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

I N N O V A T I O N

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

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Annual Report of the ZEISS Group

Financial highlights
(IFRSs)

	2013/14		2012/13*		2011/12	
	EUR m	%	EUR m	%	EUR m	%
Revenue	**4,287**	**100**	4,190	100	4,163	100
» Germany	515	12	513	12	488	12
» Other countries	3,772	88	3,677	88	3,675	88
EBIT	**360**	**8**	315	8	420	10
EBT	**270**	**6**	260	6	335	8
Consolidated profit/loss	**190**	**4**	175	4	250	6
Cash flows from operating activities	**280**		214		291	
Cash flows from investing activities	**-288**		-98		-271	
Cash flows from financing activities	**-86**		72		-102	
Total assets	**5,056**	**100**	4,916	100	4,729	100
Property, plant and equipment	**1,013**	**20**	977	20	890	19
» Capital expenditures	188		245		289	
» Depreciation	152		141		135	
Inventories	**1,080**	**21**	1,029	21	999	21
Equity	**1,249**	**25**	1,234	25	1,213	26
Net liquidity	**187**		211		373	
Employees as of 30 September	**24,817**		24,623		24,326	
» Germany	10,773		10,804		10,389	
» Other countries	14,044		13,819		13,937	

*Restated due to the amendments to IAS 19 *Employee Benefits*

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

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Foreword from the Executive Board


Dr. Michael Kaschke


Dr. Hermann Gerlinger


Dr. Ludwin Monz


Thomas Spitzenpfeil

Dear Friends of ZEISS,

2013/14 was not an easy fiscal year for ZEISS. Overall, however, we can be satisfied: revenue increased by two percent to EUR 4.287b. Consolidated earnings rose by EUR 45m to EUR 360m despite the impact of negative currency effects on both revenue and profit. Additional adverse factors included the challenges posed by the overall economy, such as political uncertainty and unrest in many regions, a stagnation or even downturn in some of the rapidly developing economies and the continuing volatility of the financial markets, all of which left their mark on the markets relevant to ZEISS.

In fiscal 2013/14 different business trends were observed across the company's business groups: revenue at Vision Care and Consumer Optics remained below expectations due to the difficult market conditions confronting them. However, the Semiconductor Manufacturing Technology business group benefited from the healthy investment climate in the semiconductor market and recorded a clear increase in revenue. This was achieved in spite of the delayed introduction of the future-oriented technology Extreme Ultra Violet (EUV) lithography for microchip production. The Industrial Metrology, Microscopy and Medical Technology business groups posted growth in revenue.

The overall solid development of the ZEISS Group against the difficult economic backdrop underscores that, with our broad portfolio, strong brand, global footprint, innovative strength and sharp customer focus, we are following the right course.

We thank everyone who has contributed to this success: our employees for their commitment, and our business partners and customers for the trust they have put in ZEISS.

Fiscal 2013/14 was also the year in which we celebrated 125 years of the Carl Zeiss Foundation. The Foundation is the sole stockholder of Carl Zeiss AG. This special ownership structure enables the company to take a long-term perspective. We pay part of our profit as a dividend to the Carl Zeiss Foundation, enabling it to meet the goal of promoting science and education defined in its constitution. This unique model, which Ernst Abbe created in 1889, has written industrial and social history in Germany.

During the reporting year ZEISS completed the biggest investment program in the company's history. In addition to investments outside Germany, we have spent around EUR 500m on the expansion and modernization of our German sites since 2011. One of the highlights of fiscal year 2013/14 was the opening of the ZEISS Forum conference center and the ZEISS Museum of Optics in Oberkochen which was attended by guest of honor Buzz Aldrin, the second man to set foot on the moon.

Further major challenges lie ahead in the new fiscal year. Clouds are gathering over the global economy due to numerous factors. Economic indicators point to a slowdown. However, we will continue to pursue our ambitious targets:

» Overall, ZEISS will become more modern, global and dynamic.
» We will generate further growth and achieve a sustained expansion of our technology leadership and business.
» We will further optimize our customer orientation and our customer service.
» And we will leverage the opportunities offered by digitization more effectively for our business.

We will focus on a consistent improvement in our productivity and efficiency, our innovative strength, the strong ZEISS brand and on the commitment and enthusiasm of our employees.

Oberkochen, December 2014

Dr. Michael Kaschke
President and Chief
Executive Officer

Dr. Hermann Gerlinger
Member of the
Executive Board

Dr. Ludwin Monz
Member of the
Executive Board

Thomas Spitzenpfeil
Member of the
Executive Board

Report of the Supervisory Board

Dr. Dieter Kurz

Ladies and Gentlemen,

Changes were made to the composition of the Supervisory Board in fiscal year 2013/14. The ZEISS employees reelected their representatives on the Supervisory Board. Since 19 March 2014, Dr. Joachim Heppner, Eva-Maria Menzel and Wilhelm Ulrich have been members of the Supervisory Board. In addition, Dr. Joachim Kreuzburg was elected as a stockholder representative to the Supervisory Board during the Annual General Meeting. The employee representatives Hellmuth Aeugle, Reinhard Dickehuth und Karl-Heinz Schuster and stockholder representative Prof. Klaus-Dieter Vöhringer have now left the committee. I would like to thank these gentlemen for their work and commitment on the Supervisory Board.

In fiscal year 2013/14 the Supervisory Board oversaw and advised the Executive Board in accordance with the duties entrusted to supervisory boards by law, the articles of association and rules of internal procedure. The Executive Board provided us with written and verbal information about the business situation and development, the current earnings situation, the risk situation, risk management, short-term and long-term planning, investments and organizational measures. I was also in close contact with the Executive Board and received information about the development of the business situation and important business transactions. The Supervisory Board was involved in all decisions of importance for ZEISS and passed the resolutions required by law, the articles of association and rules of internal procedure. Our decisions were based on the reports and decisions proposed by the Executive Board which we subjected to in-depth scrutiny.

The Supervisory Board convened on four occasions during fiscal year 2013/14. Key issues included the corporate and mid-term budget to 2016/17, the acquisition of the US company Aaren Scientific by Carl Zeiss Meditec AG, the IT and personnel strategy, the ongoing strategic development of the business groups, the appointment of Dr. Ludwin Monz, President and CEO of Carl Zeiss Meditec AG, to the Executive Board until 30 September 2017, the renewal of Dr. Hermann Gerlinger's appointment to the Executive Board also until 30 September 2017, and the reallocation of responsibilities within the Executive Board.

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

The Chairman's Committee also convened three times. During the meetings there were in-depth discussions about target setting, the remuneration of the Executive Board and the ongoing development of the company's leadership structure through further reconfiguration of the Executive Board, and preparations were made for resolutions to be passed by the Supervisory

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

The auditing firm Ernst & Young GmbH, Stuttgart, has audited the consolidated financial statements of Carl Zeiss AG, including the Management Report, for fiscal year 2013/14 prepared pursuant to Sec. 315a (3) of the German Commercial Code (HGB) in accordance with International Financial Reporting Standards (IFRS) and issued an unqualified auditor's report in each case. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, also audited the dependent company report prepared by the Executive Board.

All members of the Supervisory Board received the independent auditor's documents and audit reports in good time. We closely examined the documents and discussed them in detail at the meeting of the Audit Committee on 10 December 2014 and at the Supervisory Board meeting held on 11 December 2014. The independent auditor attended both meetings, presented the major results of the audit, provided supplementary information and answered questions. The Chairman of the Audit Committee reported in the plenary assembly about the result of the examination of the consolidated financial statements by the Audit Committee. After examining the documents, the Supervisory Board endorsed the results obtained by the independent auditor and approved the financial statements prepared by the Executive Board. The Carl Zeiss AG financial statements were thereby adopted, effective 30 September 2014.

Pursuant to Sec. 312 German Stock Corporations Act (AktG), the Executive Board has prepared the above-mentioned dependent company report for the period from 1 October 2013 to 30 September 2014. The independent auditors have issued the following opinion on the findings of their audit:
"Based on our audit, which was carried out in accordance with professional standards, we confirm that:
1. the actual disclosures contained in the report are correct and
2. the payments made by the Company in the legal transactions listed in the report were not unreasonably high."

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

The Executive Board's proposal to pay a dividend of EUR 6.4m from net income to the sole stockholder, the Carl Zeiss Foundation, was approved.

The Supervisory Board would like to thank the Members of the Executive Board and all ZEISS employees who contributed to the successful fiscal year 2013/14 with their outstanding dedication.

Oberkochen, December 2014
On behalf of the Supervisory Board

D. Kurz

Dr. Dieter Kurz
Chairman

The ZEISS Group

The ZEISS Group
Organizational structure

ZEISS is an internationally leading technology enterprise operating in the fields of optics and optoelectronics. The company has been contributing to technological progress for more than 165 years. The broad portfolio of the optics company encompasses six business groups and various strategic business units.

With its metrology solutions ZEISS guarantees the required quality standards in applications where maximum precision is a must. This makes components and products more durable, safer and more energy-efficient – in the automotive, aerospace and medical technology industries.

Industrial Metrology

As a leading provider of microscope systems for research and materials inspection, ZEISS plays its part in ensuring that even the tiniest structures and processes become visible. In this way, ZEISS supports progress in many fields of science and industry.

Microscopy

BioSciences
Materials

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

Medical Technology

Ophthalmic Systems
Microsurgery
Surgical Ophthalmology

As one of the world's leading manufacturers of eyeglass lenses, ZEISS stands for maximum visual comfort. ZEISS develops and produces lenses, examination systems and solutions that set standards in vision care.

Vision Care

Razor-sharp images on the silver screen, glittering stars in the night sky or fascinating details in nature: with its movie and camera lenses, planetariums, binoculars and spotting scopes, ZEISS offers its users excellent optical quality at all times.

Consumer Optics

Camera Lenses
Sports Optics
Planetariums

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

Semiconductor Manufacturing Technology

Lithography Optics
Laser Optics
Semiconductor Metrology Systems

The ZEISS Group
Ownership structure

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

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

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

With this unique corporate model, the Carl Zeiss Foundation and its two member enterprises wrote industrial and social history.

The Foundation uses the dividends generated by Carl Zeiss AG and SCHOTT AG to promote science – in particular the natural and engineering sciences, mathematics and information technology at universities in the German federal states of Baden-Württemberg, Rhineland-Palatinate and Thuringia.

The Foundation celebrated its 125th anniversary in 2014.

Structure of the Carl Zeiss Foundation

Carl Zeiss Foundation

Heidenheim an der Brenz and Jena, Foundation acting as a stockholder

100 %	100 %
ZEISS Group	SCHOTT Group
Foundation company	Foundation company
Carl Zeiss AG	**SCHOTT AG**
Oberkochen	*Mainz*
Subsidiaries	**Subsidiaries**

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

The ZEISS Group
Sites

By expanding its sites, particularly in the markets of the rapidly developing economies, ZEISS continued to invest in enlarging its global presence during the past fiscal year. Today, just under 25,000 people work for ZEISS around the globe. With around 30 production sites, over 50 sales and service locations and about 25 research and development facilities, ZEISS has an excellent global footprint. The company is headquartered in Oberkochen in southwestern Germany.

