur Zertifizierung von Managementsystemen* in accordance with ISO 9001 & 13485, Appendix II & V of the EU Directive 93/42/EC and the Canadian Medical Device Regulation (CMDR).

Carl Zeiss Meditec's quality management system also conforms to the requirements of the U.S. legislation 21 C.F.R. part 820, Quality Systems Regulation.

Carl Zeiss Meditec thus fulfils the basic requirements for marketing its CE products in the European Economic Area, North America, and those countries that have agreements with the European Union pertaining to medical devices.

## 10. Registrations and approvals

The Company's products are generally designed with a view to marketing them worldwide. From the outset, therefore, the design features, the materials and components used, and the interfaces of all devices and systems are selected such that they can be used anywhere in the world.

In principle, all products of Carl Zeiss Meditec AG have been approved in the major countries and markets of the world.

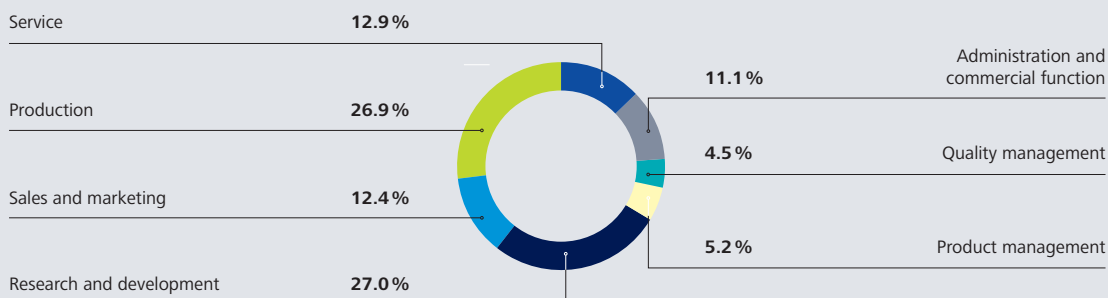
## 11. Employees

As of 30 September 2009, Carl Zeiss Meditec had 323 employees. This figure does not include Management Board members. There were also 17 trainees. In the previous year, the Company had 332 employees, plus 15 trainees. Neither of the above figures takes account of partially retired employees.

On average, the Company had a 333 employees in financial year 2008/2009 (previous year: 333 employees). In addition, the Company had an average of 15 trainees in the reporting period (previous year: 14 trainees).

Figure 1 gives an overview of the average personnel structure of Carl Zeiss Meditec during the year for financial year 2008/2009.

Figure 1: Personnel structure of Carl Zeiss Meditec AG, Jena, in financial year 2008/2009 (average)



## 12. Environmental protection

The Company complies with all relevant environmental protection regulations within the scope of its business activities.

Neither the Company’s production methods nor its products pose any direct or indirect risk to the environment.

## 13. Events of particular significance

There were no events of particular significance in the reporting period.

## 14. Net assets

### a) Presentation of net asset position

Pursuant to German commercial law (HGB) the total assets of Carl Zeiss Meditec as of 30 September 2009 amounted to € 795.9 million. Compared with the previous year (€ 797.2 million) this constitutes a slight

decrease of 0.2 %. Thanks to the successful introduction of lean manufacturing (see Section 6 “Production Planning and Production”), assembly inventories, and in particular work in progress in the production process, were significantly reduced. Stocks of finished goods and products also fell year-on-year by € 3.1 million; this reduction also includes transfers of study equipment to fixed assets. Overall, inventories were thus reduced by € 7.4 million to € 17.5 million (previous year: € 24.9 million). Trade receivables decreased, due to the decline in business volume, from € 5.4 million as of 30 September 2008 to € 4.8 million as of 30 September 2009. As of the balance sheet date 30 September 2009 receivables from affiliated companies amounted to € 24.9 million (previous year: € 70.7 million). These receivables are exclusively receivables from related companies within Carl Zeiss Meditec AG and Carl Zeiss AG. The change on the previous year arises from reclassifications from other receivables from affiliated companies to a total value of € 25.0 million to loans to affiliated companies, because these receivables have a term of more than one year and are disclosed under financial assets. These loans to affiliated companies relate to several loans to finance the operating business that Carl Zeiss Meditec had extended the previous year to various domestic and foreign subsidiaries.

Another major item relates to a receivable from Carl Zeiss Surgical GmbH from the sale of an intergroup loan of € 17.3 million, net, which Carl Zeiss Meditec AG had granted in the financial year 2006/2007 to Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH to finance the acquisition of two equity holdings. This balance sheet item also includes receivables from the French interim holding Atlantic S.A.S. from the performance-related convertible bond remuneration. During the reporting year, this performance-related remuneration only amounted to € 0.006 million (previous year: € 2.7 million) due to the declining results position of the issuing company.

During the reporting year, as in the previous year, the receivables against the Group Treasury of Carl Zeiss AG are also disclosed here. As of 30 September 2009 these total € 7.0 million (30 September 2008: € 8.8 million).

With a 62.4 % share in total assets (previous year: 62.3 %), “Shares in affiliated companies” represent the largest asset-side item on the balance sheet in terms of value. The book values of the shares held by Carl Zeiss Meditec AG in its subsidiaries are carried under this item. These holdings mainly include Carl Zeiss Surgical GmbH, Oberkochen (investment book value: € 256.8 million), Carl Zeiss Meditec, Inc., Dublin, USA (investment book value: € 177.2 million), Carl Zeiss Meditec Systems GmbH, Jena, Germany (investment book value: € 6.1 million), Carl Zeiss Meditec Co., Ltd., Tokyo, Japan (investment book value: € 0.3 million), Carl Zeiss Meditec Iberia S.A., Madrid, Spain (investment book value: € 3.8 million) and Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany (investment book value: € 52.1 million).

Loans to affiliated companies increased year-on-year (€ 69.0 million) by € 25.0 million to € 94.0 million as of 30 September 2009, which is attributable to the reclassification of several loans to finance the operating business, which Carl Zeiss Meditec had extended the previous year to various domestic and foreign subsidiaries. These Group loans were disclosed the previous year under current assets as receivables from affiliated companies.

The largest item in terms of value relates to a convertible bond issued by the French interim holding Atlantic S.A.S. In the course of financing the acquisition of former Ioltech S.A., Atlantic S.A.S. issued a convertible bond in financial year 2004/2005 with a total value of € 103 million, which was subscribed by Carl Zeiss Meditec AG. A portion of € 35.0 million of this convertible bond was converted to share capital of Atlantic

S.A.S. in financial year 2007/2008. These shares were subsequently transferred to Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH by way of an appropriation to reserves.

Cash and cash equivalents include cash-in-hand and bank balances, as well as short-term financial investments at banks deposited via the Group treasury of the Carl Zeiss Group and pledged with Carl Zeiss Meditec AG amounting to € 147.0 million (previous year: € 120.0 million).

In a year-on-year comparison as of the balance sheet date there were only minor changes on the liabilities side of the balance sheet. Net retained profits increased on a level with net income for the year of € 17.3 million (see also section “17.Results of operations” for further details). A contrary effect was had by the payment of the dividend of € 14.6 million. In terms of provisions, provisions for pensions increased.

Figure 2 below summarises the most important changes in the balance sheet structure as of 30 September 2009 and 2008.

Figure 2: Balance sheet structure of Carl Zeiss Meditec AG as of 30 September 2009 and 2008 (figures in € '000)

	30 September 2009	30 September 2008
Fixed assets	598,042	572,136
Current assets*	50,839	105,023
Cash and cash equivalents	147,007	120,008
Equity	764,705	762,079
Provisions	18,779	19,742
Liabilities**	12,404	15,346

\* Excluding cash, but including prepaid expenses

\*\* Incl. deferred income

### b) Key ratios relating to net assets

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

Table 2: Key ratios relating to net assets (30 September 2009 and 2008)

Key ratio	Definition	30.09.2009	30.09.2008	Change from previous year
<b>Equity ratio</b>	Equity	96.1 %	95.6 %	+0.5 %-pts
	Total assets			
<b>Debt ratio</b>	Total borrowed capital (excluding deferred income)	4.1 %	4.6 %	-0.5 %-pts
	Equity			
<b>Liquidity ratio A</b>	Equity	127.9 %	133.2 %	-5.3 %-pts
	Fixed assets			
<b>Liquidity ratio B</b>	Equity + long-term borrowed capital	128.6 %	133.9 %	-5.3 %-pts
	Fixed assets			
<b>Liquidity ratio for medium-term and long-term assets</b>	Equity + medium-term and long-term borrowed capital	128.6 %	134.0 %	-5.4 %-pts
	Fixed assets + receivables with a residual term > 1 year			

## 15. Financial position

### a) Presentation of financial position

Cash and cash equivalents held by Carl Zeiss Meditec AG amounted to € 147.0 million as of 30 September 2009 (previous year: € 120.0 million). The net increase in cash and cash equivalents in financial year 2008/2009 was thus € 27.0 million (previous year: net decrease of € 25.0 million).

Cash flow from operating activities amounted to € 26.9 million in the reporting period (previous year: € 37.5 million). Adjusted for the dividend received from Carl Zeiss Surgical in financial year 2008/2009 of € 10.0 million, this was thus significantly below the previous year's level. This is primarily attributable to the Company's declining earnings situation due to the state of the economy. Inventories also include outsourced development services. The measures intensified during the financial year to optimise the working capital, including the introduction of lean manufacturing for key product lines, which meant that inventories could be reduced to a large extent compared with the previous year, had the reverse effect.

Cash flow from investing activities amounted to € 12.9 million in financial year 2008/2009 (previous year: € -20.2 million). A key inflow resulted from the payment of a loan receivable by Carl Zeiss Surgical to a value of € 17.3 million. The granting of a Group loan to a subsidiary as part of a realignment of the Group financing within the Carl Zeiss Meditec Group (€ 2.0 million), and payments for investments in tangible and financial assets to a total value of € 2.9 million, had the reverse effect.

Cash flow from financing activities in the reporting period amounted to € -12.8 million (previous year: € -42.3 million). The main item here relates to the distribution of a dividend to the shareholders of Carl Zeiss Meditec AG.

#### b) Key ratios relating to financial position

Cash and cash equivalents increased year-on-year. There was therefore a significant decrease in the ratio of inventories to total current assets. The sharp decline in net working capital from € 80.7 million the previous year by 61.2 % to € 31.3 million as of 30 September 2009 results in particular from the decline in receivables from affiliated companies (and here in particular due to the reclassification of loans granted to subsidiaries under financial assets and the incoming payment from the Group loan sale to Carl Zeiss Surgical). The rise in the working capital ratio compared with the previous year is mainly attributable to the decrease in receivables from affiliated companies and to reduced inventories. The increase in holdings of cash and cash equivalents had the reverse effect.

Table 3: Key ratios relating to financial position (financial years 2008/2009 and 2007/2008)

Key ratio	Definition	30.09.2009	30.09.2008	Change from previous year
<b>Cash and cash equivalents</b>	Cash on hand, bank balances and balances at Group treasury	€ 147.0 million	€ 120.0 million	+22.5 %
<b>Net cash and cash equivalents</b>	Cash-in-hand and bank balances + balances with or receivable from Carl Zeiss AG Group treasury	€ 154.0 million	€ 128.9 million	+19.5 %
<b>Ratio of inventories to current assets</b>	Total inventories Current assets	8.8 %	11.1 %	-2.3 %-pts
<b>Ratio of cash and cash equivalents to current assets</b>	Cash and cash equivalents Current assets	74.3 %	53.4 %	+20.9 %-pts
<b>Net working capital</b>	Current assets ./. cash and cash equivalents ./. receivables from Group treasury of Carl Zeiss AG ./. short-term liabilities	€ 31.3 million	€ 80.7 million	-61.2 %
<b>Working capital ratio</b>	Current assets Short-term liabilities	1,597.1 %	1,470.0 %	-127.1 %-pts

## 16. Capital expenditure

Additions to financial assets during the 2008/2009 reporting period mainly related to the re-posting of Group loans to subsidiaries of Carl Zeiss Meditec of € 25.0 million. Added to this was an annual increase in the external planned assets from the outsourcing of pension rights of employees of Carl Zeiss Meditec AG as part of a "CTA" (Contractual Trust Arrangement).

Investments in property, plant and equipment amounted to around € 2.2 million in the period under review (previous year: € 1.9 million) and related in particular to the transfer of service and study devices to fixed assets, IT hardware, tools and test facilities.

## 17. Results of operations

### a) Presentation of results of operations

Carl Zeiss Meditec's gross margin decreased to 30.5 % in financial year 2008/2009, compared with 31.5 % in the previous year. The positive influences on this figure, especially the reductions in manufacturing costs that were again achieved and the positive effects from the conversion to "lean manufacturing", could not compensate for the negative effects from a changed product mix and exchange rate developments, which had a negative impact on acquisition prices.

In the future, the Company will continue to work intensively on a reduction in manufacturing costs and the development of new high-margin products, in order to improve the gross margin again.

The result from ordinary activities in financial year 2008/2009 amounted to € 20.7 million (previous year: € 23.9 million). The following major effects should be taken into account in period under review:

- In the sales area, costs rose on the previous year by € 0.7 million. The corresponding costs ratio increased from 11.6 % in financial year 2007/2008 to 13.4 % for the period under review. The absolute increase results from the expansion of sales activities in the Asia/Pacific region and from the development of a new division to interlink instrumental diagnostics, therapy devices and therapy planning for integrated treatment concepts. The bad debt risk also increased due to the unfavourable overall economic developments, which led to value adjustments.
- Administrative costs show an increase year-on-year of € 0.6 million to € 8.5 million. This increase in costs in the administration area is primarily due to the reorganisation of Carl Zeiss Meditec's Management Board. As a result of this, the Company must bear additional costs as from the reporting year. In relation to revenue there is an administrative costs ratio of 6.3 % for 2008/2009, which is one percentage point higher than the previous year (5.3 % of revenues).
- "Research and development" costs rose by less than 1 % year-on-year before off-setting against subsidies received. Allowing for subsidies, costs total € 13.1 million. At € 0.3 million, the Company received € 0.1 million less in subsidies from public funding authorities during the reporting year.
- Operating income rose slightly on the previous year and mainly includes on-charging to Group companies (€ 1.6 million; prior year € 2.1 million), currency gains (€ 4.7 million; prior year € 1.9 million), income from the dissolution of provisions (€ 1.6 million; prior year € 1.8 million) and non-period earnings (€ 0.2 million; prior year € 0.3 million). The previous year, this item included accounting profits from securities transactions (€ 1.6 million).

- As was the case the previous year, other operating expenses include currency losses and total € 4.0 million (previous year: € 2.9 million).
- A dividend distribution by Carl Zeiss Surgical has resulted in earnings from equity interests of € 10.0 million (previous year: € 0.0 million).
- Net interest income arises in particular from the financial investment of the cash and cash equivalents, which attract interest at normal market rates. Furthermore, the previous year included income from the profit-related payment of a convertible bond, which was issued by the subsidiary Atlantic S.A.S. to finance the acquisition of shares in the former Ioltech S.A. (now operating as Carl Zeiss Meditec S.A.S.). During the reporting year, this performance-related remuneration only amounted to € 0.006 million (previous year: € 2.7 million) due to the declining results position of the issuing company.

Overall, therefore, Carl Zeiss Meditec AG generated total net income for the year of € 17.3 million (previous year: € 19.1 million).

#### b) Key ratios relating to results of operations

Table 4: Key ratios relating to results of operations (financial years 2008/2009 and 2007/2008)

Key ratio	Definition	Financial year 2008/2009	Financial year 2007/2008	Change from previous year
<b>Return on sales</b>	Net income	12.9 %	12.9 %	±0.0%-pts
	Revenue			
<b>EBIT</b>	Earnings before interest and taxes	€ 5.6 million	€ 14.0 million	-60.0 %
<b>EBIT return</b>	EBIT	4.2 %	9.5 %	-5.3%-pts
	Revenue			
<b>Gross margin</b>	Gross profit on sales	30.5 %	31.5 %	-1.0%-pts
	Revenue			

## Risk report

### 1. Risk management system/internal company control system

The term "risk" refers to all circumstances and developments within and outside the Company which could have a negative effect on the attainment of business targets and budgets within a defined period of assessment.

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

Risk and quality management is an integral part of corporate management at Carl Zeiss Meditec and is based on three major components:

- **Risk management system:** In order to be able to identify risks to the business of Carl Zeiss Meditec in good time, evaluate them and take appropriate countermeasures, the Company has set up a risk management system. This is a clearly structured feedback loop which encompasses all corporate activities and comprises a systematic and ongoing process. The following phases are defined: Identification – Evaluation – Control – Documentation. A key component of this is a database-assisted software solution, which is used to regularly record, systematise and evaluate risks, their estimated probability of occurrence and their damage potential.
- **Controlling instruments:** The Controlling department at Carl Zeiss Meditec regularly updates the Management Board and all responsible decision-makers about risks that arise for the Company based on key ratios, thereby supplementing the information provided by the risk management system. Continuous risk prevention is ensured by direct and regular contact between the individual functional areas using standardised procedures.
- **Certified quality management:** A key element of the risk management system is Carl Zeiss Meditec'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 and marketing them. The quality assurance system employed by Carl Zeiss Meditec was certified by *DQS GmbH Deutsche Gesellschaft zur Zertifizierung von Managementsystemen* and complies with the US standard for "Good Manufacturing Practice" ("GMP"), 21 C.F.R. part 820, Quality System Regulation. A main objective of these certified processes is to improve customer satisfaction, increase productivity, and prevent risks from occurring.

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

The main features of this system are as follows:

- Under the direction of a central risk manager, the responsible employees regularly assess processes, transactions and developments for existing risks.
- Risks are identified and evaluated according to standard risk matrices.
- Regular risk reports are sent to the Management Board of Carl Zeiss Meditec on the basis of specified thresholds for relevant risks and in accordance with the classification using the risk matrices.
- On this basis, suitable steps are taken to avoid identified risks or reduce the probability of their occurrence, and minimise the potential financial losses of such risks.

Like the internal reporting system, the risk management system is also subject to an internal audit from time to time. The risk management system is also audited as part of the audit performed by the appointed auditor.

## 2. New technologies and products

Carl Zeiss Meditec may react too late to market developments, technology trends or new medical findings and thus fall behind the competition.

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

Carl Zeiss Meditec actively counters this risk, however, with the measures described in section "3. Market and competition".

## 3. Market and competition

Increased competitive pressure could lead to a drop in selling prices and/or the loss of market shares.

Competitive pressure in the medical technology sector is expected to increase further. Some competitors are larger than Carl Zeiss Meditec in terms of their total sales and have greater financial resources at their disposal to deal with this competitive pressure. Existing competitors may also be bought up by large, financially stronger companies, or new competitors may enter the market. The resulting or heightened competitive pressure this causes may lead to lower selling prices, margin pressure and/or loss of market shares.

Carl Zeiss Meditec actively counters this risk by making substantial investments in the field of research and development, as well as in the upstream areas of Market Intelligence, New Business Development and Advanced Technologies.

Aside from the growing competitive pressure, the fluctuating willingness to consume among consumers, which is particularly contingent upon general economic conditions, poses a fundamental business risk. The general economic environment weakened considerably in financial year 2008/2009. This could have an adverse effect on the demand for our products and the financial position of our trading partners.

On the other hand, the demographic trend in industrialised countries and economic development in the emerging markets, as well as the increasing customer requirements for medical devices for diagnosing and treating age-related diseases, present growth opportunities for the Company.

#### **4. Reimbursement of treatment costs**

The denial or reduction of cost reimbursements for certain treatments by health insurance funds, insurance companies or government health schemes could reduce the demand for Carl Zeiss Meditec's products.

The costs of some medical treatments carried out using the Company's products 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. It is also impossible to guarantee that patients will be willing or able to cover all or some of the costs of the treatment carried out with products of Carl Zeiss Meditec themselves. In addition: in the case of new products, it is also impossible to predict with any certainty whether health insurance funds, insurance companies or government health schemes will offer any reimbursement at all. The complete or partial denial of reimbursements could reduce the demand for products of Carl Zeiss Meditec.

#### **5. Economy-related demand behaviour for privately financed treatments**

Sales of devices primarily used for non-reimbursable treatments may decline due to a worsening of the economic situation or changes in demand behaviour.

Some products of Carl Zeiss Meditec, particularly laser and peripheral devices used for refractive surgery, are mainly used for treatments for which patients receive no reimbursement from health insurance funds, insurance companies or government health schemes. This applies in particular to laser treatments for the correction of vision defects. The demand for such treatments may decline if the disposable income of private households decreases as a result of market conditions, or if there is uncertainty about the further development of income of private households. Demand behaviour may, however, also be influenced by other factors, such as press reports about the potential risks of such treatments, or changes in fashions or trends. A decline in the demand for such treatments may result in a decline in Carl Zeiss Meditec's sales, as doctors and treatment centres will no longer purchase such equipment or not in the same volume.

However, this proportion of total revenue is relatively small.

## 6. Patent infringement

Third parties may assert claims against Carl Zeiss Meditec for infringement of industrial property rights.

Carl Zeiss Meditec markets its products worldwide. It is possible that third-party property rights may exist in some countries with respect to the products marketed by the Company or the technologies it uses that Carl Zeiss Meditec is unaware of. It cannot be ruled out that third parties may assert claims of infringement of industrial property rights against Carl Zeiss Meditec in future. The appeal lodged against the asserted infringement claim may delay or prevent the delivery of the Company's products. There is also a risk that Carl Zeiss Meditec – in the event of a negative outcome of the legal proceedings – may either be obliged to enter into costly user or licence agreements, or that the Company will be prohibited from using the industrial property rights of a third party, without being able to secure an equivalent compensation.

In order to avoid the aforementioned litigation, the Company regularly analyses patents and patent applications in the relevant fields.

## 7. Lack of patent protection

The competitiveness of Carl Zeiss Meditec may become impaired if its technological innovations cannot be adequately protected.

The competitiveness of the Company depends on the protection of its technological innovations against exploitation of these innovations by third parties. In order to ensure this, Carl Zeiss Meditec protects its own inventions with patents, acquires or licences patents from third parties and endeavours to protect these patents and its other intellectual property. The expiry of property rights, particularly patents, as well as the geographical limitation of property rights could, however, result in new or existing competitors exploiting the inventions of Carl Zeiss Meditec to enter the market or strengthen their market position. Furthermore, in spite of the measures taken by the Company to protect its patents and other intellectual property, third parties may still attempt to copy or partly copy products of Carl Zeiss Meditec, since the unauthorised 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 Carl Zeiss Meditec 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 its technological innovations cannot be sufficiently protected, the competitiveness of Carl Zeiss Meditec may be impaired.

## 8. Product liability risk

Carl Zeiss Meditec may also be subject to product liability claims. The existing insurance cover for such claims may prove to be inadequate.

There is an inherent risk of malfunctions in some of the medical devices manufactured by the Company causing injury to patients. This risk cannot be entirely excluded, even if Carl Zeiss Meditec applies all reasonable quality control measures and complies with all legal requirements. The possibility can therefore not be ruled out that Carl Zeiss Meditec may be confronted with substantial damages claims in future, due to product malfunctions. This may also lead to considerable legal costs, irrespective of whether a claim for damages ultimately materialises. Potential product liability claims brought against Carl Zeiss Meditec in the USA pose a particular risk in this respect, as the damages awarded by the courts there can be very high. Product liability cases may also require costly recall campaigns. The possibility cannot be entirely excluded that the Company's existing insurance coverage may not be sufficient for potential claims. Nor can it be guaranteed that the Company will be able to take out insurance policies against product liability risks at acceptable economic conditions in future.

#### **9. Loss of confidential data**

Company and business secrets may leak to competitors and thus impair Carl Zeiss Meditec's competitive position.

Carl Zeiss Meditec owns a large number of business secrets. No guarantee can be given that the confidentiality of these business secrets will be effectively protected and remain intact. If business secrets of the Company become known to competitors, this may have negative effects on Carl Zeiss Meditec's competitive position.

To limit this risk, ethical rules of behaviour were laid down in the Carl Zeiss Group's "Code of conduct" and brought to the attention of all employees.

In the sphere of IT solutions Carl Zeiss Meditec has established a number of mechanisms for the protection of confidential data. Conformance to and the effectiveness of these measures is continuously monitored.

#### **10. Product approval and political environment**

The denial, delayed granting or retroactive withdrawal of marketing approval, or the sanctioning of sales bans on products may lead to losses in sales.

As a company in the medical technology sector, the business activities of Carl Zeiss Meditec are subject, in almost all countries where the Company and its subsidiaries operate, to extensive legal regulations. Particular attention must be paid to legal requirements concerning the manufacture and marketing of medical devices. In many countries, medical devices require explicit marketing approval or certification. This is the case particularly in the United States, Japan and China. Since Carl Zeiss Meditec's products are intended for a global market, they must comply with the relevant legal requirements worldwide. Adhering to the prevailing regulations is a major cost factor, however.