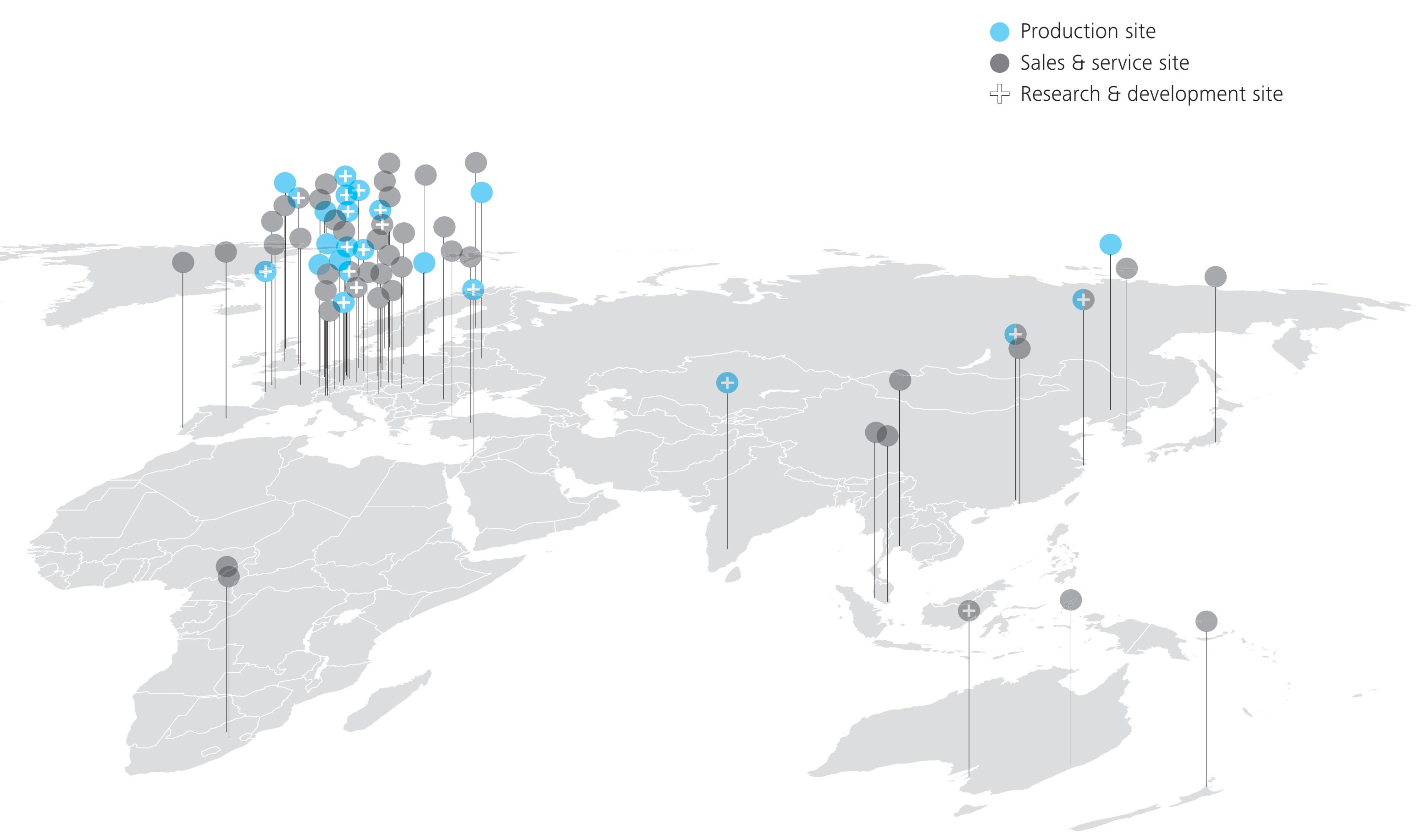
Employees in sales & service just under	8,000
Global sites over	100
Millions of euros invested in research & development	448

CUSTOMER ORIENTATION

Employees	6,249
Production sites	7
Sales & service sites	8
Research & development sites	6
Revenue in EUR b	1.023

Americas

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



Europe, Middle East and Africa (EMEA) (incl. Germany)

Employees	14,605
Production sites	20
Sales & service sites	37
Research & development sites	15
Revenue in EUR b	1.470

Germany

Employees	10,773
Production sites	12
Sales & service sites	5
Research & development sites	12
Revenue in EUR m	514

Asia/Pacific (APAC)

Employees	3,963
Production sites	6
Sales & service sites	12
Research & development sites	4
Revenue in EUR m	830

Cooperation partners

Revenue in EUR m	964

125 years of the Carl Zeiss Foundation
The Carl Zeiss Foundation celebrated its 125th anniversary at a ceremony held in mid-May 2014. A speech was made by German Chancellor Angela Merkel. She praised the achievements of the Foundation and its two member enterprises Carl Zeiss AG and SCHOTT AG.

ANNIVERSARY

***Jugend forscht* young scientists competition**
In February 2014 ZEISS in Oberkochen hosted the East Württemberg heat of the young scientists competition *Jugend forscht* for the 17th time. This year ZEISS also assumed responsibility for the regional competition in Jena.

Promoting innovative start-ups
ZEISS was the main sponsor of the *OptecNet Start-up Challenge*. The competition honors recently founded photonics companies which offer innovative technologies and outstanding business models. The start-up award was presented at the OPTATEC fair in Frankfurt am Main, Germany, in May 2014 to the firm Class 5 Photonics which produces tunable, high-performance femtosecond lasers.

National Physics Competition
ZEISS supported the National Physics Competition in Germany. The final round of the 20th competition took place in May 2014. The national competition for school students is aimed at arousing the interest of teenagers in physics and technology. The initiators are the German Association for the Promotion of the Teaching of Mathematics and Science (MNU) and the German Society of Physics (DPG).

SCIENCE AND EDUCATION

Further information at:
www.zeiss.com/annualreport/highlights

Three new competence centers
In fiscal year 2013/14 ZEISS opened three new competence centers for industrial metrology: in Kajang, Malaysia; Seoul, South Korea and New Delhi, India. ZEISS now offers product demonstrations, measuring services and training to customers of the Industrial Metrology business group at 47 sites around the globe.

Open House
At the end of May 2014 over 25,000 people visited the Open House event at ZEISS in Jena, Germany. They were able to gain hands-on experience of the company's products at around 100 different stations.

ZEISS Museum of Optics is opened
In July 2014 the company opened the ZEISS Museum of Optics and the ZEISS Forum conference and event center in Oberkochen. Buzz Aldrin, who was the second man to walk on the moon in 1969, was the guest of honor. The new museum contains a model of the camera with which the first pictures were taken on the moon.

New customer center in Beijing
In August 2014 ZEISS opened a new customer center in Beijing, China. Equipped with light, electron and X-ray microscopes, it is used to present products and conduct user training.

EXPERIENCE ZEISS

Microscopes for *Malteser International*
ZEISS supported the organization *Malteser International* with two fluorescence microscopes. The microscopes are being used in mobile laboratories in South Sudan to perform fast, efficient blood tests and therefore diagnose the sleeping sickness at an early stage.

Aid campaign for Chinese children
In August 2014 ZEISS initiated an aid campaign for children in China. In the space of a single month and with the support of the Vision Care business group, the *Free Lunch Fund* organization handed out 108,560 free meals to children living in poverty.

SOCIAL COMMITMENT

The ZEISS Group
Responsibility

ZEISS focuses sharply on its economic success. This has been firmly enshrined in the constitution of the Carl Zeiss Foundation – the company's sole stockholder – for 125 years. ZEISS is committed to the interests of society and to its social responsibility toward its employees at the various sites of the company.

Responsibility is of key importance and has a long tradition at ZEISS. As a company belonging to the Carl Zeiss Foundation, ZEISS implements the stipulations of the foundation's constitution. These include profitable growth, responsibilities toward employees, commitment to the interests of society at the various sites and the promotion of science and education.

High priority is also given to environmental protection and the efficient use of resources: from development, production, packaging and dispatch right up to product disposal, great care is taken to ensure not only optimal quality and reliability, but also sustainability.

The company conducts its business in such a manner that it complies with ethical standards. To achieve this goal, it has issued a Code of Conduct which is valid across the entire Group, as well as appropriate requirements which must be met by both suppliers and business partners. In addition to these company-specific documents, ZEISS also adheres to the principles of the United Nations Global Compact in regard to such issues as human rights, labor standards, environmental protection and the combating of corruption.

Employees
Social and societal engagement
Environment
Products and value chain
Integrity and compliance

SUSTAINABILITY

Further information at:
www.zeiss.com/responsibility

The ZEISS Group
Employees

As a global player, ZEISS plays an active role in shaping the face of technology. As a result, the company's employees work in many challenging areas of activity within an international, modern and dynamic environment – in both technical and commercial occupations.

In addition to attractive remuneration, ZEISS offers employees many other services and offerings. One excellent example is the health promotion campaigns. These include sports offerings, a broad network of external health care partners and information events.

Ways of combining family with career are another sharp focus of attention: ZEISS supports employees who have to look after members of their family and assists young families in the field of childcare. ZEISS regularly awards scholarships to employees' children to enable them to attend a school abroad for one year.

The employees also benefit directly from the company's success, for which special arrangements exist in each country.

ATTRACTIVE EMPLOYER

ZEISS offers the employees an extensive offering for initial and ongoing training. This offering spans a broad spectrum – from training in technical, interpersonal and cultural skills to lectures on topics of general interest. Modern digital teaching methods are also available for many of the courses on offer.

In addition, programs are available for graduates or employees who would like to spend a period of time working abroad. The technical ladder, a special career model offering employees ample scope to further intensify their skills and know-how, has been specially created for experts from the research and development area.

Together with the Harvard Business School, the company launched the LEAD executive development program (Learn, Execute, Achieve, Develop) in fiscal year 2012/13. A total of over 800 managers from all over the world took part in the program. The goal of the program is to tie in the leadership and corporate cultures with the company's strategic goals.

DEVELOPMENT POSSIBILITIES

The ZEISS Group
Management and boards

Carl Zeiss AG Executive Board

Dr. sc. nat. Michael Kaschke
Oberkochen, President and Chief Executive Officer, Member of the Executive Board responsible for Industrial Metrology, Microscopy, Strategic Corporate Development, Corporate Communications, Corporate Legal & Patents, Corporate Human Resources and for the sales and service companies in Australia, China, India, Southeast Asia, Brazil, Mexico and South Africa.
Joined ZEISS in 1992, Member of the Executive Board since 2000, President and CEO since 2011

Dr. rer. nat. Hermann Gerlinger
Aalen, Member of the Executive Board responsible for Semiconductor Manufacturing Technology, Corporate Research & Technology, Corporate Security and for the sales and service company in South Korea.
Chief Executive Officer of Carl Zeiss SMT GmbH.
Joined ZEISS in 1984, Member of the Executive Board since 2006

Dr. rer. nat. Ludwin Monz
Jena, Member of the Executive Board responsible for Medical Technology, Corporate Quality Management, the Shared Production Unit and for the sales and service companies in France, United Kingdom, Italy, Spain and Turkey.
Chief Executive Officer of Carl Zeiss Meditec AG.
Joined ZEISS in 1994, Member of the Executive Board since 2014

Thomas Spitzenpfeil
Aalen, Member of the Executive Board responsible for Consumer Optics, Vision Care, Corporate Finance & Controlling, Corporate Information Technology, Corporate Auditing & Risk Management, Financial Services, Consolidation & Accounting Center, Business Services & Infrastructure and for the sales and service companies in the USA (holding company), Canada, Japan (holding company), Austria, Belgium, the Czech Republic, the Netherlands, the Nordics, Poland and Switzerland.
Joined ZEISS in 2010, Member of the Executive Board since 2010

Supervisory Board of Carl Zeiss AG

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

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

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

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

Dr. Michael Claus[1]
Aalen, Member of the Employee Representative Council of Carl Zeiss AG, Oberkochen

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

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

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

Further information at:
www.zeiss.com/annualreport/management

The ZEISS Group
Corporate governance

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

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

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

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

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

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

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

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

[1] Employee representatives

Status: 30 September 2014

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

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

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

Group management report

Group management report

THE ZEISS GROUP

Business activity

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

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

Industrial Metrology business group
The Industrial Metrology business group develops and produces bridge-type, horizontal-arm and production measuring machines, form, contour and surface measuring machines, and computer tomographs for industrial quality assurance and software solutions. In addition, the business group offers contract measurement and online services.