Although the relevant legal requirements are incorporated into all stages of development, production and distribution, there is no guarantee that products requiring approval will be granted regulatory approval at all or in time for their planned launch in the market, or that the various registrations of the Company will still exist or be renewed in the future. This could lead to losses in sales. If, for instance, the regulatory approval of a product is delayed, competitors may launch new products in the meantime and thereby win market shares, as a product whose market launch is delayed may, in some circumstances, not be met with (full) acceptance. It is also possible for a sales ban to be imposed on the products of Carl Zeiss Meditec, or for the regulatory approval or registration requirements to be tightened in future. This could increase registration costs further.

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

### **11. Dependence on suppliers**

Carl Zeiss Meditec is dependent on external suppliers.

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

In view of the global financial crisis, monitoring supplier risks plays a key role in the risk management system of Carl Zeiss Meditec. In the current difficult economic climate, suppliers must ensure their own liquidity. There is an increased risk of supplier insolvency, which means there is a possibility of temporary shortages of specific goods and vendor parts.

In order to limit the risks of such supplier shortages, we select our suppliers carefully. By implementing consistent supply chain measures, such as qualifying its suppliers, identifying secondary suppliers and preparing a strategic inventory plan, Carl Zeiss Meditec protects itself as best it can against supplier dependencies.

## 12. Contractual relationships with companies of the Carl Zeiss Group

In some areas, Carl Zeiss Meditec is dependent on contractual relationships with the Carl Zeiss Group. Should the contract conditions change to Carl Zeiss Meditec's disadvantage, there is a risk that Carl Zeiss Meditec may not have any or fast enough access to other suppliers and service providers.

Carl Zeiss Meditec and the Carl Zeiss Group have close contractual relationships in some areas. This affects in particular the procurement of IT services, agreements with distribution companies of the Carl Zeiss Group to ensure the distribution of products of Carl Zeiss Meditec in various selling countries, in which the Company is not represented by its own distribution staff, lease agreements for the sites in Jena-Lichtenhain, as well as the licensing of the "ZEISS" and "Carl Zeiss" trademarks. In general, these contracts are concluded at standard market conditions. It cannot be ruled out that individual companies of the Carl Zeiss Group may increase the prices of the services they render in future. With respect to IT services, distribution agreements and lease agreements, there is a risk that Carl Zeiss Meditec may be unable to quickly turn to other lower-cost providers. In addition, the conditions of the agreements concluded with the distribution companies of the Carl Zeiss Group may change for the worse as a result of unfavourable economic developments in individual countries in which the distribution companies of the Carl Zeiss Group have their headquarters. It may not be possible in such a case to change over to other, less expensive sales channels at short notice. With regard to the licensing of the "ZEISS" and "Carl Zeiss" trademarks by Carl Zeiss Meditec AG, no permanent guarantee can be given that the use of these trademarks will continue to be free of charge.

## 13. Personnel risks

Carl Zeiss Meditec's activities to develop, further develop and market its products may become impaired, if the Company fails to continue recruiting and retaining enough qualified employees.

The Company's success is significantly influenced by the development of innovative products and technologies. The ability of the Carl Zeiss Meditec Group to develop new products and technologies or enhance existing ones and market these successfully, also depends on its ability to recruit well qualified employees and keep them with Carl Zeiss Meditec long term. When looking for qualified employees, Carl Zeiss Meditec has to compete with many other companies in the same sector. Should Carl Zeiss Meditec fail to continue recruiting and retaining a sufficient number of qualified employees, this could have a negative impact on the technological advancement and sale of the products and services it offers.

The Company counters this through active employee development and succession planning, which is designed to sustain and boost the Company's attractiveness as an employer.

## 14. Subsidiaries and company acquisitions

Carl Zeiss Meditec is indirectly exposed to the respective risk environment of its subsidiaries. Relations with its subsidiaries can result in statutory and contractual liabilities.

Another potential risk in this connection relates to the impairment of the investment book value of the subsidiaries of Carl Zeiss Surgical GmbH, Oberkochen, Germany, Carl Zeiss Meditec, Inc., Dublin, USA, Carl Zeiss Meditec Systems GmbH, Jena, Germany, Carl Zeiss Meditec Iberia S.A., Madrid, Spain, and Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany. These companies were stated at their fair market value at the time of their acquisition or non-cash contribution. This risk would only exist, however, in the event of a permanent deterioration of the net assets, financial position and results of operations of these subsidiaries. In this case, Carl Zeiss Meditec AG would be forced to recognise as an expense a lower book value. This would have negative effects on the net retained profits potentially generated in the respective period and could thus reduce or prevent potential dividend payments. The investment book values are therefore regularly examined for impairment at least once a year. No impairment requirement arose as a result of this during the previous financial year.

Additional risk potential arises from the subscribed convertible bond with an original value of € 103.0 million, which was issued by Atlantic S.A.S. to finance the acquisition of the shares in Ioltech S.A. (now Carl Zeiss Meditec S.A.S.), due to its long term of 10 years. This risk presented by this financial asset would only exist, however, in the event of a permanent deterioration of the net assets, financial position and results of operations of the issuing subsidiary. A portion of € 35.0 million of this convertible bond was converted to share capital in financial year 2007/2008 and transferred to Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH.

Potential risks associated with acquisitions are carefully and systematically assessed in advance. In order to conclude such 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.

## 15. Legal risks

Within the scope of its business operations, Carl Zeiss Meditec may be party to various litigation proceedings or may become involved in such proceedings in future. 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.

Current litigation risks arise in particular from the claim for lost earnings of € 1.8 million filed by Intermeda Medikal & Sanayi ve Tic. Ltd. Sirk, Turkey („Intermeda“), a distributor for Asclepion for dermatological lasers.

During the previous financial year, Intermeda's action against Carl Zeiss Meditec AG was referred back to Gera District Court by the Federal Court of Justice (Bundesgerichtshof). Previously, at the appeal before the Higher Regional Court in Jena the Company had already been ordered to pay damages, currently estimated at € 1.2 million, thus upholding the first-instance verdict of Gera District Court. In return, Intermeda was ordered, by way of a partial verdict, to pay the Company € 0.5 million.

The Group has taken adequate precautions for this case for the time being by setting up provisions.

#### **16. Financial risks**

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

The financial risks also include liquidity risks, price fluctuation risks for financial instruments and risks associated with fluctuations in cash flows.

In spite of the enduring financial crisis, we have categorised Carl Zeiss Meditec's financial risks as low. The basis for this categorisation is our sound financing structure with an equity ratio of 96.1 %, the large reserve of cash and cash equivalents, and a strong cash flow from operating activities.

Cash and cash equivalents are kept in reserve at Carl Zeiss Meditec based on a rolling monthly cash forecast within a fixed planning period, and are transferred to Group companies as required as part of a Group-wide cash pool. We therefore do not expect the above risks to have any significant negative impact on the Company's financial results.

#### **17. Other disclosures pursuant to Section 289 (2), No. 2b HGB**

Price fluctuation risks can essentially not be ruled out. However, Carl Zeiss Meditec counters these risks by focussing on product innovations and optimising its production costs.

Potential risks arising from the loss of trade receivables are minimised by an active receivables management system. The Company also regularly sets up adequate provisions to cover such risks. On the whole, however, this can be regarded as a limited risk.

The financial situation of Carl Zeiss Meditec can be considered stable. Cash and cash equivalents amounted to € 147.0 million as of the balance sheet date 30 September 2009. These are added to receivables from the Group treasury of Carl Zeiss AG of € 7.0 million (see section “12. Net assets” for further information). The Company also generated cash flow from operating activities of € 26.9 million in the period under review. There are therefore no liquidity risks at the present time.

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

As a company with global operations, Carl Zeiss Meditec is exposed to the risk of currency rate fluctuations and has entered into currency forward contracts to hedge against its exchange risks based on planned transactions in foreign currencies. These contracts generally have a term of up to one year. The market value of currency forward transactions is calculated based on the average spot exchange rate at the balance sheet date, adjusted for forward premiums and discounts for the respective residual term of the contract, compared with the contracted forward exchange rate. The nominal value of the Company's currency forward contracts as of 30 September 2009 was composed of € 9,722 thousand in receivables and € 11,952 thousand in liabilities. The market value of the currency forward contracts as of 30 September 2009 was composed of € 719 thousand in receivables and € 531 thousand in liabilities, for which a provision to the same amount was set up.

## Research and development report

### 1. General information

Carl Zeiss Meditec AG invested a total of € 13.1 million in research and development (R&D) in financial year 2008/2009 (previous year: € 12.9 million). These expenses include subsidies of € 0.3 million (previous year: € 0.4 million). The R&D ratio rose slightly year-on-year to 9.8% of revenue (previous year: 8.7%). This trend is mainly attributable to the year-on-year decrease in sales accompanied by R&D investment almost on a par with the previous year.

Carl Zeiss Meditec had an average of 91 R&D employees during financial year 2008/2009. This corresponds to 27.0% of all employees of the Company.

## 2. Projects

The following table gives an overview of Carl Zeiss Meditec's main research and development activities in the period under review, which illustrates the Company's innovative strength.

Table 5: Major R&D projects of Carl Zeiss Meditec AG in financial year 2008/2009

Focal point	Activities
<b>Continuous development of the existing product portfolio</b>	<ul style="list-style-type: none"> <li>• Development activities to establish new technologies in existing product lines</li> <li>• Projects to expand the successful VISUCAM platform with the expansion of connected devices</li> <li>• Further development of femtosecond laser technology and extension of scope</li> </ul>
<b>Development of new products and combination of diagnosis and treatment</b>	<ul style="list-style-type: none"> <li>• Functional development of a laser system to significantly accelerate the workflow, making the procedures much kinder on the patient</li> <li>• Further development of networking of instrumental diagnostics, therapeutic devices and therapeutic planning for end-to-end treatment concepts</li> <li>• Development of a complete system for integrated diagnosis in wavefront and corneal topography, and cataract and refractive therapy planning support</li> </ul>
<b>Basic research</b>	<ul style="list-style-type: none"> <li>• Ongoing investigation and evaluation of new technologies for application in ophthalmology</li> <li>• Cooperation with external research partners, e. g. universities and institutes</li> </ul>

## Supplementary report

### Changes in the Management Board

In agreement with the Supervisory Board and the Management Board of Carl Zeiss Meditec AG, Management Board member Bernd Hirsch resigned from his seat on the Management Board at his own request on 30 November 2009. Management Board members Dr. Michael Kaschke, Dr. Ludwin Monz and Ulrich Krauss shall take over Mr. Hirsch's responsibilities temporarily until the appointment of his successor.

No other events of material significance for the Company occurred after the end of financial year 2008/2009. The development of business at the beginning of financial year 2009/2010 validates the statements made in the following "Forecast report".

## Forecast report

In spite of the difficult global economic climate, we are seeing a growth in demand for our diagnostic and therapeutic products, due to fundamental trends, such as a continuously aging global population. This will continue to secure good sales conditions for our products.

We also consider ourselves to be in a good position, due to our company programme RACE 2010, which we have consistently implemented since 2009. The further development of the Group shall thus also be based in the coming years on the five strategic priorities defined in 2008:

- **Innovation:** Comprehensive solutions (ZEISS Data Management and ZEISS Refractive Laser Solution) were launched during the financial year under review and were met with enthusiasm from our customers.
- **New markets:** We shall use our excellent market position to accelerate our expansion into the markets of the next decade.
- **Customer focus:** The global service business is one of the areas that offer us massive opportunities for growth. We still see a lot of untapped potential here, as well as a need to further consolidate this area. For this reason, in future we will drive forward the standardisation and tightening of the most important customer care processes throughout the group and create an organisational platform to continue to provide successful services and thereby improve our customers' satisfaction.
- **Process excellence:** The alignment of the first key processes with uniform, Group-wide standards began in 2008/2009. The aim now is to drive these cross-departmental approaches faster forward and thus become more efficient as an organisation overall.
- **Employees:** Forward-looking human resources policy focuses on sustainable development and targeted support of the potential of all employees. A particular focus is on the development of the skills of young talents, for who we set up a mentoring programme in 2009. The trusting, personal exchange with experienced members of staff offers not only the exchange of specialised knowledge, but also support in overcoming new challenges and complex work situations, and professional career planning.

### 1. General economic conditions<sup>4</sup>

Driven by the normalisation of international trading, the recovery of the global economy should have gained further momentum in the second half of 2009. Production and trade rapidly increase compared with the previous year, due to strong economic incentives. This positive outlook is clouded, however, by analyses of previous periods of economic downturn triggered by crises in the banking and property sector. The problems in the international financial system are not over yet either. Likewise, there shall be a reverse in the favourable effects of energy price trends, since experts are forecasting an increase in the oil price in 2010.