Microscopy business group
ZEISS covers the entire spectrum of microscopy. The Microscopy business group develops and produces light, ion and electron microscopes, as well as X-ray microscopes. Innovative solutions enable multiple microscopy methods to be used on the same specimen. ZEISS microscopy solutions are used in the life sciences and materials research, as well as for industrial quality assurance. One new application area is research into geological deposits. The Microscopy business group includes the two strategic business units BioSciences and Materials.

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

Vision Care business group
The Vision Care business group develops, produces and sells solutions for the entire eyeglass value chain. This includes eyeglass lenses, devices for eye examination, and services and marketing offerings for eye care professionals. The business group sells more than 100 million eyeglass lenses annually, making it one of the world's largest manufacturers of these products. In addition to eye care professionals, its customers include optical and retail chains.

Consumer Optics business group
The products of the Consumer Optics business group are important brand ambassadors for ZEISS: Every year, millions of people worldwide visit planetariums equipped with ZEISS technology. ZEISS lenses are used by professional photographers and movie makers; and binoculars and spotting scopes allow fascinating insights into nature. The Consumer Optics business group includes the three strategic business units Camera Lenses, Sports Optics and Planetariums.

Semiconductor Manufacturing Technology business group
With its product portfolio, the Semiconductor Manufacturing Technology business group covers a variety of key processes in the production of microchips. The business group develops and manufactures lithography optics, optics systems for semiconductor manufacturing equipment and systems for manufacturing defect-free photomasks. The technologies from ZEISS enable further miniaturization of semiconductor structures. This makes microchips smaller, more powerful, energy efficient and cost-effective. The business group includes the Lithography Optics, Laser Optics and Semiconductor Metrology Systems strategic business units.

Global presence

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

Group structure

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

Group strategy

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

The ZEISS mission statement is: *"As the pioneer of science in optics, we continue to challenge the limits of our imagination. With our passion for excellence, we create value for our customers and inspire the world in new ways."* This statement encapsulates the Group's fundamental objectives: ZEISS aims to consolidate and improve its position as a global technology leader while focusing firmly on customers.

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

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

Corporate management

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

REPORT ON ECONOMIC POSITION

Macroeconomic and sector-specific environment

Macroeconomic environment

During the reporting period, the global economy grew more slowly than forecast. The rapidly developing economies in Asia, such as India and China, continued to grow at above-average rates, if more modestly than expected. The markets of Latin America – in particular, Brazil – recorded weaker growth. Market growth in the industrialized nations in fiscal 2013/14 was moderate, with the upturn in the USA proving smaller than expected.

The euro crisis remained a key political and economic issue, negatively affecting the investment activities of industry and the public sector.

Sector-specific environment

In the market for industrial metrology, the slowdown in business continued in fiscal year 2013/14, particularly in the established markets. By contrast, demand in the rapidly developing economies remained at a high level.

During the reporting period, the microscopy market grew moderately on the whole. Limited public-sector research investment, above all in the industrialized nations, was overall compensated for by strong growth in the rapidly developing economies and positive developments in the industrial market for microscopy.

The market for medical technology continued its stable growth trajectory. The growth drivers here are megatrends such as demographics and population growth. For European suppliers, the pace of growth weakened due to negative currency effects.

In the vision care market, development was stable in the reporting period. The growth drivers in this market are increasingly the markets in Asia and the rapidly developing economies, as a steadily increasing number of people in these markets have access to eyeglasses. The market environment as a whole is characterized by price pressure and consolidation.

The market for camera lenses saw stable to slightly negative development in fiscal year 2013/14. An intense price war made itself felt in the markets for binoculars and hunting optics, with the US market coming under particular pressure.

The semiconductor manufacturing market continued to grow in the reporting period. The main drivers behind this are further advances in microchips used in tablet computers and smartphones.

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

In the reporting period, ZEISS once again achieved a revenue increase, despite negative currency effects. Revenue for fiscal year 2013/14 totaled EUR 4,287m (prior year: EUR 4,190m). Adjusted for currency effects, revenue increased by 5 percent compared to the prior year. At EUR 360m, EBIT exceeded the prior-year figure of EUR 315m*.

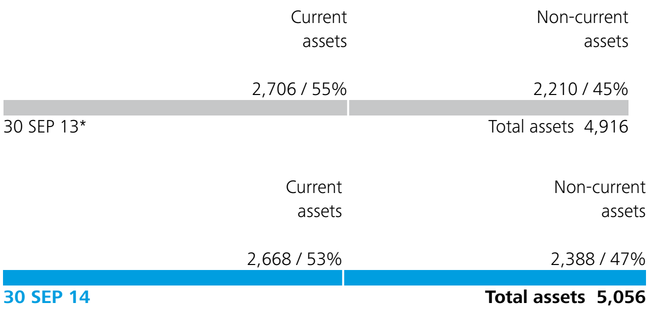
The development forecast in the prior year was therefore realized despite the difficult environment.

Some of the comparative figures for net assets, financial position and results of operations from fiscal 2012/13 were restated in fiscal year 2013/14 due to the amendments to IAS 19 *Employee Benefits*. The restated comparative figures are indicated by an asterisk (*).

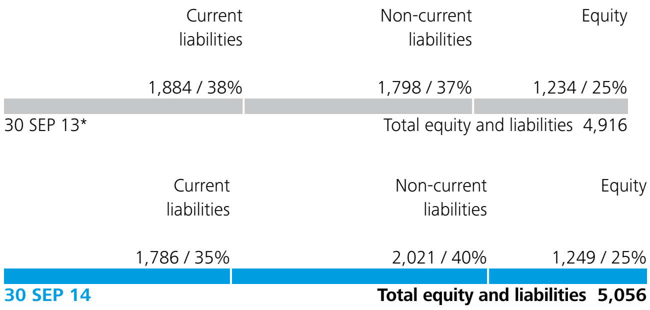
Net assets

Total assets increased by EUR 140m to EUR 5,056m in the reporting period. On the assets side, this mainly resulted from the rise in non-current assets, the development of receivables and inventories as well as from the development of deferred tax assets. This was counteracted by the decrease in cash and cash equivalents. On the liabilities side, the main effect was from the change in the provisions for pensions.

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



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



Intangible assets

Intangible assets of EUR 777m (prior year: EUR 728m) mainly contain goodwill of EUR 553m (prior year: EUR 515m). The EUR 49m increase in intangible assets is mainly attributable to business combinations (Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi Anonim Şirketi, Ankara [Turkey] and Aaren Scientific Inc., Ontario [USA]).

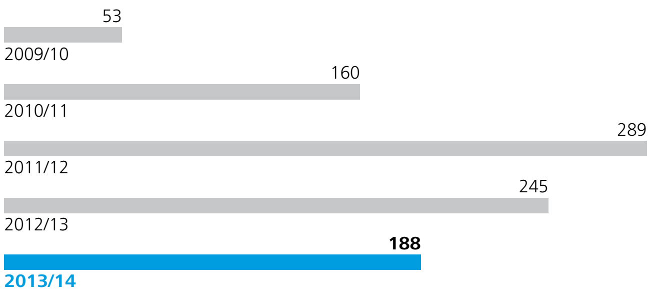
The impairment tests performed in the reporting period did not give rise to the need to recognize impairment losses on goodwill.

Property, plant and equipment

In fiscal year 2013/14, ZEISS invested a total of EUR 188m in property, plant and equipment (prior year: EUR 245m), mainly in modernization measures relating to production plants and in furniture and fixtures. In addition, investment projects such as the ZEISS Forum event and conference center, the new customer center for industrial metrology and the logistics center at the Oberkochen location were completed.

Depreciation in the reporting period amounted to EUR 152m (prior year: EUR 141m).

Capital expenditures on property, plant and equipment in EUR m



Other non-current assets
Other non-current assets amounted to EUR 119m (prior year: EUR 118m) and mainly pertain to assets for securing flextime credits via a contractual trust arrangement (CTA), investments as well as securities.

Working capital
Inventories came to EUR 1,080m as of the reporting date and are therefore higher than the prior-year level (EUR 1,029m). This rise is attributable to the instrument business, which again increased in the reporting period.

At EUR 874m, current trade receivables were higher than the prior-year figure (EUR 835m). The increase relates to the cut-off date and is consistent with the increase in business volume compared to the prior year.

Trade payables came to EUR 214m as of the reporting date (prior year: EUR 235m). Under advances received, ZEISS recorded an increase of EUR 65m to EUR 462m in fiscal year 2013/14 (prior year: EUR 397m).

Other current assets came to EUR 134m (prior year: EUR 145m), thus matching the prior-year level.

Compared to the prior year, current provisions decreased by EUR 13m to EUR 317m and essentially comprise provisions for personnel-related and sales-related obligations, provisions for income taxes, and provisions in connection with required structural adjustments.

The increase of EUR 55m in other current non-financial liabilities to EUR 1,085m was above all due to the higher advances received compared to the prior year.

Equity at a sound level
Equity amounted to EUR 1,249m as of the reporting date (prior year*: EUR 1,234m). The consolidated profit of EUR 190m generated in the reporting period increased equity correspondingly, and the development of exchange rates in the reporting period also had a positive effect of EUR 21m. Countereffects mainly resulted from the remeasurement of defined benefit plans, which reduced equity by EUR 169m, and from the dividends paid of EUR 25m.

The equity ratio of 25 percent remained on a par with the prior year.

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

The CTA assets that are separated from operating funds increased in the reporting period to EUR 730m (prior year: EUR 598m). This is attributable to transfers to the CTA of EUR 109m and to the return on existing plan assets. Benefit obligations again rose significantly on account of the considerably lower interest rate under IFRS of 2.7 percent in fiscal year 2013/14 (prior year: 3.6 percent). Due to the cut-off date, this resulted in a correspondingly lower funded status of the pension obligations of 63 percent (prior year: 75 percent).

The Group also has pension obligations toward employees of foreign subsidiaries.

In accordance with IAS 19, the pension obligations reported in the statement of financial position correspond to the actual obligations as of the reporting date and therefore correspond to the present value of benefit obligations after deducting the fair value of plan assets as of the reporting date. Provisions for pensions are reported at an amount of EUR 1,333m (prior year*: EUR 1,190m) in the consolidated statement of financial position. This is equivalent to 26 percent of total assets (prior year: 24 percent).

Financial liabilities
Financial liabilities amounted to EUR 556m (prior year: EUR 585m). The decrease primarily results from the lower loan liabilities in comparison to the prior year. In the reporting period, new promissory note loans of EUR 118m were taken out and funds drawn from the revolving credit facility in the prior year were repaid in full.

Profit participation
ZEISS employees participated in the company's profit for fiscal year 2013/14. The Group issued profit participation certificates with a total (nominal) volume of EUR 2m to employees in Germany. The non-transferable certificates have an annual return. The level of the return depends on the Group's return on sales. The profit participation certificates have a term of five years, after which they are repaid. In addition, employees in Germany received a bonus of up to EUR 800 gross for fiscal year 2013/14, paid in October 2014 after the end of the reporting period. Employees at the majority of entities outside Germany also participated in the profit for fiscal year 2013/14 on the basis of the respective country-specific regulations.

Financial position

Stable liquidity base despite high investment volume and special allocation to the CTA

In the reporting period, the financial position was again characterized above all by the level of capital expenditures on property, plant and equipment in modernization measures at production plants and in furniture and fixtures, particularly in the Germany and Americas regions. Investment projects at the Oberkochen location were also completed. In addition, there were cash outflows of EUR 115m for allocations to the CTA and other plan assets outside Germany as well as for the acquisition of shares in companies of EUR 62m.

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

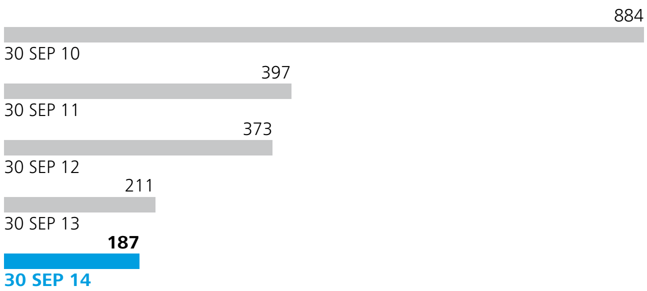
Cash flows from operating activities came to EUR 280m (prior year: EUR 214m) and were largely determined by the profit for the year as well as the cash inflows from advances received net of allocations to the CTA.

The cash flows from investing activities came to minus EUR 288m in the reporting period (prior year: minus EUR 98m); this includes a year-on-year decrease in investments in property, plant and equipment and intangible assets of EUR 41m to minus EUR 227m (prior year: minus EUR 268m). The net cash outflow for the acquisition of shares in companies reflects the targeted additions to the portfolio.

The cash flows from financing activities amounted to minus EUR 86m (prior year: EUR 72m). The change compared to the prior year results largely from the repayment of the revolving credit facility of EUR 100m drawn in the prior year as well as partial repayment of the promissory note of EUR 78m. This was countered by cash inflows of EUR 118m from taking out the new promissory note.

Cash and cash equivalents[1] came to EUR 590m as of the end of the reporting period (prior year: EUR 681m). Net liquidity[2] amounted to EUR 187m (prior year: EUR 211m). The development of net liquidity compared to the prior year reflects the investment volume, which was again high, and the acquisition activity in the reporting period.

Net liquidity in EUR m



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

In addition, the Group has an extensive range of instruments at its disposal for raising external financing to fund its business operations. These include above all promissory notes totaling EUR 200m. The promissory notes begin in December 2013 and May 2014, with the terms to maturity breaking down as follows:
» EUR 105m with a term of 5 years
» EUR 67.5m with a term of 7 years
» EUR 27.5m with a term of 10 years

Of this amount, a total of EUR 102m is subject to floating interest and EUR 98m is subject to fixed interest rates. In addition, a new revolving credit facility with a total volume of EUR 500m and a term of five years was concluded between Carl Zeiss AG and a syndicate of banks in the reporting period. The credit facility has an option of extending on two occasions, by one year in each case. It serves as a strategic liquidity reserve for the ZEISS Group and had not been drawn by the reporting date. The loans arranged in 2011/12 with the European Investment Bank (EUR 150m) and Kreditanstalt für Wiederaufbau (EUR 45m) remain in place. The latter is subject to fixed interest and will be repaid on a quarterly basis from 31 March 2014 until 30 December 2021. The loan from the European Investment Bank is subject to floating interest rates and has a term to maturity of five years.

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

Goals and principles of financial management

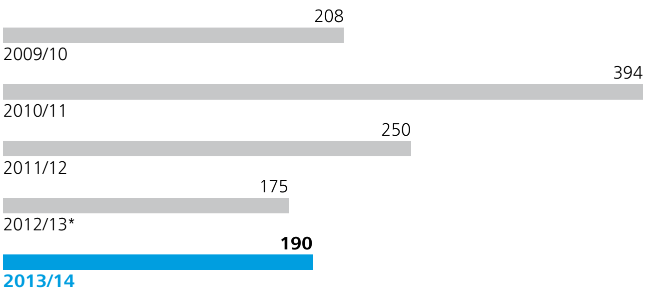
ZEISS has a global financial management system that incorporates all subsidiaries and is coordinated centrally at group level. This also includes monitoring and managing currency risks. The primary objective is to secure and effectively manage the liquidity of the Group. In addition, ZEISS strives to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

Results of operations

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

As a result of development of the ZEISS Group's business across its broad portfolio, and in particular due to the greatly increased demand in the Semiconductor Manufacturing Technology business group, ZEISS achieved a revenue increase in the reporting period despite a difficult environment. This is also reflected in the results of operations: ZEISS achieved a consolidated profit of EUR 190m (prior year*: EUR 175m).

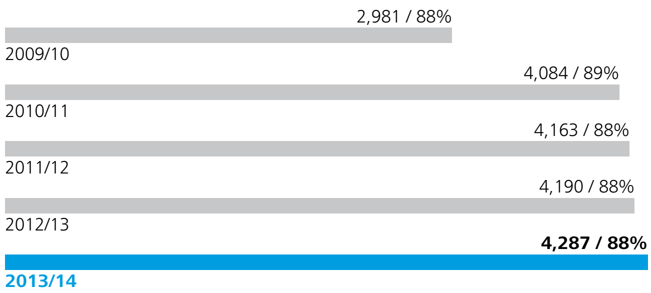
Consolidated profit/loss in EUR m



Revenue growth despite difficult environment

In the reporting period, the ZEISS Group's revenue increased by 2 percent (adjusted for currency effects: 5 percent) from EUR 4,190m in the prior year to EUR 4,287m, with the share of international revenue remaining unchanged at the very high level of 88 percent also seen in prior years.

Revenue in EUR m/international share as a %



Incoming orders came to EUR 4,270m (prior year: EUR 4,096m). The increase of 4 percent is attributable in particular to the high demand in the Semiconductor Manufacturing Technology business group.

Consolidated revenue by business group

Revenue by business group	2013/14	2012/13	Change compared to prior year as a %	
	EUR m	EUR m		Adjusted for currency effects
Industrial Metrology business group	561	528	6	8
Microscopy business group	656	629	4	7
Medical Technology business group	1,047	1,032	1	5
Vision Care business group	761	841	−10	−6
Consumer Optics business group	185	195	−5	−3
Semiconductor Manufacturing Technology business group	1,047	934	12	12
Other	30	31	−3	−3

Industrial Metrology business group

In fiscal year 2013/14, the Industrial Metrology business group increased its revenue by 6 percent (adjusted for currency effects: 8 percent) from EUR 528m in the prior year to EUR 561m.

In the reporting period, business development was positive in Germany, the rest of Europe and North America, and exceeded expectations. By contrast, demand in South America weakened considerably. In the Asia/Pacific region, the Industrial Metrology business group's business grew at a slightly slower rate. The global structure of the business group promotes business with large key accounts with a global presence. Demand for services remained at the same high level. As of 30 September 2014, the business group had 2,661 employees worldwide (prior year: 2,478).

Microscopy business group
The Microscopy business group reported revenue of EUR 656m in fiscal year 2013/14. This is 4 percent (adjusted for currency effects: 7 percent) more than in the prior year (prior year: EUR 629m).

Business development was influenced by budget cuts at public-sector research institutes in the USA and by a flattening of government spending in China. This particularly affected business with microscope systems for biomedical research. On the whole, demand from public customers was modest.

On the other hand, revenue with microscopes for industrial customers developed positively. This business was particularly good in the rapidly developing economies.

As of 30 September 2014, the business group had 3,092 employees worldwide (prior year: 3,037).

Medical Technology business group
The Medical Technology business group closed the fiscal year with a revenue increase of 1 percent (adjusted for currency effects: 5 percent). Revenue rose to EUR 1,047m (prior year: EUR 1,032m). In the EMEA region, the business group increased its revenue. The core markets, including Germany, France and the UK, reported good overall growth. On the whole, the countries of South America and those of the Middle East saw growth. As expected, the expiry of government investment programs in Russia had a negative impact on revenue development. In the past two years, Russia contributed significantly to the growth of the EMEA region due to these government investment programs. In the Americas region, the business group reported a decrease in revenue, caused mainly by the unsatisfactory development of the US market. In the APAC region, the Medical Technology business group again recorded a significant revenue increase. China and Australia made significant contributions to growth.

As of 30 September 2014, the business group had 4,160 employees worldwide (prior year: 3,605). Due to different bases of consolidation, the figures for the Medical Technology business group deviate from those published for Carl Zeiss Meditec AG.

Vision Care business group
The Vision Care business group closed the reporting period with revenue of EUR 761m (prior year: EUR 841m). This means that revenue was 10 percent (adjusted for currency effects: 6 percent) lower than the prior-year figure. This is primarily attributable to the loss of business with a major French customer and to conditions in the US market. Cost-savings measures, the market launch of new, high-quality products, and the firmer focus on ZEISS brand eyeglass lenses increased the business group's earnings power considerably despite the decrease in revenue.

Revenue with ZEISS brand eyeglass lenses and from business with independent eyecare professionals is growing worldwide, while business with chain stores and with stock lenses is suffering from aggressive pricing competition. The growth rates of the established markets in Europe and the Americas were stable in the reporting period. The Vision Care business group is primarily benefiting from the dynamic growth in Asia, particularly in countries such as China and India, and in Latin America, where purchasing power is increasing and demand is rising due to the aging population.

ZEISS Digital Lenses were successfully launched on the market. This new category of eyeglass lenses reduces eye strain among middle-aged people who use digital devices intensively but do not yet need progressive lenses. Sales figures here far exceed expectations. In addition, patented ZEISS freeform technology, for which the major competitors have licenses, enables new business models such as offering optical designs in the form of software.

As of 30 September 2014, the business group had 8,277 employees worldwide (prior year: 8,881).

Consumer Optics business group
The Consumer Optics business group comprises the strategic business units Camera Lenses, Sports Optics and Planetariums. In fiscal year 2013/14, the strategic business units were merged organizationally in order to serve sales channels with a uniform market identity, develop new market segments, and leverage internal synergies.

The business group recorded revenue of EUR 185m in the reporting period. This is 5 percent (adjusted for currency effects: 3 percent) less than in the prior year (prior year: EUR 195m).