The forecast of a slight economic upswing can be seen across all regions. The slackening off of government economic stimulus plans means that the growth in private consumption in the USA will be significantly slower in the long term than in the years preceding the financial crisis. Thus, despite a projected increase in GDP of 1.5%<sup>5</sup> for 2010, this is still far from the level in 2007.

<sup>4</sup> Joint Economic Forecast project group (*Projektgruppe Gemeinschaftsdiagnose*) (editors): Autumn 2009 „Zögerliche Belebung – steigende Staatsschulden“ („Hesitant recovery – Rising national debt“), *Gemeinschaftsdiagnose* Autumn 2009, 15 October 2009, Halle/Saale

<sup>5</sup> Cf. *ibid.*, p. 18

Economic recovery in the EU will continue to be just as moderate as in the global or the US market. GDP here is expected to increase by around 0.6 %<sup>6</sup>.

In Germany a moderate increase is expected in the demand for exports and in domestic demand in 2010, which will increase GDP by 1.2 %<sup>7</sup>.

The Asian region, characterised by the dynamic economies of China and India, will be the driver of growth in 2010. Value-added in this region is again showing a dramatic increase. Leading financial institutes therefore project GDP growth of 8.5 %<sup>8</sup> in China and 6.8 %<sup>9</sup> in India.

## 2. Industry development

The main growth drivers in medical technology are still sound, however. The global population is growing continuously. At the same time, the proportion of elderly people in the overall population is on the increase. Since the incidence of many diseases increases with age, it can be assumed that the demand for diagnostic and therapeutic products will continue to grow in ophthalmology in the medium term. Although the majority of Carl Zeiss Meditec's business is not directly dependent on the economy, no assurance can be given that the macroeconomic conditions will not have an effect on the investment decisions of our customers, the physicians. There is a definite possibility that investments may be postponed in the future.

All of the statements below are made based on the assumption that the positive development being seen and forecast by the financial institutes will not deteriorate. Statements regarding the future development of business were made on the basis of the information at hand.

## 3. Future selling markets

As a global Company, our aim in the coming years is to continue to maintain as balanced a distribution of revenue as possible across our individual markets. At present, we still generate the largest proportion of our sales in the "Europe, Middle East and Africa" region, followed by the "Asia/Pacific" and "Americas" region.

We also see potential in the "Asia/Pacific" region, which will become considerably more important in the medium and long term due to the demographic trends. Our plan for the future is therefore to continue to expand our activities in this region with regard to the marketing, procurement and production of our products on this basis.

## 4. Future research & development activities

The medical technology sector is characterised by a constant stream of technological innovations. Innovative ability and short times-to-market are vitally important for Carl Zeiss Meditec. We are therefore continuously reinforcing our efforts in this area. R&D expenditure in financial year 2009/2010 will again be in the range

<sup>6</sup> Cf. *ibid.*, p. 30

<sup>7</sup> Cf. *ibid.*, p. 37

<sup>8</sup> Cf. *ibid.*, p. 13

<sup>9</sup> Cf. *ibid.*, p. 13

of around 10% of revenue. The same expenditure can also be assumed for the following year. New technological and market trends will be systematically and continuously identified and evaluated, and the most promising concepts will be incorporated in new development projects.

### **5. Future dividend policy**

We plan to distribute an appropriate dividend in future, too, depending on the financial and operative situation of the Company.

### **6. Future employee development**

We shall continue to compete intensively for the best talent in future. To this end, we plan to drive forward our training and further education schemes in financial year 2009/2010. As an attractive employer we shall ensure that the Company continues to have a sufficient number of suitable specialists and executive staff in future. In the coming year we anticipate a change in our employee numbers, depending on the course of business.

### **7. Future financial position and investment**

As of 30 September 2009 bank balances totalling € 147.0 million were available for financing. From today's perspective, we only anticipate a very limited refinancing requirement in the next two years, which will be fully covered by operative cash flow.

Investments are a basic requirement to be able to exist in a difficult market environment. In financial year 2009/2010 Carl Zeiss Meditec plans investments in property, plant and equipment at prior-year levels

### **8. Opportunities**

The medical technology market is characterised by sustainable underlying growth. A positive factor for us in the past financial year was our broad regional presence. We also benefited from a continuous growth in recurring revenue, which is not subject to as much fluctuation as the capital assets business. Despite the difficult underlying global economic conditions, thanks to fundamental trends such as e.g. a continually aging global population we therefore see a positive growth in demand for our diagnostic and therapeutic products.

Future opportunities also arise from the positive growth in the emerging markets of Asia and Latin America. Innovative products, which we plan to launch in the new financial year 2009/2010, also present growth opportunities. Our strong financial profile, which safeguards the Company's development against external influences, should also have a positive effect. Unlike some of its competitors, Carl Zeiss Meditec is able to react quickly to protect itself from direct risks, without losing sight of its long-term growth prospects. Our further development in future also includes exploiting external growth opportunities in some areas. It is not possible at this point to gauge how feasible such opportunities might be.

The strength of the ZEISS brand contributes to our customers' perception of us as a reliable partner. Our company programme RACE 2010, with its five strategic priorities, will also bring us further opportunities as we continue to implement it consistently.

## 9. Outlook

Our aim for financial year 2009/2010 is to further consolidate and possibly expand our market share. Already established products, such as the diagnostic devices IOLMaster® and Cirrus™ HDT-OCT, as well as the femtosecond laser VisuMax®, provide us with sufficient opportunities to do this. We also plan to launch new systems on the market in the current financial year. Here, the Company is also focusing on the integration of systems.

In financial year 2009/2010 we expect our revenue growth to be at least on a par with growth in the markets in which we operate. At the present time we expect the markets addressed by us to grow by between 0% and 5% in 2010, depending on the market segment. We intend to sustain the profitability we have already achieved at prior-year levels and to improve it in the medium term, without foregoing any necessary investments. This does not take account of the changes in the economic climate currently forecast, however.

Our prime objective is to generate long-term value-added for the Company. We continue to regard our prospects for long-term growth in our markets as positive. We see significant growth potential here, due to the unbroken, positive fundamental trends, such as demographic development and the strong impact that ophthalmic diseases have on quality of life.

## Report on the remuneration of the Management Board and Supervisory Board

### 1. Remuneration of the Management Board

On 31 July 2009 the German Act on the Appropriateness of Executive Remuneration (*Gesetz zur Angemessenheit der Vorstandsvergütung, VorstAG*) entered into force. This has led to a series of amendments to the remuneration regulations for the Management Board provided for under German stock corporation law and also assigned authority regarding the stipulation of the Management Board's remuneration exclusively to the Supervisory Board as a whole. The law does not apply to existing Management Board contracts, however („existing contracts“) and is only applicable for the first time for new contracts being concluded or for an extension of Management Board contracts.

The following remuneration report refers to the Management Board contracts already existing in the financial year just ended („existing contracts“) on the basis of the legal situation prevailing under stock corporation law and applying to the existing contracts of Management Board members up until the enforcement of the new regulations for the remuneration of the Management Board. No new Management Board contracts were concluded and no Management Board contracts were extended in the financial year under review.

### Structure and amount of remuneration paid to the Management Board

The Personnel Committee of the Supervisory Board proposes and the Supervisory Board as a whole specifies the amount and structure of the remuneration to be 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 financial year and the second bears a long-term incentive effect and risk elements.

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

The **variable portion** of the remuneration, which relates to targets set for the respective financial year, is contingent upon the achievement of certain quantitative and qualitative targets. The quantitative targets, which bear the most weight, are revenue, EBIT, Free Cash Flow and Economic Value Added<sup>®</sup> („EVA<sup>®</sup>“). Strategic targets agreed individually between the Chairman of the Supervisory Board and the members of the Management Board are also taken into consideration. This portion of the remuneration is paid after the end of the respective financial year. The amount is contingent upon the degree of target fulfilment.

In addition to the two portions of Management Board remuneration described above, there is also a Long Term Incentive Program („LTIP“) for Management Board members Hirsch, Krauss and Dr. Monz. This programme first came into effect in financial year 2005/2006 and a new tranche is added each year. This LTIP consists of a remuneration component with a long-term incentive effect and risk elements. The annual tranches each have a term of three years. As part of the LTIP tranches Management Board members Hirsch, Krauss and Dr. Monz may, at the end of the respective three-year period, achieve an additional “target income” amounting to one third of their respective annual salaries, consisting of a fixed and a variable component.

A key requisite for being entitled to this payment, however, is the achievement of a certain EVA<sup>®</sup> target for the respective three-year period set by the Supervisory Board, which is evaluated at the end of the period. The overachievement of this target is limited to a maximum of 200%. In addition, the respective Management Board member’s contract of employment must not have been terminated as of the end of the period. For the purposes of setting up appropriate provisions, an annual performance review is carried out at the balance sheet date at the end of each financial year during the three-year period for each tranche. The accrued amounts are not earned until the end of the period, however, and are only paid out at this time if the respective targets have been sufficiently met.

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

	Remuneration for financial year 2008/2009		Total remuneration for financial year 2008/2009
	Fixed remuneration component	Variable remuneration (performance-related)	
Dr. Michael Kaschke	270.0	90.0	360.0
Bernd Hirsch	206.5	137.0	343.5
Ulrich Krauss	207.0	131.3	338.3
Dr. Ludwin Monz	214.5	133.0	347.5

As a show of solidarity, the employees of Carl Zeiss Meditec's German locations personally contributed to the reduction in personnel expenses within the Company by foregoing their holiday pay and Christmas bonus as part of the "*Gesamtpaket zur Bewältigung der wirtschaftlichen Situation*" (complete package of measures to overcome the economic situation), which was agreed in June with representatives from IG Metall and the workforce. This contributed significantly to the Company's excellent result for the year. The retained payments amount to 8.1 % of the target annual salary.

The Management Board of Carl Zeiss Meditec AG would like to show solidarity with its employees and has thus unanimously resolved to forego 8.1 % of its target annual salary, the CEO 20 % of its target annual salary, voluntarily and without respect to its contractual commitments. This contribution shall be offset against the variable component of the Management Board's remuneration for financial year 2008/2009.

The LTIP for the three-year period from 2005/2006 to 2007/2008 was settled at the end of financial year 2007/2008, but was paid out only in financial year 2008/2009. Payments have been made of € 164.0 thousand to Mr. Hirsch, € 151.9 thousand to Mr. Krauss and € 60.5 thousand to Dr. Monz for his time as a member of the Management Board of Carl Zeiss Meditec AG, on 8 October 2007. This led to the reversal in income of the provisions of € 165.7 thousand set up in the previous years.

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. At the present time this does not comply 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. Pursuant to the transitional provisions pertaining to the new regulation under stock corporation law, the excess stipulated in the Management Board contracts shall be adjusted to comply with the current legal situation when the respective Management Board contracts are extended.

#### **Pension scheme for members of the Management Board**

The appropriation to provisions for pensions or pension funds is to be stated annually for pension commitments. Pursuant to HGB, an appropriation of € 17 thousand was made for Management Board member Hirsch in financial year 2008/2009; an appropriation of € 26 thousand was made for Management Board member Krauss, and an appropriation of € 39 thousand was made for Management Board member Dr. Monz. The Company did not set up any pension provisions for Management Board member Dr. Kaschke.

Projected unit credits for pensions for former members of the Management Board of Carl Zeiss Meditec amounted to € 175 thousand.

#### **Premature termination of the employment contract of members of the Management Board**

In the event of a 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.

## **2. Remuneration of the Supervisory Board**

The remuneration of the members of the Supervisory Board is calculated according to Art. 19 Section 1 of the current version of the Articles of Association of Carl Zeiss Meditec AG. In accordance with the Articles of

Association, the Supervisory Board itself decides how to distribute the performance-related remuneration amongst its members. This decision on the remuneration takes account of the Chair and Deputy Chair of the Supervisory Board and committee membership. The amount to be paid is determined firstly on the basis of the varying fixed remuneration for the Chairman of the Supervisory Board and his Deputy as laid down in the Articles of Association. Secondly, functions on Supervisory Board committees are taken into account for the distribution of the variable remuneration.

The table below shows an itemised breakdown of the remuneration paid to the Supervisory Board:

Table 7: Itemised breakdown of the remuneration paid to the Supervisory Board of Carl Zeiss Meditec AG in financial year 2008/2009 (pursuant to Art. 19 Section 1 of the Company's Articles of Association; figures in € '000)

	Fixed remuneration	Performance-related remuneration
Dr. Markus Guthoff <sup>10</sup>	20.0	46.5
Dr. Dieter Kurz <sup>11</sup>	15.0	41.0
Dr. Wolfgang Reim	10.0	47.5
Ulrich Hoffmann <sup>12</sup>	1.7	4.0
Franz-Jörg Stündel <sup>13</sup>	10.0	29.3
Wilhelm Burmeister <sup>13</sup>	10.0	23.3

The Supervisory Board and Management Board of Carl Zeiss Meditec AG would like to show solidarity with the employees of the German locations of Carl Zeiss Meditec, who, by foregoing their holiday pay and Christmas bonus, helped to reduce personnel expenses within the Company. The Supervisory Board has thus unanimously resolved to forego 10% of its remuneration. This contribution shall be offset against the variable component of the Supervisory Board's remuneration for financial year 2008/2009.