Development of the business group's business in Europe was stable and expanded further in the rapidly developing economies. Business in the USA fell short of expectations due to the general economic situation.

As of 30 September 2014, the business group had 756 employees worldwide (prior year: 747).

Semiconductor Manufacturing Technology business group
The Semiconductor Manufacturing Technology business group generated revenue of EUR 1,047m. That corresponds to a rise of 12 percent (adjusted for currency effects: 12 percent) compared to the prior year (EUR 934m). As of 30 September 2014, the business group had 2,898 employees (prior year: 2,823).

Demand in the volatile semiconductor market increased considerably at the beginning of fiscal year 2013/14. Due to its flexible setup, the Semiconductor Manufacturing Technology business group was able to meet the increase in demand comfortably. By far the largest revenue contribution was delivered by Deep Ultra Violet (DUV) systems, in particular immersion lithography. With regard to the future-oriented technology of Extreme Ultra Violet (EUV) lithography, there have been delays relating to the deployment of the technology in the mass production of microchips. ZEISS has been working with its partners on this technology for almost 20 years. The first production tests with EUV systems are already under way at chip manufacturers and are delivering positive results. However, further important improvements to the light source are necessary before EUV systems can go into volume production.

Consolidated revenue by region

Revenue by region and cooperation partners	**2013/14**	2012/13	Change compared to prior year as a %	
	EUR m	EUR m		Adjusted for currency effects
EMEA	1,470	1,452	1	2
» thereof Germany	514	512	0	0
Americas	1,023	1,127	−9	−5
APAC	830	796	4	10
Cooperation partners	964	815	18	18
ZEISS Group	**4,287**	**4,190**	**2**	**5**

In the economic region of Europe, Middle East and Africa (EMEA), ZEISS reported a slight increase in revenue to EUR 1,470m during the reporting period (prior year: EUR 1,452m), with revenue in Germany standing at the prior-year level at EUR 514m.

Business in the Americas region declined in the reporting period. Revenue came to EUR 1,023m, 9 percent (adjusted for currency effects: 5 percent) lower than in the prior year (EUR 1,127m).

Revenue in the Asia/Pacific (APAC) region increased by 4 percent compared to the prior year (adjusted for currency effects: 10 percent) to EUR 830m (prior year: EUR 796m). The development of the Japanese yen resulted in appreciable advantages for Japanese competitors of ZEISS in fiscal year 2013/14. Moreover, there were corresponding negative effects from currency translation.

Business with cooperation partners increased significantly in comparison to the prior year, rising by 18 percent to EUR 964m (prior year: EUR 815m). This is due to high demand for lithography optics in the semiconductor industry.

Functional costs

Cost of sales amounted to EUR 2,343m (prior year*: EUR 2,323m), thus almost matching the prior-year level. Gross profit improved by EUR 77m from EUR 1,867m* to EUR 1,944m in the reporting period. This development is attributable to improved productivity and to a more favorable business and product mix compared to the prior year. The gross margin improved slightly and, at about 45 percent, was at the prior-year level.

Sales and marketing expenses came to EUR 840m in fiscal year 2013/14, matching the prior-year level. General administrative expenses decreased by EUR 4m in the reporting period to EUR 298m (prior year*: EUR 302m).

Research and development expenses totaled EUR 448m in the reporting period (prior year*: EUR 414m). As in the prior year, this represents 10 percent of revenue, testifying to the ZEISS Group's clear focus on innovation.

Development of earnings

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 572m in the reporting period (prior year*: EUR 512m).

Earnings before interest and taxes (EBIT) of EUR 360m (prior year*: EUR 315m) were generated in the reporting period. The EBIT margin improved compared to the prior year and was more than 8 percent (prior year*: 8 percent). Improved productivity and effective cost management resulted in higher profitability within the Group compared to the prior year.

	2013/14	2012/13*	2011/12	2010/11	2009/10
	EUR m	EUR m	EUR m	EUR m	EUR m
EBITDA	572	512	612	790	598
» EBITDA margin	13%	12%	15%	19%	20%
EBIT	360	315	420	608	423
» EBIT margin	8%	8%	10%	15%	14%

The financial result decreased in comparison to the prior year by EUR 35m to minus EUR 90m (prior year*: minus EUR 55m). The interest result deteriorated in the reporting period by EUR 6m to minus EUR 66m (prior year*: minus EUR 60m). The other financial result decreased by EUR 28m to minus EUR 23m (prior year*: EUR 5m). This is essentially attributable to measurement effects in connection with hedge accounting and to an impairment recognized on financial assets.

The tax expense for fiscal year 2013/14 totaled EUR 81m (prior year*: EUR 85m), which resulted in a group tax rate of 30 percent (prior year*: 33 percent). The decrease must be seen in the context of the higher taxable income generated by the US subsidiaries in the prior year in conjunction with high local tax rates.

The consolidated profit/loss thus came to EUR 190m (prior year*: EUR 175m).

Economic value added generated

ZEISS measures value added generated using the Economic Value Added (EVA®) indicator. This is the internal measure of the company's success. In fiscal year 2013/14, EVA® amounted to EUR 109m (prior year: EUR 65m). ZEISS therefore once again achieved considerable value added and continued the positive development of the prior years. EVA® is calculated as the net operating profit after taxes less cost of capital. The internal interest rate used to determine costs of capital ranges between 6.5 and 10 percent, depending on the business involved.

NON-FINANCIAL KEY PERFORMANCE INDICATORS

Employees

The total headcount of the ZEISS Group increased by 194 worldwide to 24,817 (prior year: 24,623). The number of employees increased most in the Americas region, where it rose by 524 to 6,249 (prior year: 5,725).

Around 57 percent (prior year: 56 percent) of the ZEISS workforce – equivalent to 14,044 employees (prior year: 13,819) – works outside Germany.

Education and training is a high priority at ZEISS. As of the reporting date, the Group had 474 apprentices and trainees in Germany (prior year: 471).

The focal points of HR policy at ZEISS are employee training and management development. As in the prior year, the Group again invested about EUR 6m to this end in Germany alone. Employees could select from a large number of different courses offered in the internal qualification program. In addition, ZEISS supports measures for vocational training and qualification opportunities outside working hours.

Research and development

Optical technologies are key technologies of the future. Their technological and scientific applications will increasingly penetrate all areas of life. For more than 165 years, ZEISS has been synonymous with innovation. The specific ownership structure of ZEISS ensures the scope required to enable investments in new developments and solutions in the long term.

The Group's research and development departments have a total of 2,758 employees – 11 percent of the workforce – working on new solutions and technologies for the optics industry (prior year: 2,685 employees, 11 percent). The Group annually spends around 10 percent of revenue on its research and development activities. In fiscal year 2013/14, the associated expenditure came to EUR 448m – equivalent to 10 percent of revenue (prior year*: EUR 414m, 10 percent of revenue).

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

ZEISS invests in innovations and solutions, and secures its innovative advantage by means of patents. As of the reporting date, ZEISS held 6,643 patents worldwide (prior year: 5,863). In the reporting period, the Group applied for new patents for 415 inventions (prior year: 421).

Responsibility

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

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

The Group promotes a safe working environment in order to prevent accidents, injuries and work-related illnesses. Many of the ZEISS entities in Germany now have an occupational health and safety management system in accordance with the international standard BS OHSAS 18001.

In addition, the Group has a health management system that supports employees' health and performance. For example, employees can take advantage of preventive medical check-ups as well as consulting services focusing on health-related problems or the compatibility of career and family. In addition, the workforce is made aware of the topic of health through various campaigns – such as flu immunization – or sports offerings.

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

RISK AND OPPORTUNITY REPORT

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

Risk management system

The central risk management system at ZEISS stipulates uniform rules and processes to detect, assess and manage risks at an early stage. In the business groups, risk management coordinators are responsible for applying the policies and procedures. The management of the business groups and strategic business units detects and manages operating and strategic risks. Overall responsibility lies with the Executive Board, which regularly assesses opportunities and risks and their management at group level together with the Group Executive Committee. While the Executive Board examines the appropriateness of the risk management system, the Supervisory Board's Audit Committee monitors the effectiveness of the risk management system.

Internal control system

The internal control system (ICS) of ZEISS is based on the COSO Enterprise Risk Management Model (COSO ERM model). The Group's integrated enterprise risk management system covers strategic and operational risks, i.e. it does not merely monitor financial risks. For central processes, there are key risks and defined control mechanisms, which are evaluated with regard to their effectiveness. The Group's Executive Board ensures that an adequate and effective internal control system is in place and that is it continuously enhanced. The Supervisory Board's Audit Committee monitors the effectiveness of the internal audit function, risk management and the financial reporting process.

Strategic and operational risks

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

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

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

Personnel risks and opportunities
Demographic change and the shortage of skilled staff for technical jobs as well as the differing training and qualifications standards around the globe are creating new challenges when it comes to filling job vacancies. These give rise to moderate economic risks. ZEISS counters these with a global recruitment strategy, thus leading to a low probability of occurrence. In order to retain employees in the long term, the Group offers various employee benefits depending on the location – these include, for example, offers for health promotion or child care.

Risks and opportunities in procurement and production
ZEISS ensures conformity with national and international standards, guidelines and statutory provisions by means of an integrated management system that addresses the issues of quality, the environment, and occupational health and safety.

The increase in the prices of commodities, energy and materials, the growing complexity of purchased parts and the limited number of suppliers (single source) for some technologies give rise to a moderate procurement risk. ZEISS continues to work on stabilizing supply chains and reducing the dependence on individual suppliers in order, among other things, to keep the associated economic impact low. ZEISS systematically leverages opportunities that arise from bundling procurement activities.

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

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

Goodwill totaling EUR 553m from acquisitions is shown in the consolidated statement of financial position. This goodwill is subjected to regular impairment tests. It cannot be ruled out that impairment losses on goodwill may need to be recognized for some or all entities acquired in the past on account of possible future changes in the economic conditions or changes in business models.

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

When developing new products and technologies, ZEISS systematically checks whether the rights of a third party could be affected, develops non-protected solutions, if necessary, and acquires the requisite licenses and rights, or seeks other solutions by legal contract. Due to the complexity of potential rights, there is an increased probability of litigation occurring. Appropriate provision is made in the statement of financial position for any claims arising from unclear patent situations.

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

ZEISS has set out the basic principles of correct conduct in business activities in a Code of Conduct, which applies to all employees. In order to avoid breaches of compliance and minimize risks to the Group's reputation, ZEISS has established a corporate-wide compliance organization.

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

The financial activities and the associated opportunities and risks of the ZEISS Group are managed centrally. The Group uses defined risk strategies to minimize risks resulting from changes in exchange rates, interest rates or the value of assets. Furthermore, the Group is generally exposed to credit and liquidity risks.

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

On account of its global orientation, the ZEISS Group is exposed to risks from exchange rate fluctuations in its operations and the financial results and cash flows reported. Interest rate risk arises from fluctuations in market interest rates.

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

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

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

In the context of pension obligations, risks also arise from the increasing life expectancy of the beneficiaries, from general interest rate developments and from the obligation to regularly adjust the amount of the pensions paid. ZEISS has transferred the funds to cover pension obligations toward active employees in Germany to a contractual trust arrangement (CTA).