The Company did not pay members of the Supervisory Board any additional remunerations or benefits for personally rendered services (in particular consultancy and agency services) in financial year 2008/2009.

#### Other reportable notes

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

Carl Zeiss Meditec AG is aware of the following direct and indirect holdings in the capital of Carl Zeiss Meditec AG in excess of 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

<sup>10</sup> Chairman of the Supervisory Board

<sup>11</sup> Deputy Chairman of the Supervisory Board

<sup>12</sup> Legally appointed member of the Supervisory Board since 31 July 2009

<sup>13</sup> Employee representative legally appointed to the Supervisory Board on a voluntary basis

52,893,270 no-par value shares. Carl Zeiss AG also indirectly holds 7.47 % of the voting rights or 6,074,256 no-par value shares in Carl Zeiss Meditec AG via its second-tier subsidiary Carl Zeiss Inc., Thornwood, USA.

Employees of Carl Zeiss Meditec AG or its affiliated companies pursuant to Section 15 et seqq. AktG, who participate in the Company via employee share plans concerning the share capital of Carl Zeiss Meditec AG, 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. 24 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. 27 of the Articles of Association of Carl Zeiss Meditec AG, the Supervisory Board is authorised 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. The Supervisory Board is responsible for concluding and terminating contracts of employment with the members of the Management Board.

Pursuant to Art. 4 Section 5 of the Articles of Association of Carl Zeiss Meditec AG, the Company has an Authorised Capital I. Subject to the approval of the Supervisory Board, the Management Board is accordingly authorised to increase the share capital by up to € 39,654,800.00 through one or several issues in the period up to 9 March 2011. To this end, new no-par value bearer shares may be issued against cash or contributions in kind. The Management Board is authorised, with the consent of the Supervisory Board, to exclude the statutory subscription rights of shareholders in the following cases:

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

The Management Board is authorised, with the consent of the Supervisory Board, to specify the further details of capital increases from Authorised Capital I.

Based on the resolution of the General Meeting of Carl Zeiss Meditec AG dated 19 May 2009, the Management Board is authorised to purchase own shares. This authorisation shall apply until 18 November 2010. The shares may be acquired to:

- offer them for purchase to employees of the Company and affiliates of the Company as defined by Section 15 et seqq. AktG, or
- use them for the purpose of mergers with companies or within the scope of purchasing companies, parts of companies or equity interests in companies, or
- to recall them.

This authorisation 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.

Further details on the authorisation of the Management Board to repurchase own shares can be found in the Invitation to the Annual General Meeting 2009 under Agenda item 7 "Resolution on authorisation to purchase Company's own shares" and the related report of the Management Board. The invitation may be inspected on the Company's website at: [www.meditec.zeiss.com/ir](http://www.meditec.zeiss.com/ir), "Investors", "AGM 2009".

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

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

Classes of shares other than those described in the preceding disclosures do not exist. Nor are there restrictions on behalf of Carl Zeiss Meditec AG concerning the voting rights or transfer of shares. Furthermore, the Management Board is not aware of any other agreements concluded, for example, between individual shareholders.

The voting rights announcement last issued by Carl Zeiss AG pursuant to Section 21 (1), Section 22 (1) Sentence 1 No. 1 German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*) is dated 15 February 2006. Another voting rights announcement in connection with Germany's Transparency Directive Implementation Act (*Transparenzrichtlinie-Umsetzungsgesetz, TUG*) by 20 January 2007 was not required due to Section 41 (4a) Sentence 2 WpHG. The voting rights announcement pursuant to Section 21 (1), Section 24 WpHG, which was issued by Carl Zeiss AG on behalf of Carl Zeiss Inc., is dated 27 October 2006. All of the voting rights announcements mentioned above can be inspected on the Company's website at: [www.meditec.zeiss.com/ir](http://www.meditec.zeiss.com/ir), "Corporate Governance – Obligatory Disclosures".

The Company did not issue shares with special rights that grant supervisory powers.

### Closing statement on the dependent company report

#### Declaration by the Management Board 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.

Jena, 20 November 2009


Carl Zeiss Meditec AG



**Dr. Michael Kaschke**  
President and  
Chief Executive Officer



**Bernd Hirsch**  
Member of the  
Management Board



**Ulrich Krauss**  
Member of the  
Management Board



**Dr. Ludwin Monz**  
Member of the  
Management Board

## Income statement for financial years 2008/2009 and 2007/2008 (HGB)

(Figures in € '000)	Notes	Financial year 2008/2009	Financial year 2007/2008
<b>Sales revenues</b>	(18)	<b>133,546</b>	<b>147,624</b>
Cost of revenues		(92,805)	(101,055)
<b>Gross profit</b>		<b>40,741</b>	<b>46,569</b>
Selling and marketing expenses		(17,835)	(17,150)
General and administrative expenses		(8,456)	(7,807)
Research and development expenses minus government grants received	(13,411) 321	(13,090)	(13,337) 443
Other operating income	(21)	8,315	8,242
Other operating expenses	(22)	(4,036)	(2,939)
Income from long participations	(23)	10,000	–
Income from long term loans	(23)	77	3,552
Other interest and similiar income	(23)	4,988	6,532
Interest and similiar expenses	(23)	(31)	(181)
<b>Result from ordinary activities</b>		<b>20,673</b>	<b>23,924</b>
Taxes on income and earnings	(24)	(3,411)	(4,790)
<b>Net income</b>		<b>17,262</b>	<b>19,134</b>
Retained profits/(accumulated losses) brought forward		32,757	48,586
Dividend		(14,636)	(34,963)
<b>Retained earnings</b>		<b>35,383</b>	<b>32,757</b>

The following notes to the financial statements are an integral part of the single-entity financial statements.

## Balance sheet as of 30 September 2009 and as of 30 September 2008 (HGB)

(Figures in € '000)	Notes	30.09.2009	30.09.2008
<b>ASSETS</b>			
<b>Fixed assets</b>	(6)		
<b>Intangible fixed assets</b>			
Concessions, industrial property rights and similar rights and assets including licenses for such rights and assets		344	431
<b>Tangible fixed assets</b>			
Land and buildings including buildings on third-party land		419	79
Plant and machinery		45	60
Other fixtures and fittings, tools and equipment		2,908	2,550
Advance payments and assets under construction		–	301
		3,372	2,990
<b>Financial assets</b>			
Shares in affiliated undertakings		496,283	496,283
Loans to affiliated undertakings		94,023	69,023
Securities incl. in non-current assets		3,857	3,069
Other loans		163	340
		594,326	568,715
		598,042	572,136
<b>Current assets</b>			
<b>Inventories</b>	(7)		
Raw materials and supplies		10,865	12,444
Work in progress		4,094	6,937
Finished goods and goods for re-sale		3,738	6,817
On-account payments		35	91
Advance payments received		-1,248	-1,400
		17,484	24,889
<b>Accounts receivable and other assets</b>			
Trade accounts receivable	(8)	4,801	5,431
Due from affiliated companies	(9)	24,943	70,730
Other assets	(10)	3,531	3,853
		33,275	80,014
<b>Cash on hand and cash in banking accounts</b>	(11)	147,007	120,008
		197,766	224,911
<b>Prepayments and accrued income</b>	(12)	80	120
<b>Total assets</b>		<b>795,888</b>	<b>797,167</b>

The following notes to the financial statements are an integral part of the single-entity financial statements.

(Figures in € '000)	Notes	30.09.2009	30.09.2008
<b>LIABILITIES</b>			
<b>Shareholders' equity</b>	(13)		
<b>Share capital</b>		81,310	81,310
<b>Additional paid-in capital</b>		646,454	646,454
<b>Retained earnings</b>			
Other retained earnings		1,558	1,558
<b>Accumulated profit</b>		35,383	32,757
		764,705	762,079
<b>Accrued expenses</b>	(14)		
Provisions for pensions and similar obligations		4,414	3,869
Provisions for taxation		6	–
Other provisions		14,359	15,873
		18,779	19,742
<b>Liabilities</b>	(15)		
Trade accounts payable		4,476	6,184
Due to affiliated companies	(9)	6,602	7,878
Other liabilities		1,305	1,238
		12,383	15,300
<b>Deferred income</b>	(16)	21	46
<b>Total liabilities</b>		<b>795,888</b>	<b>797,167</b>

The following notes to the financial statements are an integral part of the single-entity financial statements.

## Fixed asset movement schedule (gross presentation)

(Figures in € '000)	Cost of conversion/purchase				30.09.2009
	01.10.2008	Additions	Transfers (+/-)	Disposals	
<b>Intangible fixed assets</b>					
Concessions, industrial property rights and similar rights and assets	1,192	32	–	2	1,222
<b>Tangible fixed assets</b>					
Land and buildings including buildings on third-party land	334	112	257	–	703
Plant and machinery	212	6	–	–	218
Other fixtures and fittings, tools and equipment	9,247	2,030	33	863	10,447
Advance payments and assets under construction	301	–	(290)	11	–
	<b>10,094</b>	<b>2,148</b>	<b>–</b>	<b>874</b>	<b>11,368</b>
<b>Financial assets</b>					
Shares in affiliated undertakings	496,283	–	–	–	496,283
Loans to affiliated undertakings	69,023	25,000	–	–	94,023
Investments	4,668	–	–	4,668	–
Loans to undertakings which are linked by participating interest	1,067	–	–	1,067	–
Available-for-sale financial assets	3,069	788	–	–	3,857
Other loans	340	–	–	177	163
	<b>574,450</b>	<b>25,788</b>	<b>–</b>	<b>5,912</b>	<b>594,326</b>
	<b>585,736</b>	<b>27,968</b>	<b>–</b>	<b>6,788</b>	<b>606,916</b>

The following notes to the financial statements are an integral part of the single-entity financial statements.

(Figures in € '000)	Accumulated depreciation				Net book value		
	01.10.2008	Depreciation of the financial year	Disposals	Write-ups	30.09.2009	30.09.2009	01.10.2008
<b>Intangible fixed assets</b>							
Concessions, industrial property rights and similar rights and assets	761	118	1	–	878	344	431
<b>Tangible fixed assets</b>							
Land and buildings including buildings on third-party land	255	29	–	–	284	419	79
Plant and machinery	152	21	–	–	173	45	60
Other fixtures and fittings, tools and equipment	6,697	1,456	614	–	7,539	2,908	2,550
Advance payments and assets under construction	–	–	–	–	–	–	301
	<b>7,104</b>	<b>1,506</b>	<b>614</b>	<b>–</b>	<b>7,996</b>	<b>3,372</b>	<b>2,990</b>
<b>Financial assets</b>							
Shares in affiliated undertakings	–	–	–	–	–	496,283	496,283
Loans to affiliated undertakings	–	–	–	–	–	94,023	69,023
Investments	4,668	–	4,668	–	–	–	–
Loans to undertakings which are linked by participating interest	1,067	–	1,067	–	–	–	–
Available-for-sale financial assets	–	–	–	–	–	3,857	3,069
Other loans	–	–	–	–	–	163	340
	<b>5,735</b>	<b>–</b>	<b>5,735</b>	<b>–</b>	<b>–</b>	<b>594,326</b>	<b>568,715</b>
	<b>13,600</b>	<b>1,624</b>	<b>6,350</b>	<b>–</b>	<b>8,874</b>	<b>598,042</b>	<b>572,136</b>

The following notes to the financial statements are an integral part of the single-entity financial statements.

# Notes to the annual financial statements for financial year 2008/2009

## General information and explanatory notes to the annual financial statements

### (1) Description of operations

Carl Zeiss Meditec AG, Jena ("Carl Zeiss Meditec" or the "Company") is engaged in the development, manufacture and marketing of products and systems as well as the rendering of services for diagnosis and treatment in the field of medical technology. The Company's registered office is located in Jena, Germany's traditional centre of excellence for optical and optical-related technologies. The Company has subsidiaries in, among others, the United States (100 % interest), Germany (100 % interest), France (100 % interest), Spain (100 % interest) and Japan (51 % interest). Together, these form the Carl Zeiss Meditec Group (the "Group").

The Company's customers are ophthalmologists in private practice, surgeons, optometrists, opticians and clinics worldwide.

### (2) Foundation, stock exchange listing

Carl Zeiss Meditec AG was originally founded on 4 October 1995 as Aesculap-Meditec GmbH with its registered office in Jena.

On 10 November 1999 Aesculap-Meditec GmbH was transformed into a stock corporation and traded from this date under the name Asclepion-Meditec AG ("Asclepion"). The Company went public on 22 March 2000 and was listed on the Neuer Markt of the Frankfurt Stock Exchange.

In 2002, Carl Zeiss Ophthalmic Systems AG transferred its entire assets to Asclepion by way of a merger by absorption.

Asclepion Meditec AG was also renamed Carl Zeiss Meditec AG at this point.

### (3) Development of share capital and capital reserves in financial year 2008/2009

#### Authorised Capital I

The Annual General Meeting on 10 March 2006 resolved to eliminate the existing authorised and partially utilised capital and to authorise the Management Board, with the consent of the Supervisory Board, to increase the share capital by up to € 39,654,800.00 by issuing new no-par value bearer shares against cash and/or contributions in kind until 9 March 2011 (Authorised Capital I).

This resolution of the Annual General Meeting on 10 March 2006 also authorised the Management Board, with the consent of the Supervisory Board, to exclude shareholders' subscription rights. The exclusion of shareholders' subscription rights is only possible in the following cases, however:

- to balance out fractional amounts,
- if the capital increase is effected against cash contributions and the new shares, for which subscription rights are excluded, are equivalent to no more than 10 % of the existing share capital, neither on the date the increase becomes effective, nor on the date this authorisation 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 authorisations pursuant to Section 186 (3) sentence 4 AktG must be allowed for in this restriction to 10 % of the share capital,
- for capital increases against contributions in kind to grant shares for the purpose of acquiring companies, parts of companies or equity interests in companies.

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

This resolution was entered in the Company's commercial register on 26 October 2006.

#### Authorised Capital II

The Annual General Meeting on 19 March 2004 authorised the Management Board, with the consent of the Supervisory Board, to increase the share capital of the Company by up to € 1,000,000.00 by issuing new no-par value bearer shares until 18 March 2009 (Authorised Capital II). The new shares may be issued to employees of Carl Zeiss Meditec AG and its subsidiaries. Shareholders' subscription rights are thus excluded. The Management Board was authorised, with the consent of the Supervisory Board, to specify the further details of capital increases from Authorised Capital II.

In financial year 2008/2009 no shares from the Authorised Capital II were subscribed.

The Authorised Capital II from 19 March 2004 lapsed due to the passing of time.

#### Own shares

By way of a resolution of the Ordinary General Meeting on 7 March 2008, Carl Zeiss Meditec AG was authorised to purchase own shares until 6 September 2009 up to a value of € 8,130,000.00 – equivalent to less than 10% of the existing share capital of € 81,309,610.00 – to offer them for purchase to employees of the Company and its affiliated companies pursuant to Section 15 et seqq. AktG or to utilise them within the scope of mergers with other companies, or for acquiring companies, parts of companies or equity interests in companies, or to recall them. In financial year 2008/2009 the Company utilised this authorisation to acquire 27,600 shares and issued a total of 26,208 shares to the preferred group of employees in financial year 2008/2009.

Table 1

	Number of shares	Amount in €	Proportion of share capital (%)
Holdings as of 30 September 2008	0	0	0
Purchase on 30 December 2008	27,600	216,392	0.0339
Issued to employees on 31 January 2009	26,208	213,857	0.0322
Sale on 13 February 2009	1,072	10,294	0.0013
Sale on 16 February 2009	320	3,175	0.0003
Holdings as of 30 September 2009	0	0	0

By way of the resolution of the Annual General Meeting of Carl Zeiss Meditec AG on 19 May 2009, the Management Board is again authorised to purchase own shares. This authorisation shall apply until 18 November 2010. The shares may be acquired to:

- offer them for purchase to employees of the Company and affiliates of the Company as defined by Section 15 et seqq. AktG, or
- use them for the purpose of mergers with companies or within the scope of purchasing companies, parts of companies or equity interests in companies, or
- to recall them.

This authorisation is again limited to the acquisition of shares equivalent to share capital of € 8,130,000.00 or less than 10 % of the 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.

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

The figures in the annual financial statements of Carl Zeiss Meditec for the financial year ending on 30 September 2009 are stated in thousands of euros (€ '000) – unless specified otherwise – in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

The income statement was prepared using the cost of sales format.

The Company's annual financial statements are incorporated into the consolidated financial statements of Carl Zeiss AG, Oberkochen. The consolidated financial statements of Carl Zeiss AG are published in the electronic edition of the Federal Gazette (*Bundesanzeiger*).

The Company also prepares consolidated financial statements according to the International Financial Reporting Standards (IFRS). The consolidated financial statements of Carl Zeiss Meditec AG are published in the electronic edition of the Federal Gazette (*Bundesanzeiger*). The consolidated financial statements can also be obtained from Carl Zeiss Meditec AG in Jena on request. They are also available for inspection on Carl Zeiss Meditec AG's website at <http://www.meditec.zeiss/de>.

#### **(5) Information and notes on accounting and valuation methods**

The accounting and valuation methods from the previous year have generally been applied unchanged.

##### **Fixed assets**

##### ***Intangible assets***

The intangible assets capitalised at cost are depreciated on a pro rata temporis basis using the straight-line method over their respective useful lives.

##### ***Property, plant and equipment***

Additions are capitalised at cost. Disposals are booked at cost less cumulative depreciation and amortisation at the time of their disposal.

In financial year 2008/2009 the straight-line method of depreciation was applied to additions to movable items of tangible assets until 31 December 2008, in compliance with the tax provisions applicable until that date. The sliding-scale method of depreciation is permitted for tax purposes from 1 January 2009. In accordance with the regulation applicable for tax purposes, additions to movable items of tangible assets have from this date been exclusively depreciated on a sliding-scale basis over their respective useful lives. The transition from the sliding-scale to the straight-line method of depreciation was made as soon as this resulted in higher depreciation amounts.

Low-value assets are depreciated in full in their year of acquisition. The tax regulations applicable to the collective items and the low-value assets in the sense of Section 6 (2) and 2a German Income tax Act (EStG) are applied without restriction.

#### **Financial assets**

Shares in affiliated companies, loans to affiliated companies, equity investments, loans to other investees or investors, long-term investments and other loans are carried at cost or, in the case of contributions in kind, at their present value. Appropriate valuation allowances are made for potential risks and impairment in the shareholding situation, and for loans.

#### **Current assets**

##### **Inventories**

Raw materials, consumables and supplies are valued at the lower of cost or market.

Work in progress and finished goods are valued at production costs. In addition to direct material costs and direct production costs, these also include an appropriate portion of the material and production overheads, as well as the pro rata depreciation of the fixed production assets. Inventory risks relating to the storage period or reduced marketability were taken into account by write-downs using a combination of the lower of cost or market test, marketability discounts and loss-free valuation, and by special individual valuation allowances.

Trade goods are valued at the lower of cost or market as of the balance sheet date.

##### **Receivables and other assets**

Receivables and other assets are stated at their nominal value. Appropriate valuation allowances have been set up for discernible individual risks; the general credit risk on trade receivables is covered by a global valuation allowance.

Receivables due after more than one year are discounted.

#### **Equity**

##### **Share capital**

As of 30 September 2009 the share capital was composed of 81,309,610 no-par value shares, each with a theoretical value of € 1.00. These are recognised at their nominal value.

**Provisions and liabilities***Provisions*

Provisions for pensions and similar obligations are valued at their actuarial cash value pursuant to Section 6a German Income Tax Act (*Einkommensteuergesetz, EStG*) in accordance with the Heubeck Guideline Tables 2005G, and an assumed interest rate of 6%.

The provision for deferred compensation commitments corresponds to the asset values of the reinsurance policy determined according to actuarial principles.

The other provisions set up provide adequate cover for discernible risks and uncertain obligations. The amount to be allocated to these provisions is determined using prudent commercial judgement. Provisions for partial retirement and anniversary bonuses were valued according to actuarial principles.

*Liabilities*

Liabilities are stated at their respective redemption amounts.

**Foreign currency translation**

Receivables are translated at the acquisition exchange rate or at the lower conversion rate on the balance sheet date.

Liabilities are converted at the applicable redemption rate at the time the liabilities were assumed or at the higher exchange rate on the balance sheet date.

**Derivative financial instruments**

As a company with global operations, Carl Zeiss Meditec is exposed to the effects of exchange rate fluctuations and enters into currency forward contracts to hedge against its currency risks based on planned transactions in foreign currencies, to cover the maximum risk of receivables and liabilities. These contracts have a term of up to one year. The market value of currency forward transactions is calculated based on the average spot exchange rate at the balance sheet date, adjusted for forward premiums and discounts for the respective residual term of the contract, compared with the contracted forward exchange rate. As of 30 September 2009 the Company had currency forward contracts with a total nominal value of € 9,722 thousand for receivables and € 11,952 thousand for liabilities. The market value of the currency forward contracts as of 30 September 2009 was composed of € 719 thousand in receivables and € 531 thousand in liabilities, for which a provision to the same amount was set up.

## Notes to individual items in the balance sheet

### (6) Fixed assets

Information on the movement of individual fixed assets in financial year 2008/2009 is contained in Appendix 1 to these Notes.

The addition to intangible assets is attributable to the acquisition of computer software and patents.

Investments in tangible assets in the financial year relate in particular to the transfer of service and study equipment to fixed assets, computer hardware, tools and test facilities, and office furniture.

Long-term investments relate to the outsourcing of pension liabilities of Carl Zeiss Meditec AG within the scope of a contractual trust arrangement. For the first time in September 2006 Carl Zeiss Meditec AG had transferred an amount of cash to a trustee equivalent to the pension provisions for the entitled group of employees. These funds are to be managed by the trustee, giving appropriate consideration to yield potential and maintenance of assets, and may only be used in future to fulfil the respective pension commitments. This means that the respective pension obligations are primarily covered by external plan assets and are thus separate from the Company's other operating assets. In the reporting year 2008/2009 this item was increased by a further € 788 thousand.

In the course of financing the acquisition of Ioltech S.A. (now operating as Carl Zeiss Meditec S.A.S.), the French intermediate holding company Atlantic S.A.S. issued a convertible bond in financial year 2004/2005 with a total value of € 103.0 million, which was subscribed to by Carl Zeiss Meditec AG. This was carried in the balance sheet under "Loans to affiliated companies". These securities are endowed with a profit-related, annual remuneration of up to 8.775% of their nominal value, and will be converted to Atlantic S.A.S. shares at the end of their term of 10 years on 30 September 2015 at the latest. A portion of this convertible bond of Atlantic S.A.S. subscribed by Carl Zeiss Meditec was converted into share capital of Atlantic S.A.S. in the previous financial year 2007/2008. Shares with a total value of € 35.0 million were subsequently transferred to Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH by way of an appropriation to reserves.

The increase in loans to affiliated companies resulted from reclassifications of receivables from affiliated companies initially carried under current assets, and relates to Group loans granted to subsidiaries of Carl Zeiss Meditec AG with a total value of € 25 million with maturities of more than one year.

## **Other asset items**

### **(7) Inventories**

Inventories (€ 17,484 thousand) include cumulated valuation allowances of € 3,289 thousand. Work in progress includes outsourced development services to the value of € 1,180 thousand.

### **(8) Trade receivables**

Trade receivables amount to € 4,801 thousand as of the balance sheet date, taking cumulated individual and global valuation allowances totalling € 4,005 thousand into account. Discounted trade receivables amounting to € 229 thousand are due after more than one year.

### **(9) Receivables from/liabilities to affiliated companies**

The balances disclosed comprise trade receivables and payables, as well as receivables from the Group treasury of the Carl Zeiss Group of € 7,029 thousand, as well as a short-term Group loan to a subsidiary.

The year-on-year decline is attributable, on the one hand, to reclassifications of Group loans granted with a total value of € 25 million to "Loans to affiliated companies". Another major item in the previous year related to a receivable from Carl Zeiss Surgical GmbH due to the sale of a Group loan of € 17.3 million, which Carl Zeiss Meditec AG had granted in financial year 2006/2007 to Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH to finance the acquisition of two equity holdings.

### **(10) Other assets**

Other assets amount to € 3,531 thousand as of the balance sheet date. These include the asset values of reinsurance policies amounting to € 291 thousand (previous year: € 239 thousand), which are due after one year.

Tax rebate claims, asset values from reinsurance policies and claims for investment grants included in this item, totalling € 3,286 thousand, only legally exist after the balance sheet date.