Market risks and opportunities
The international orientation of ZEISS and the balanced portfolio, with six business groups, help spread the risk. The economic risk arising from the differing development of the business groups is classified as moderate with a low probability of occurrence.

The Industrial Metrology business group is exposed to risks arising from its dependence on the capital goods industry and particularly the automotive and the associated supplier industry. These are reduced by the development of new applications and by expanding the business group's service business. Opportunities arise for the business group from its positioning as a full-service provider as well as from the establishment of local value chains in the key economic regions.

The business development of the Microscopy business group depends heavily on government budgets for education and research. As a result, the business group is expanding its product portfolio to include industrial applications in order to open up new market and customer segments. More stringent industrial requirements, new materials and the growing scarcity of resources call for new analytical methods in microscopy and offer new opportunities for the business group. Megatrends such as the aging population give rise to additional growth opportunities in the area of microscopy for research or routine biomedical applications; for example, in pharmaceuticals research or in diagnosis of diseases.

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

Risks for the Vision Care business group arise from fundamental changes in the market, ongoing consolidation in the industry, concentration of customer structures, the continued fall in the price of eyeglass lenses, as well as new competitors who deploy online sales channels or new technologies to build up their own production capacity. Opportunities are offered by the growing importance of the brand for consumers as well as freeform technology, which enables new business models by means of new technologies – including digital technologies – in the value chain from eyeglass lens design to sales.

Risks for the Consumer Optics business group arise from increasing competitive and price pressure as well as pressure to innovate. The business group counters this by adding new products and expanding the existing product range. New opportunities arise as a result of the organizational merger of the strategic business units of the business group.

The volatility of the semiconductor sector entails risks and opportunities for the Semiconductor Manufacturing Technology business group, to which ZEISS adapts in a flexible manner. The economic use of EUV lithography for volume production of semiconductor chips presents considerable opportunities and risks for the business group. ZEISS therefore collaborates closely with its strategic partner ASML and other development partners in order to make this future-oriented technology a success.

Overall statement on the risks faced by the company

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

SUBSEQUENT EVENTS

Dividend proposal of Carl Zeiss AG

The Executive Board and Supervisory Board of Carl Zeiss AG have proposed to the Annual General Meeting to pay a dividend of EUR 6,400,000.00 to the Carl Zeiss Foundation from the unappropriated retained earnings of Carl Zeiss AG of EUR 298,816,398.67 in accordance with Sec. 24 (1) of the statutes of the Carl Zeiss Foundation and to carry forward the remaining unappropriated retained earnings of EUR 292,416,398.67 to new account.

Dividend proposal of Carl Zeiss Meditec AG

The Management Board and Supervisory Board of Carl Zeiss Meditec AG have proposed to the Annual General Meeting a dividend payment of EUR 32.5m (EUR 0.40 per share). The share of around 35 percent attributable to non-controlling interests of Carl Zeiss Meditec AG will reduce the ZEISS Group's equity. The corresponding resolution has yet to be adopted by the Annual General Meeting for the fiscal year 2014/15.

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

REPORT ON EXPECTED DEVELOPMENTS

Future conditions of business development

Continued moderate global economic growth is expected for fiscal year 2014/15, with differences between the various regions. In the USA, increasing investment activity and rising consumer demand are driving growth. The rapidly developing economies – particularly in Asia and Latin America – are also expected to see continued growth, although this will in some cases be lower than previously. However, the growth indicators for the global economy show clear signs of a future weakening of the markets. Moreover, political uncertainties, primarily in Russia, Ukraine and the Middle East, could negatively impact growth.

Expected development of the markets and industries relevant for ZEISS

For the Industrial Metrology business group, the Group assumes business in the established markets will continue to slow. Only limited investments are expected in the industrialized nations. New sales opportunities arise as a result of higher investments in the rapidly developing economies as well as through new products such as optical metrology systems and service offerings.

The general reluctance to invest is negatively impacting government research funding worldwide. However, the microscopy market has seen stable development in recent years thanks to its highly diversified nature. The Group expects that this robust market environment for the Microscopy business group will continue to exist.

Medical devices and medical equipment will remain an attractive segment in the healthcare sector. ZEISS expects that growth drivers in the market for the Medical Technology business group, such as demographics and population growth as well as rising demand from the rapidly developing economies, will continue to exist. In addition, there are new technologies and applications, particularly in the area of minimally invasive surgery, that contribute to the dynamism of the industry. On the customer side, a better cost-benefit balance of medical technology products and increasing digitization and systems integration play a key role in day-to-day work at physicians' practices and hospitals.

For the business of the Vision Care business group, ZEISS expects global growth to remain stable. Major drivers of the development of the markets are demographics, increasing income in the developing countries and rising demand for individualized precision eyeglass lenses. The Group expects the increasing digitization in lens development and production, logistics, marketing and customer service to result in major changes.

ZEISS expects the Consumer Optics business group to face tougher competition. In addition, the Group assumes that the US market will recover. With the size of the market is set to remain constant, increased competitive pressure is expected for the business with cine lenses due to the entry of new competitors from Asia.

ZEISS expects the high demand for microchips in fiscal year 2014/15 to continue. However, due to the high level of investment activity by microchip manufacturers in the past fiscal year, the Group expects a cyclical decrease in the revenue generated by the Semiconductor Manufacturing Technology business group with DUV systems. With regard to the future-oriented technology of EUV, there have been delays relating to the deployment of the technology in the mass production of microchips

Overall statement on anticipated development

When these consolidated financial statements for 2013/14 were prepared, a global economic slowdown was becoming apparent. In light of the global economic development forecasts currently available, the Executive Board of Carl Zeiss AG regards the planned objectives for fiscal year 2014/15 as challenging. As market uncertainty is increasing, ZEISS expects growth in the rapidly developing economies in Asia and Latin America to be less dynamic than in prior years. Thanks to the solid positioning of the business groups in their respective markets, which ZEISS established and expanded in the past, mainly through its innovative strength, ZEISS expects stable revenue for fiscal year 2014/15, with an EBIT margin comparable to that reported for fiscal year 2013/14.

Consolidated financial statements

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

	Note	2013/14	2012/13*
		EUR k	EUR k
Revenue	6	**4,287,237**	**4,189,937**
Cost of sales		2,343,321	2,323,462
Gross profit		**1,943,916**	**1,866,475**
» Sales and marketing expenses		840,448	840,444
» General administrative expenses		297,650	302,477
» Research and development expenses		447,792	413,502
» Other income	7	9,364	13,762
» Other expenses	8	7,784	8,994
Earnings before interest and taxes (EBIT)		**359,606**	**314,820**
» Share of profit/loss from investments accounted for using the equity method		−235	−340
» Interest income	9	11,033	11,840
» Interest expenses	9	77,148	71,924
» Other financial result	9	−23,176	5,454
Financial result		**−89,526**	**−54,970**
Earnings before taxes (EBT)		**270,080**	**259,850**
» Income taxes	10	80,556	84,770
Consolidated profit/loss		**189,524**	**175,080**
» thereof profit/loss attributable to non-controlling interests		27,330	33,269
» thereof profit/loss attributable to the stockholder of the parent company		162,194	141,811

Consolidated statement of comprehensive income
for the period from 1 October 2013 to 30 September 2014

	Note	2013/14	2012/13*
		EUR k	EUR k
Consolidated profit/loss		**189,524**	**175,080**
» Exchange differences on translation of foreign subsidiaries		20,932	−61,518
» Remeasurement of defined benefit plans		−230,863	−96,705
» Deferred income tax		61,864	15,443
Total gains/losses that will not be recycled through consolidated profit/loss		**−148,067**	**−142,780**
» Gains/losses from available-for-sale financial assets		7,936	−1,799
» Gains/losses from cash flow hedges		871	7,358
» Deferred income tax		−12,900	−1,559
Total gains/losses that will be recycled through consolidated profit/loss		**−4,093**	**4,000**
Changes in value recognized directly in equity	21	**−152,160**	**−138,780**
Total comprehensive income		**37,364**	**36,300**
» thereof profit/loss attributable to non-controlling interests		26,762	25,734
» thereof profit/loss attributable to the stockholder of the parent company		10,602	10,566

*The prior-year figures were restated due to the amendments to IAS 19 *Employee Benefits*.

Consolidated statement of financial position
as of 30 September 2014

Assets	Note	30 SEP 14	30 SEP 13*	1 OCT 12*
		EUR k	EUR k	EUR k
Non-current assets				
» Intangible assets	11	776,801	727,806	667,483
» Property, plant and equipment	12	1,012,562	976,730	889,957
» Investments accounted for using the equity method	13	0	236	592
» Trade and other receivables	16	29,458	19,212	9,259
» Other non-current financial assets	14	110,364	110,094	155,308
» Other non-current non-financial assets		8,138	7,556	8,685
» Deferred taxes	10	451,112	368,537	347,157
		2,388,435	**2,210,171**	**2,078,441**
Current assets				
» Inventories	15	1,079,757	1,029,176	998,640
» Trade and other receivables	16	873,558	834,920	767,965
» Other current financial assets	17	40,280	57,700	264,454
» Tax refund claims		14,773	28,371	9,390
» Other current non-financial assets	18	93,766	87,151	117,475
» Securities	19	82,255	86,791	98,426
» Cash and cash equivalents	20	483,333	581,954	385,069
		2,667,722	**2,706,063**	**2,641,419**
		5,056,157	**4,916,234**	**4,719,860**

Equity and liabilities	Note	30 SEP 14	30 SEP 13*	1 OCT 12*
		EUR k	EUR k	EUR k
Equity	21			
» Issued capital		120,000	120,000	120,000
» Capital reserves		52,770	52,770	52,770
» Equity earned by the Group		1,317,938	1,166,206	1,419,812
» Other reserves		−474,816	−323,224	−191,978
» Non-controlling interests		232,696	218,407	−169,259
		1,248,588	**1,234,159**	**1,231,345**
Non-current liabilities				
» Provisions for pensions and similar obligations	22	1,333,095	1,190,327	1,093,646
» Other non-current provisions	23	155,792	140,721	136,327
» Non-current financial liabilities	24	424,434	335,191	433,042
» Other non-current non-financial liabilities	26	33,474	54,335	55,354
» Deferred taxes	10	74,501	77,329	73,884
		2,021,296	**1,797,903**	**1,792,253**
Current liabilities				
» Current provisions	23	316,963	329,658	358,344
» Current financial liabilities	24	131,353	250,069	118,608
» Trade payables	25	214,010	234,987	237,719
» Current income tax payables		38,485	39,274	33,072
» Other current non-financial liabilities	26	1,085,462	1,030,184	948,519
		1,786,273	**1,884,172**	**1,696,262**
		5,056,157	**4,916,234**	**4,719,860**

*The prior-year figures were restated due to the amendments to IAS 19 *Employee Benefits*.

Consolidated statement of changes in equity
for fiscal year 2013/14[1]

	Issued capital	Capital reserves	Equity earned by the Group	Other reserves: from currency translation	Other reserves: from the remeasurement of defined benefit plans	Other reserves: from available-for-sale financial assets	Other reserves: from cash flow hedges	Equity attributable to the stockholder of the parent company	Non-controlling interests	Consolidated equity
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
1 October 2012	**120,000**	**52,770**	**1,401,875**	**55,712**	**−241,174**	**7,385**	**−14,562**	**1,382,006**	**−168,865**	**1,213,141**
Restatements in acc. IAS 8[2]	0	0	17,937	0	661	0	0	18,598	− 394	18,204
1 October 2012	**120,000**	**52,770**	**1,419,812**	**55,712**	**−240,513**	**7,385**	**−14,562**	**1,400,604**	**−169,259**	**1,231,345**
Total comprehensive income	0	0	158,736	−54,952	−83,415	−1,353	5,353	24,369	26,327	50,696
Dividends	0	0	−15,570	0	0	0	0	−15,570	−12,828	−28,398
Change in basis of consolidation	0	0	214	0	0	0	0	214	695	909
Other changes	0	0	−380,062	0	0	0	0	−380,062	374,065	− 5,997
Restatements in acc. IAS 8[2]	0	0	−16,924	0	3,121	0	0	−13,803	−593	−14,396
30 September 2013	**120,000**	**52,770**	**1,166,206**	**760**	**−320,807**	**6,032**	**−9,209**	**1,015,752**	**218,407**	**1,234,159**
Total comprehensive income	0	0	162,194	17,861	−165,360	−400	− 3,693	10,602	26,762	37,364
Dividends	0	0	−11,000	0	0	0	0	−11,000	−13,655	−24,655
Change in basis of consolidation	0	0	0	0	0	0	0	0	1,182	1,182
Other changes	0	0	538	0	0	0	0	538	0	538
30 September 2014	**120,000**	**52,770**	**1,317,938**	**18,621**	**−486,167**	**5,632**	**−12,902**	**1,015,892**	**232,696**	**1,248,588**

[1] For more information on the changes in equity, please refer to note 21 of the notes to the consolidated financial statements.

[2] For more information, please refer to the section on effects of amended IFRSs in note 5 of the notes to the consolidated financial statements.

Consolidated statement of cash flows

for the period from 1 October 2013 to 30 September 2014

	2013/14	2012/13*
	EUR k	EUR k
Consolidated profit/loss	189,524	175,080
Amortization, depreciation and impairment net of reversals of impairment losses	212,164	197,077
Share of profit/loss from investments accounted for using the equity method	235	340
Other material non-cash income and expenses	25,568	−44,732
Changes in provisions for pensions and similar obligations	22,753	12,405
Amounts allocated to the contractual trust arrangement and other plan assets outside Germany	−115,388	−6,912
Amounts allocated to other segregated assets (phased retirement, flextime credits)	−2,816	−1,015
Changes in other provisions	−2,869	−21,557
Gain/loss from the disposal of intangible assets and property, plant and equipment	3,401	1,126
Gain/loss from the disposal of current securities	−39	−2,531
Changes in inventories	−33,595	−33,845
Changes in trade receivables	−27,928	−87,725
Changes in deferred taxes	−41,427	−4,587
Changes in other assets	56,983	115
Changes in trade payables	−24,628	−3,033
Changes in current accruals	−26,828	−5,239
Changes in advances received	61,680	78,032
Changes in other liabilities	−16,769	−38,939
Cash flows from operating activities	**280,021**	**214,060**
Proceeds from the disposal of intangible assets and property, plant and equipment	11,840	6,969
Purchases of intangible assets and property, plant and equipment	−226,770	−268,313
Net cash outflow from investments in financial assets including fixed-term investments and securities maturing in >90 days (prior year: net cash inflow from disposal)	−10,942	280,340
Net cash outflow for the acquisition of shares in affiliates	−62,441	−116,734
Cash flows from investing activities	**−288,313**	**−97,738**
Dividend paid to Carl Zeiss Stiftung	−11,000	−15,570
Payments to non-controlling interests	−13,655	−12,828
Proceeds from (financial) loans	117,500	113,991
Repayments of (financial) loans and bonds	−179,129	−13,990
Cash flows from financing activities	**−86,284**	**71,603**
Changes in cash and cash equivalents	**−94,576**	**187,925**
Changes in cash and cash equivalents from exchange rate movements and changes in the basis of consolidation	−4,045	8,960
Cash and cash equivalents as of 1 October	581,954	385,069
Cash and cash equivalents as of 30 September	**483,333**	**581,954**

*The prior-year figures were restated due to the amendments to IAS 19 *Employee Benefits*.

Additional information on the statement of cash flows	2013/14	2012/13
	EUR k	EUR k
Payments of		
» Income tax[1]	99,699	141,410
» Interest[1]	27,294	28,947
» Dividends[2]	24,655	28,398
Proceeds from		
» Income tax[1]	14,540	6,952
» Interest[1]	9,967	12,647
» Dividends[2]	833	798

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

Notes to the consolidated financial statements
for fiscal year 2013/14

BASIS OF PRESENTATION

1 General principles

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

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

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

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

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

In June 2011, the IASB published amendments to IAS 19 *Employee Benefits*, which replace the expected income from plan assets and the interest cost on benefit obligations with a standard net interest component. The amendments to IAS 19 came into force for the first time for the fiscal years beginning on or after 1 January 2013 and were applied retroactively. The prior-year figures reported were restated to reflect the effects of the amendments to IAS 19, and the effects on the opening statement of financial position as of 1 October 2012 were presented.

In May 2011, the IASB published IFRS 13 *Fair value measurement*, which combines the rules on calculating the fair value of both financial and non-financial items formerly included in the individual IFRSs in a single standard and replaces them with standard rules. The new provisions came into force for the first time for the fiscal years beginning on or after 1 January 2013 and were applied prospectively.

In December 2011, the IASB published amendments to IFRS 7 *Financial Instruments: Disclosures*, with regard to the offsetting of financial assets and liabilities. The extended disclosure requirements pertain to the financial assets and financial liabilities that are offset in the statement of financial position and to financial instruments that were not offset but that are subject to global clearing agreements or similar agreements. The amendments to IFRS 7 came into force for the first time for the fiscal years beginning on or after 1 January 2013 and were applied retroactively.

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

Date of issue	Standard/Interpretation	Amendment/new standard or interpretation	Effective date	Endorsed by the EU
12 May 2011	IFRS 10 *Consolidated Financial Statements*	Accounting rules governing the preparation and presentation of consolidated financial statements and explanations regarding the control principle	Periods beginning on or after 1 January 2014	Yes
12 May 2011	IFRS 11 *Joint Arrangements*	Addition of rules governing joint arrangements and related accounting issues	Periods beginning on or after 1 January 2014	Yes
12 May 2011	IFRS 12 *Disclosure of Interests in Other Entities*	Extended disclosure requirements relating to subsidiaries, joint ventures and associates as well as unconsolidated structured entities	Periods beginning on or after 1 January 2014	Yes

Date of issue	Standard/Interpretation	Amendment/new standard or interpretation	Effective date	Endorsed by the EU
12 May 2011	IAS 27 *Separate Financial Statements*	Guidance on accounting for investments in subsidiaries, associates and joint ventures in separate financial statements	Periods beginning on or after 1 January 2014	Yes
12 May 2011	IAS 28 *Investments in Associates and Joint Ventures*	Guidance on accounting for associates and rules on using the equity method	Periods beginning on or after 1 January 2014	Yes
16 December 2011	IAS 32 *Financial Instruments: Presentation*	Additional regulations on offsetting financial assets and liabilities	Periods beginning on or after 1 January 2014	Yes
31 October 2012	IFRS 10, IFRS 12 and IAS 27 *Investment Entities*	Special rules governing financial statements of investment entities	Periods beginning on or after 1 January 2014	Yes
20 May 2013	IFRIC 21 *Levies*	An interpretation on the accounting for levies imposed by governments	Periods beginning on or after 1 January 2014	Yes
29 May 2013	IAS 36 *Impairment of Assets*	Adjustment of recoverable amount disclosures for non-financial assets as a consequence of the new IFRS 13	Periods beginning on or after 1 January 2014	Yes
27 June 2013	IAS 39 *Financial Instruments: Recognition and Measurement*	Novation of derivatives and continuation of accounting for hedges	Periods beginning on or after 1 January 2014	Yes
21 November 2013	IAS 19 *Employee Benefits*	Accounting for contributions from employees and third parties for defined benefit plans	Periods beginning on or after 1 July 2014	No
12 December 2013	Improvements to IFRSs (2010-2012)	Amendments to IFRS 2, 3, 8, 13, IAS 16, 24 and 38	Periods beginning on or after 1 July 2014	No
12 December 2013	Improvements to IFRSs (2011-2013)	Amendments to IFRS 1, 3, 13 and IAS 40	Periods beginning on or after 1 July 2014	No
30 January 2014	IFRS 14 *Regulatory Deferral Accounts*	Rules regarding presentation and disclosures in the notes on regulatory deferral accounts	Periods beginning on or after 1 January 2016	No
6 May 2014	IFRS 11 *Joint Arrangements*	Guidance on accounting for the acquisition of interests in joint operations	Periods beginning on or after 1 January 2016	No
12 May 2014	IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*	Guidance on the depreciation and amortization methods applicable to property, plant and equipment and intangible assets	Periods beginning on or after 1 January 2016	No
28 May 2014	IFRS 15 *Revenue from Contracts with Customers*	Accounting for revenue from contracts with customers	Periods beginning on or after 1 January 2017	No
30 June 2014	IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture*	Following the amendments, fruit-bearing plants will fall under the scope of IAS 16	Periods beginning on or after 1 January 2016	No
24 July 2014	IFRS 9 *Financial Instruments*	Classification and measurement of financial assets	Periods beginning on or after 1 January 2018	No
12 August 2014	IAS 27 *Separate Financial Statements*	Application of the equity method again permissible as an accounting option	Periods beginning on or after 1 January 2016	No
11 September 2014	IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*	Amendment with regard to the sale or contribution of assets between an investor and its associate or joint venture	Periods beginning on or after 1 January 2016	No
25 September 2014	Improvements to IFRSs (2012-2014)	Amendments to IFRS 5, 7, IAS 19 and 34	Periods beginning on or after 1 January 2016	No

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

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

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

The consolidated financial statements and group management report prepared as of 30 September 2014 were authorized for issue to the Supervisory Board by the Executive Board on 11 December 2014.

The list of shareholdings of the Group, the consolidated financial statements and the group management report as well as the report of the Supervisory Board are published in the German Federal Gazette (Bundesanzeiger).

2 Basis of consolidation

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

The consolidated financial statements contain 31 fully consolidated (prior year: 30) German entities (including Carl Zeiss AG) and 110 (prior year: 115) fully consolidated entities in other countries. The entities are generally included in the consolidated financial statements from the date on which control is obtained.

A special fund was included in the consolidated financial statements as a special purpose entity in accordance with SIC 12 as Carl Zeiss Financial Services GmbH is the sole stockholder and the fund activities are predetermined by the defined investment strategy.