### **(11) Cash and cash equivalents**

Cash and cash equivalents include cash-in-hand and bank balances, as well as short-term financial investments at banks deposited via the Group treasury of the Carl Zeiss Group and pledged with Carl Zeiss Meditec AG amounting to € 147,007 thousand (previous year: € 120,008 thousand).

### **(12) Prepaid expenses**

For the most part these consist of prepaid purchase invoices.

### (13) Equity

#### Share capital

The share capital comprises 81,309,610 no-par value shares, each with a theoretical value of € 1.00. These are disclosed at their nominal value.

#### Capital reserves

As of 30 September 2009 capital reserves still amounted to € 646,454 thousand.

#### Net retained profits

Due to Carl Zeiss Meditec AG's net income for the year of € 17,262 thousand, and taking into consideration the profit carryforward of € 18,121 thousand remaining as of 30 September 2009 after distribution of the dividend of € 14,636 thousand, net retained profits amount to € 35,383 thousand (previous year: € 32,757 thousand).

### (14) Provisions

#### Provisions for pensions and similar obligations

These provisions have been set up for the Carl Zeiss Group's pension commitments pursuant to the Benefit Regulations 2000 and the Pension Regulations 1982. The actuarial report for the assessment of pension commitments as of 30 September 2009 was prepared by Watson Wyatt Heissmann GmbH, Wiesbaden; pension commitments thus amount to € 4,123 thousand.

This item also includes a provision for a deferred compensation program (postponed remuneration, € 291 thousand).

#### Other provisions

These were particularly set up for uncertain obligations arising from:

- Warranties (€ 4,169 thousand),
- Special payments to employees (€ 2,396 thousand),
- Outstanding invoices (€ 2,353 thousand),
- Litigation risks (€ 1,889 thousand),
- Other provisions relating to personnel (€ 1,268 thousand).

### (15) Liabilities

Liabilities of Carl Zeiss Meditec AG relate exclusively to unsecured liabilities in the amount of € 12,383 thousand, which are due within one year.

#### Trade payables

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

#### Other liabilities

In addition to import sales tax (€ 814 thousand), other liabilities also include liabilities from withheld wage and church tax (€ 298 thousand) and liabilities from the accounts receivable ledger (€ 142 thousand).

Table 2: Maturity structure of liabilities (in € '000)

	30.09.2009		30.09.2008	
	thereof due within one year		thereof due within one year	
Trade payables	4,476	4,476	6,184	6,184
Liabilities to affiliated companies	6,602	6,602	7,878	7,878
Other liabilities	1,305	1,305	1,238	1,238
<i>thereof from taxes</i>	<i>1,112</i>	<i>1,112</i>	<i>870</i>	<i>870</i>

**(16) Deferred income**

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

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

As of the balance sheet date there were limited guarantees with a total value of € 8,151 thousand (previous year: € 9,342 thousand); thereof in favour of affiliated companies € 8,151 thousand (previous year: € 9,342 thousand).

**Other financial commitments**

Rental and leasing obligations were calculated on the basis of the earliest possible termination dates or the end of the contractual term. The nominal amounts were used.

**Rental agreements give rise to the following financial commitments:**

Table 3 (in € '000)

	30.09.2009
due 2009/2010	862
– thereof to affiliated companies:	861
<b>Total</b>	<b>862</b>

Financial commitments arising from rental agreements mainly relate to production and office space let by Carl Zeiss Jena GmbH at Carl-Zeiss-Promenade 10, Jena.

**The following financial commitments exist due to leases:**

Table 4 (in € '000)

	<b>30.09.2009</b>
due 2009/2010	863
– thereof to affiliated companies:	592
due 2010/2011 until 2013/2014	2,427
– thereof to affiliated companies:	2,209
due after 2013/2014	2,831
– thereof to affiliated companies:	2,831
<b>Total</b>	<b>6,121</b>

The main commitments here relate to a lease agreement for the property let by CZM Asset Management Verwaltungsgesellschaft mbH, Jena, at Göschwitzer Str. 51–52, and motor vehicle leases.

**Purchase commitments**

The purchase commitment for investments gives rise to financial commitments of € 107 thousand.

## Notes to individual items in the income statement

### (18) Sales by region

Table 5 (in € '000)

	2008/2009	2007/2008
Germany	11,925	12,586
Europe, Middle East and Africa (EMEA)	64,740	73,304
Asia/Pacific	33,406	30,433
Americas	23,475	31,301
<b>Total</b>	<b>133,546</b>	<b>147,624</b>

### (19) Cost of materials

Table 6 (in € '000)

	2008/2009	2007/2008
a) Cost of raw materials, consumables and supplies, and of purchased merchandise	77,791	88,459
b) Cost of purchased services	4,526	4,468
<b>Total</b>	<b>82,317</b>	<b>92,927</b>

### (20) Personnel expenses

Table 7 (in € '000)

	2008/2009	2007/2008
a) Wages and salaries	18,720	18,660
b) Social security and other pension costs	3,555	3,914
– thereof for pensions	527	807
<b>Total</b>	<b>22,275</b>	<b>22,574</b>

### (21) Other operating income

Other operating income (€ 8,315 thousand) mainly consists of currency gains (€ 4,685 thousand), on-charging to Group companies (€ 1,595 thousand), income from reversals of provisions (€ 1,588 thousand), and prior-period income (€ 190 thousand).

### (22) Other operating expenses

This item relates to currency losses (€ 4,036 thousand).

### (23) Financial result

Table 8 (in € '000)

	2008/2009	2007/2008
Income from investments	10,000	–
– thereof from affiliated companies	10,000	–
Income from other investments and long-term loans	77	3,552
– thereof from affiliated companies	42	3,502
Other interest and similar income	4,988	6,532
– thereof from affiliated companies	4,025	6,525
Interest and similar expenses	31	181
– thereof to affiliated companies	30	164
<b>Total</b>	<b>15,034</b>	<b>9,903</b>

### (24) Taxes on income

This item relates almost exclusively to German corporate income tax and trade tax.

### (25) Auditor's fees

Table 9 (in € '000)

	2008/2009
a) Auditing of financial statements (single-entity statements)	78
b) Other auditing services	8
c) Tax consultancy services	–
d) Other services	1
<b>Total</b>	<b>87</b>

**(26) Other disclosures****Information on the existence of an equity interest in the Company**

Since September 2003 Carl Zeiss AG has held an indirect majority interest in the Company's voting capital below the threshold of 75 % pursuant to Section 21 (1) German Securities Trading Act (WpHG).

Carl Zeiss AG, Oberkochen, Germany informed the Company on 27 October 2006 that the share of the voting rights of its second-tier subsidiary Carl Zeiss, Inc., Thornwood, USA in Carl Zeiss Meditec AG fell below the threshold of 10 % on 27 October 2006 and amounts to 7.47 % (6,074,256 ordinary shares) from this date.

Carl Zeiss AG, Oberkochen, Germany informed the Company on 27 October 2006 that the share of the voting rights of its subsidiary Carl Zeiss Beteiligungs-GmbH, Oberkochen, Germany in Carl Zeiss Meditec AG fell below the threshold of 10 % on 27 October 2006 and amounts to 7.47 % (6,074,256 ordinary shares) from this date. All these voting rights are allocated pursuant to Section 22 (1) Sentence 1 No. 1 WpHG.

The voting rights disclosures from 4 May 2009 relate to a correction of the publications dated 25 May 2007 and 18 December 2007 regarding the allocation of voting rights. The announcement had no effect on the decline in voting rights to below the reporting threshold.

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

**(27) Information on shareholdings**

Table 10

Name and registered office of the company	Currency	Share of voting capital %	Equity as of 30.09.2009 translated at market rate as of balance sheet date	thereof gain/(loss) for financial year 2008/2009 translated at average annual rate
Carl Zeiss Meditec, Inc., Dublin, USA	US\$ '000 € '000	100	134,537 91,743	15,053 11,126
CZM Asset Management Verwaltungsgesellschaft mbH, Jena, Germany	€ '000	100	51,917	63
Carl Zeiss Surgical GmbH, Oberkochen, Germany	€ '000	100	65,704	19,924
Carl Zeiss Medical Software GmbH, Munich Germany	€ '000	100	138	94
Carl Zeiss Meditec Systems GmbH, Jena Germany	€ '000	100	4,992	724
Carl Zeiss Meditec Vertriebsgesellschaft mbH, Jena, Germany	€ '000	100	(691)	1,241
Carl Zeiss Meditec Co., Ltd., Tokyo, Japan	JP¥ '000 € '000	51	4,799,418 36,563	1,226,982 9,539
Atlantic S.A.S., Le Pecq, France	€ '000	100	52,017	646
Carl Zeiss Meditec S.A.S., La Rochelle, France	€ '000	100	12,201	(1,384)
Carl Zeiss Meditec France S.A.S., Le Pecq, France	€ '000	100	2,393	158
Ioltechnologie Production S.A.R.L., La Rochelle, France	€ '000	100	7,887	(698)
FRANSITEC S.A.S., La Rochelle, France	€ '000	100	791	718
France Chirurgie Instrumentation S.A. (F.C.I.), Paris, France	€ Tsd.	99.5	11,107	848
Laboratoire R.D.B. S.A.S., Besançon, France	€ '000	100	1,674	154
F.C.I. Ophthalmics, Inc., Marshfield Hills, USA	US\$ '000 € '000	100	1,208 824	450 333
F.C.I. Sud, Quatre Bornes, Mauritius	MUR '000 € '000	100	37,495 838	15,433 353
Hyaltech, Ltd., Edinburgh, United Kingdom	£ '000 € '000	100	14,160 15,561	2,392 2,732
Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain	€ '000	100	2,927	(866)
Acri.Tec GmbH, Hennigsdorf, Germany	€ '000	100	11,105	3,724
Advanced Research Institute GmbH, Hennigsdorf, Germany	€ '000	49	210	(50)

**(28) Information on employees****Number of employees**

As in the previous year, the Company had an average of 333 employees in financial year 2008/2009 (previous year: 333 employees), plus 15 trainees (previous year: 14 trainees). This number does not include the members of the Management Board of Carl Zeiss Meditec AG.

The following table shows the average annual distribution of employees over the various areas of activity:

Table 11

Production	90
Sales and Service	102
Administration and Quality Management	50
Research and Development	91
<b>Total</b>	<b>333</b>

As of the balance sheet date 30 September 2009 the number of employees on the payroll stood at 323, plus 17 trainees and two members of the Management Board directly employed by Carl Zeiss Meditec AG.

## (29) Information on the Company's executive bodies

### Management Board

The following were appointed as members of the Management Board of Carl Zeiss Meditec AG in financial year 2008/2009 and entered in the commercial register:

Table 12

Member of Management Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
<p>Dr. Michael Kaschke, Physics graduate, BBA</p> <p>Chairman</p> <p>Area of responsibility: "Microsurgery", "Surgical Ophthalmology" SBUs, strategic business development, Group function (Human Resources, Corporate Communications)</p> <p>Year of first appointment 2008</p>	<ul style="list-style-type: none"> <li>• Chairman of the Board of Directors of Carl Zeiss Co. Ltd., Tokyo, Japan;</li> <li>• Chairman of the Board of Directors of Carl Zeiss Pte. Ltd., Singapore</li> <li>• Chairman of the Board of Directors of Carl Zeiss India Pte. Ltd., Singapore</li> <li>• Chairman of the Board of Directors of Carl Zeiss Co. Ltd., Seoul, South Korea</li> <li>• Chairman of the Board of Directors of Carl Zeiss Far East Co. Ltd., Kowloon, Hong Kong</li> <li>• Chairman of the Board of Directors of Carl Zeiss (Pty.) Ltd., Randburg, South Africa</li> <li>• Chairman of the Board of Directors of Carl Zeiss Australia Pty. Ltd., Camperdown, Australia</li> <li>• Chairman of the Supervisory Board of Carl Zeiss Financial Services GmbH, Oberkochen, Germany</li> <li>• Chairman of the Supervisory Board of Carl Zeiss Microlmaging GmbH, Jena, Germany</li> <li>• Chairman of the Board of Directors of Carl Zeiss Microlmaging Inc., Thornwood, USA</li> <li>• Member of the Supervisory Board of Carl Zeiss Vision Holding GmbH, Aalen, Germany</li> <li>• Member of the Supervisory Board of Carl Zeiss Meditec AG, Jena, Germany (until 22.07.2009 – suspended mandate pursuant to Section 105 AktG)</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Supervisory Board of Siltronic AG, Munich, Germany</li> <li>• Member of the Supervisory Board of Henkel AG &amp; Co. KGaA, Düsseldorf, Germany</li> </ul>
<p>Ulrich Krauss, Dipl.-Kaufmann (MBA)</p> <p>Area of responsibility: Sales, Service</p> <p>Year of first appointment 2002</p>	<ul style="list-style-type: none"> <li>• Chairman of the Supervisory Board of Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain</li> <li>• Member of the Board of Directors of Carl Zeiss Meditec Co., Ltd., Tokyo, Japan</li> <li>• Member of the Board of Directors of Carl Zeiss India Pte. Ltd., Singapore</li> <li>• Member of the Supervisory Board of Carl Zeiss Microlmaging GmbH, Jena, Germany</li> <li>• Member of the internal Administrative Board of Carl Zeiss GmbH, Vienna, Austria (since 08.12.2008)</li> <li>• Member of the Advisory Board (Director) of Carl Zeiss Ltd., Hertfordshire, United Kingdom</li> <li>• "Administrateur" of F.C.I. S.A., Paris, France (until 03.07.2009)</li> </ul>	
<p>Bernd Hirsch, Dipl.-Kaufmann (MBA)</p> <p>Areas of responsibility: Finance, Group functions (Investor Relations, Legal Affairs, Taxes), Business Process Excellence</p> <p>Year of first appointment 2002</p> <p>Member of the Management Board until 30.11.2009</p>	<ul style="list-style-type: none"> <li>• Member of the Supervisory Board of Carl Zeiss Financial Services GmbH, Oberkochen, Germany</li> <li>• Member of the Supervisory Board of Carl Zeiss Jena GmbH, Jena, Germany</li> <li>• Director of Carl Zeiss Meditec Co., Ltd., Tokyo, Japan</li> <li>• Member of the Board of Directors of Carl Zeiss Meditec, Inc., Dublin, USA</li> <li>• Director of F.C.I. Sud. Ltd., Quatre Bornes, Mauritius</li> <li>• "Administrateur" of F.C.I. S.A., Paris, France</li> <li>• Member of the Supervisory Board of Carl Zeiss Suzhou Co., Ltd., Suzhou-City, China (until 11.08.2009)</li> </ul>	
<p>Dr. Ludwin Monz, Physics graduate, MBA</p> <p>Area of responsibility: "Ophthalmic Systems" SBU</p> <p>Year of first appointment 2007</p>	<ul style="list-style-type: none"> <li>• Chairman of the Board of Directors of Carl Zeiss Meditec Inc., Dublin, USA</li> <li>• Member of the internal Advisory Board of Carl Zeiss GmbH, Vienna, Austria (until 16.03.2009)</li> </ul>	

### Remuneration paid to the active members of the Management Board in financial year 2008/2009

The remuneration paid by Carl Zeiss Meditec to the active members of the Management Board in financial year 2008/2009 amounted to a total of € 1,389 thousand. The LTIP 2005/2006 settled in financial year 2008/2009 resulted in payments of € 376 for the members of the Management Board. Details of this remuneration are contained in the remuneration report in the management report.

Projected unit credits for pensions for former members of the Company's Management Board amounted to € 175 thousand.

### Supervisory Board

The Supervisory Board of Carl Zeiss Meditec AG had the following members in financial year 2008/2009:

Table 13

Member of the Supervisory Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
Dr. Markus Guthoff Chairman Chief representative and member of the management of Interseroh SE, Cologne, Germany Member of the Supervisory Board since 2004	<ul style="list-style-type: none"> <li>• none</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Advisory Board of Poppe &amp; Potthoff GmbH, Werther, Germany</li> </ul>
Dr. Dieter Kurz Deputy Chairman Member of the Management Board of Carl Zeiss AG, Oberkochen, Germany Member of the Supervisory Board since 2006	<ul style="list-style-type: none"> <li>• Chairman of the Supervisory Board of Carl Zeiss SMT AG, Oberkochen, Germany</li> <li>• Chairman of the Supervisory Board of Carl Zeiss Industrielle Messtechnik GmbH, Oberkochen, Germany</li> <li>• Chairman of the Supervisory Board of Carl Zeiss Jena GmbH, Jena, Germany</li> <li>• Chairman of the Supervisory Board of Carl Zeiss de Mexico S.A. de C.V., Sta. Catarina Coyoacán, Mexico</li> <li>• Chairman of the Supervisory Board of Carl Zeiss do Brasil Ltda., Sao Paulo, Brazil</li> <li>• Chairman of the internal Advisory Board of Carl Zeiss Argentina S.A., Buenos Aires, Argentina</li> <li>• Chairman of the Board of Directors of Carl Zeiss Inc., Thornwood, USA</li> <li>• Chairman of the Board of Directors of Carl Zeiss IMT Corp., Minneapolis, USA</li> <li>• Auditor of Carl Zeiss Co., Ltd., Tokyo, Japan</li> <li>• Chairman of the Supervisory Board of Carl Zeiss AG., Feldbach, Switzerland</li> <li>• Chairman of the Supervisory Board of Carl Zeiss AB, Stockholm, Sweden</li> <li>• Chairman of the Supervisory Board of Carl Zeiss B.V., Sliedrecht, Netherlands</li> <li>• Chairman of the internal Administrative Board of Carl Zeiss GmbH, Vienna, Austria</li> <li>• Chairman of the Board of Directors of Carl Zeiss Ltd., Welwyn Garden City, United Kingdom</li> <li>• Chairman of the internal Advisory Board of Carl Zeiss N.V.-S.A., Zaventem, Belgium</li> <li>• President of the Supervisory Board of Carl Zeiss S.A.S., Le Pecq, France</li> <li>• President of the Board of Management of Carl Zeiss S.p.A., Arese, Italy</li> <li>• Member of the Supervisory Board of Carl Zeiss Vision Holding GmbH, Aalen, Germany</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Supervisory Board of Ravensburger AG, Ravensburg, Germany</li> </ul>
Dr. Wolfgang Reim Independent MedTech consultant Member of the Supervisory Board since 2007	<ul style="list-style-type: none"> <li>• none</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Administrative Board of BB MedTech AG, Schaffhausen, Switzerland</li> <li>• Member of the Supervisory Board of GN Store Nord, Denmark</li> </ul>

Table 13

<b>Member of the Supervisory Board</b>	<b>Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group</b>	<b>Membership of statutory supervisory boards and similar supervisory bodies at other companies</b>
<p>Ulrich Hoffmann</p> <p>Head of Group function Legal Affairs and Patents at Carl Zeiss AG, proxy holder of Carl Zeiss AG and Carl Zeiss Beteiligungs-GmbH</p> <p>Member of the Supervisory Board since 31.07.2009</p>	<ul style="list-style-type: none"> <li>• Member of the Supervisory Board of Carl Zeiss Industrielle Messtechnik GmbH, Oberkochen, Germany</li> <li>• Member of the Supervisory Board of Carl Zeiss SMT AG, Oberkochen, Germany</li> <li>• Member of the Supervisory Board of Carl Zeiss B.V., Sliedrecht, Netherlands</li> </ul>	<ul style="list-style-type: none"> <li>• none</li> </ul>
<p>Dr. Michael Kaschke</p> <p>Member of the Management Board of Carl Zeiss AG, Oberkochen, Germany</p> <p>Chairman of the Management Board of Carl Zeiss Meditec AG, Jena, Germany</p> <p>Member of the Supervisory Board until 22.07.2009 (suspended mandate pursuant to Section 105 AktG)</p>	<ul style="list-style-type: none"> <li>• Chairman of the Board of Directors of Carl Zeiss Co. Ltd., Tokyo, Japan</li> <li>• Chairman of the Board of Directors of Carl Zeiss Pte. Ltd., Singapore</li> <li>• Chairman of the Board of Directors of Carl Zeiss India Pte. Ltd., Singapore</li> <li>• Chairman of the Board of Directors of Carl Zeiss Co. Ltd., Seoul, South Korea</li> <li>• Chairman of the Board of Directors of Carl Zeiss Far East Co. Ltd., Kowloon, Hong Kong</li> <li>• Chairman of the Board of Directors of Carl Zeiss (Pty.) Ltd., Randburg, South Africa</li> <li>• Chairman of the Board of Directors of Carl Zeiss Australia Pty. Ltd., Camperdown, Australia</li> <li>• Chairman of the Supervisory Board of Carl Zeiss Financial Services GmbH, Oberkochen, Germany</li> <li>• Chairman of the Supervisory Board of Carl Zeiss Microlmaging GmbH, Jena, Germany</li> <li>• Chairman of the Board of Directors of Carl Zeiss Microlmaging Inc., Thornwood, USA</li> <li>• Member of the Supervisory Board of Carl Zeiss Vision Holding GmbH, Aalen, Germany</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Supervisory Board of Siltronic AG, Munich, Germany</li> <li>• Member of the Supervisory Board of Henkel AG &amp; Co. KGaA, Düsseldorf, Germany</li> </ul>
<p>Wilhelm Burmeister</p> <p>Group Manager Manufacturing Control and Chairman of the Works Council of Carl Zeiss Meditec AG, Jena, Germany</p> <p>Member of the Supervisory Board since 2004</p>	<ul style="list-style-type: none"> <li>• none</li> </ul>	<ul style="list-style-type: none"> <li>• none</li> </ul>
<p>Franz-Jörg Stündel</p> <p>Service engineer and member of the Works Council of Carl Zeiss Meditec AG, Jena, Germany</p> <p>Member of the Supervisory Board since 2002</p>	<ul style="list-style-type: none"> <li>• none</li> </ul>	<ul style="list-style-type: none"> <li>• none</li> </ul>

### Committees of the Supervisory Board

Table 14

	Members
<b>General and Personnel Committee</b>	Dr. Markus Guthoff, Chairman Dr. Dieter Kurz Dr. Wolfgang Reim
<b>Audit Committee</b>	Dr. Wolfgang Reim, Chairman Dr. Markus Guthoff Franz-Jörg Stündel
<b>Nominating Committee</b>	Dr. Dieter Kurz, Chairman Dr. Markus Guthoff Dr. Wolfgang Reim

### Remuneration of the active members of the Supervisory Board in financial year 2008/2009

The remuneration of the active members of the Supervisory Board amounted to € 258 thousand for financial year 2008/2009. The itemised breakdown of the remuneration paid to the Supervisory Board can be found in the management report accompanying the annual financial statements 2008/2009.

### Advances/loans and contingent liabilities in favour 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 favour of members of the Management Board or Supervisory Board.

### (30) German Corporate Governance Code/Declaration pursuant to Section 161 AktG

The declaration prescribed under Section 161 German Stock Corporation Act (*Aktiengesetz, AktG*) was submitted by the Management Board and Supervisory Board and made available to the shareholders.


### (31) Appropriation of profits for financial year 2008/2009

Financial year 2008/2009 closes with net income for the year of € 17,261,988.66. The Management Board proposes utilising the net retained profits of € 35,383,338.88 for financial year 2008/2009 as follows:

- Payment of a dividend of € 0.18 per no-par value share for 81,309,610 no-par-value shares: € 14,635,729.80.
- Carryforward of residual profit to new account: € 20,747,609.08.

Jena, 20 November 2009

Carl Zeiss Meditec AG



**Dr. Michael Kaschke**  
 President and  
 Chief Executive Officer



**Bernd Hirsch**  
 Member of the  
 Management Board



**Ulrich Krauss**  
 Member of the  
 Management Board



**Dr. Ludwin Monz**  
 Member of the  
 Management Board


## Responsibility statement

pursuant to Art. 264 Section 2 Sentence 3 HGB and Art. 289 Section 1 Sentence 5 HGB

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated annual financial statements of Carl Zeiss Meditec give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the consolidated management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Carl Zeiss Meditec Group.

Jena, 20 November 2009


Carl Zeiss Meditec AG



**Dr. Michael Kaschke**  
President and  
Chief Executive Officer



**Bernd Hirsch**  
Member of the  
Management Board



**Ulrich Krauss**  
Member of the  
Management Board



**Dr. Ludwin Monz**  
Member of the  
Management Board

## Auditor's opinion

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Carl Zeiss Meditec AG, Jena, Germany, for the financial year from 1 October 2008 to 30 September 2009. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the Articles of Association are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Art. 317 HGB [*"Handelsgesetzbuch"*: "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with the principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and 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 annual financial statements comply with the legal requirements and supplementary provisions of the Articles of Association and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Stuttgart, 20 November 2009

Prof. Dr. Binder, Dr. Dr. Hillebrecht & Partner GmbH  
Wirtschaftsprüfungsgesellschaft (Chartered Accountants)  
Steuerberatungsgesellschaft

Schupeck  
Wirtschaftsprüfer  
(German Public Auditor)

Barth  
Wirtschaftsprüfer  
(German Public Auditor)

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