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

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

	Germany	Other countries	Total
1 October 2013	30	115	145
Disposals in the reporting period	0	7	7
Additions in the reporting period	1	2	3
30 September 2014	**31**	**110**	**141**

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

- Sola RDC Ltd., Wexford (Ireland) (liquidated as of 24 September 2014)
- Carl Zeiss IMT Iberia S.L.U., Tres Cantos (Spain) (merged into Carl Zeiss Iberia S.L., Tres Cantos [Spain] as of 11 April 2014)
- SAMO – Sociedade Amazonese de Óculos Ltda., Manaus (Brazil) (merged into Carl Zeiss Vision Brasil Industria Optica Ltda., Petrópolis [Brazil] as of 31 January 2014)
- MeisterHaus Laboratorio Optico Ltda., Petrópolis (Brazil) (merged into Carl Zeiss Vision Brasil Industria Optica Ltda., Petrópolis [Brazil] as of 31 January 2014)
- Quality Lab Laboratorio e Comercio de Produtos Optics Ltda., São Paulo (Brazil) (merged into Carl Zeiss Vision Brasil Industria Optica Ltda., Petrópolis [Brazil] as of 30 May 2014)
- Sola Optical Holdings Aus. Ltd., San Diego (USA) (liquidated as of 31 March 2014)
- Sola Optical Taiwan Ltd., Taipei (Taiwan) (liquidated as of 13 March 2014)

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

Additions to the basis of consolidation
The following entities were included in the consolidated financial statements for the first time:

- Carl Zeiss Energie GmbH, Oberkochen (Germany) (as of 1 October 2013)
- Carl Zeiss Meditec Medikal Çözümler Tic. ve San. A.S., Ankara (Turkey) (as of 30 December 2013)
- Aaren Scientific Inc., Ontario (USA) (as of 7 January 2014)

The following entities were acquired in 2013/14:

Carl Zeiss Meditec Medikal Çözümler Tic. ve San. A.S., Ankara (Turkey)
In December 2013, 100% of the shares in Optronik Optik Ve Elektronik Cihazlar Ticaret Ve Sanayi A.S., Ankara (Turkey), were acquired by Carl Zeiss Meditec AG, Jena. The entity, which has been operating under the name Carl Zeiss Meditec Medikal Çözümler Tic. ve San. A.S. (Carl Zeiss Meditec Medikal) since February 2014, is a sales and service company in the Turkish medical sector and was exclusive sales partner of the ZEISS Group in the Medical Technology and Microscopy business groups up to the date of the acquisition. Upon acquisition of

Carl Zeiss Meditec Medikal, the sales and service activities of the Microscopy business group were transferred in a carve-out to Carl Zeiss Teknoloji Çözümleri Ticaret Limited Şirketi, Istanbul (Turkey).

This investment by the ZEISS Group in the sales and service organization systematically enhances its business activities in Turkey.

The purchase price allocation in accordance with IFRS 3 was performed in the reporting period. As Carl Zeiss AG holds only 65.1% of the interests in Carl Zeiss Meditec AG, Carl Zeiss AG's voting rights in Carl Zeiss Meditec Medikal also come to an imputed 65.1%. Non-controlling interests are measured at the fair value of the assets acquired and liabilities assumed (full goodwill method).

The total purchase price amounted to EUR 12.5m. The goodwill identified contains inseparable intangible assets such as expected synergy effects from the integration of the sales and service business into the existing business.

Aaren Scientific Inc., Ontario (USA)
In January 2014, 100% of the shares in Aaren Scientific Inc., Ontario (USA), was acquired by Carl Zeiss Meditec Inc., Dublin (USA). Through this acquisition, the ZEISS Group has expanded its medical technology business with the aim of, among other things, developing new geographical markets in the field of surgical ophthalmology. Aaren Scientific Inc., Ontario, specializes in the production of intraocular lenses.

The purchase price allocation in accordance with IFRS 3 was performed in the reporting period. As Carl Zeiss AG holds only 65.1% of the interests in Carl Zeiss Meditec AG, and thus in Carl Zeiss Meditec Inc., Dublin, Carl Zeiss AG's voting rights in Aaren Scientific Inc., Ontario, also come to an imputed 65.1%. Non-controlling interests are measured at the fair value of the assets acquired and liabilities assumed (full goodwill method).

The total purchase price amounted to EUR 51.3m. The goodwill identified contains inseparable intangible assets such as expected synergy effects from the integration of the entity into the existing business of the Surgical Ophthalmology strategic business unit.

The purchase price allocation and the figures recognized as of the date of acquisition for the main groups of assets and liabilities acquired were as follows in EUR m:

	Aaren Scientific Inc.	**Carl Zeiss Meditec Medikal**
	in EUR m	in EUR m
Intangible assets	54.2	7.7
» thereof goodwill	30.1	4.2
Property, plant and equipment	3.6	0.1
Inventories	3.1	1.3
Trade receivables	2.6	3.0
Cash and cash equivalents	0.2	0.7
Other assets	2.3	0.2
Liabilities and provisions	5.6	1.8
Deferred tax liabilities	8.9	0.7
Non-controlling interests	17.9	4.4

Since the date of first-time consolidation, the entities included in the consolidated financial statements for the first time have made only an insignificant contribution to the ZEISS Group's revenue and profit/loss for the period.

3 Consolidation principles

The consolidated financial statements are based on the financial statements of the subsidiaries included in the Group as of 30 September 2014, which have been prepared according to uniform accounting policies.

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

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

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

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

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

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

Joint ventures as defined by IAS 31 *Interests in Joint Ventures* are accounted for using the equity method in accordance with the alternative allowed in IAS 31.38.

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

Intercompany receivables and liabilities between consolidated entities are netted. Any exchange differences arising are recognized within other reserves from currency translation.

Intercompany profits from intercompany trade are eliminated.

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

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

4 Currency translation

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

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

The following key exchange rates for the consolidated financial statements as of 30 September 2014 and 2013 were used for currency translation:

		Closing rate		Average rate	
	EUR 1 =	**30 SEP 14**	30 SEP 13	**2013/14**	2012/13
United Kingdom	GBP	0.7783	0.8359	0.8194	0.8411
Japan	JPY	138.1550	132.0050	138.8428	121.7945
USA	USD	1.2595	1.3500	1.3571	1.3124

Due to the significant change in the exchange rates compared to the prior year, both as of the cut-off date and on average for the year, the currency effects in the 2013/14 consolidated financial statements are material.

5 Accounting policies

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

Some of the comparative figures from the fiscal year 2012/13 were restated due to the amendments to IAS 19 *Employee Benefits*. Adjusted comparative prior-year figures are indicated by an asterisk (*). The other accounting policies used were the same as in the prior year.

Effects of amended IFRSs
In the ZEISS consolidated financial statements, the amendments to IAS 19 *Employee Benefits* were applied in the reporting period. Due to the amendments, accounting for employee benefits was restated. In particular, this gives rise to the following effects for the ZEISS consolidated financial statements:
» Pension obligations and plan assets are uniformly discounted at the discount rate used in the measurement of the benefit obligation (net interest method).
» In the block model, top-up amounts and termination payments from German phased retirement agreements are accumulated pro rata over the respective active service period.
» Past service cost is recognized in profit or loss immediately.

The tables below show the effects on the 2012/13 consolidated financial statements:

	2012/13
	EUR k
Cost of sales	11,874
Sales and marketing expenses	4,025
General administrative expenses	2,213
Research and development expenses	2,013
Financial result	−5,051
Income taxes	−7,545
Consolidated profit/loss	**17,631**
Change in value recognized in other comprehensive income	**3,235**

	30 SEP 13	1 OCT 2012
	EUR k	EUR k
Deferred taxes	−3,402	−9,408
Assets	**−3,402**	**−9,408**
Equity earned by the Group	1,013	17,937
Other reserves	3,782	661
Non-controlling interests	−987	−394
Pension provisions	66	0
Other non-current provisions	−4,264	−24,115
Other current non-financial liabilities	−3,012	−3,497
Equity and liabilities	**−3,402**	**−9,408**

This does not have any effects for fiscal year 2013/14.

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

» The determination of uniform useful lives is subject to estimates by management.
» The measurement parameters for impairment testing, in particular regarding goodwill (see note 11 Intangible assets).
» The actuarial parameters on which the calculation of the obligations from the defined benefit obligations is based (see note 22 Provisions for pensions and similar obligations)

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

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

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

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

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

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

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

Amortization is based on the following ranges of useful lives:

	Useful life
Patents, industrial rights, licenses, software	2 to 20 years
Development costs	2 to 10 years
Other intangible assets	2 to 15 years

Property, plant and equipment

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

Depreciation is based on the following ranges of useful lives:

	Useful life
Buildings and structures	2 to 50 years
Technical equipment and machinery	2 to 21 years
Other equipment, furniture and fixtures	2 to 23 years

Impairment of intangible assets and property, plant and equipment

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

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

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

Government grants

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Hedge accounting

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

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

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

Inventories

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

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

Receivables and other assets

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

Long-term construction contracts

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

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

Cash and cash equivalents

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

Provisions for pensions and other post-employment benefits

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

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

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

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

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

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

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

Deferred compensation

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

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

Other provisions

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

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

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

Restructuring provisions

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

Warranty provisions

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

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

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

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

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

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

The income taxes and withholding taxes on distributable profits from subsidiaries are reported under deferred tax liabilities if it can be assumed that these profits will be subject to the corresponding taxation, or if there is a plan not to reinvest these profits for the long-term.

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED INCOME STATEMENT

6 Revenue

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

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

Revenue by region breaks down as follows:

	2013/14		2012/13	
	EUR k	%	EUR k	%
Germany	515,006	12	513,492	12
EMEA (without Germany)	1,829,511	43	1,653,988	40
Americas	1,103,993	26	1,216,079	29
APAC	838,727	19	806,378	19
	4,287,237	**100**	**4,189,937**	**100**

Of revenue, EUR 3,913m (prior year: EUR 3,811m) is attributable to the sale of goods, EUR 330m (prior year: EUR 339m) to the rendering of services and EUR 44m (prior year: EUR 40m) to the granting of licenses.

7 Other income

Other income breaks down as follows:

	2013/14	2012/13
	EUR k	EUR k
Rental income	4,206	7,644
Commissions received	1,267	2,127
Gain on the disposal of non-current assets	1,281	1,509
Royalties	1,062	738
Sale of scrap	707	699
Other operating income	841	1,045
	9,364	**13,762**

8 Other expenses

Other expenses break down as follows:

	2013/14	2012/13
	EUR k	EUR k
Rental expenses	4,789	7,697
Losses on the disposal of non-current assets	2,060	1,239
Other operating expenses	935	58
	7,784	**8,994**

9 Financial result

Interest result

	2013/14	2012/13*
	EUR k	EUR k
Interest and similar income	**11,033**	**11,840**
» thereof from affiliates	153	99
Interest and similar expenses	**77,148**	**71,924**
» thereof to affiliates	667	851
» thereof interest cost for pensions	41,740	41,970
	−66,115	**−60,084**

The change in the interest result in the reporting period is mainly attributable to interest expenses in connection with provisions for litigation.

Other financial result

	2013/14	2012/13*
	EUR k	EUR k
Income from investments	5,356	1,593
Income from profit transfer	1,248	721
Expenses for loss absorption	9,504	260
Investment result	**−2,900**	**2,054**
Income/expenses from exchange differences	5,988	−9,895
Income/expenses from changes in market value	−27,475	12,587
Reversal of impairment losses on financial assets	686	900
Gain/loss on the disposal of securities	39	2,531
Sundry other financial result	486	−2,723
Other financial result	**−23,176**	**5,454**

Income from investments includes income from affiliates of EUR 1,793k (prior year: EUR 762k). Expenses for loss absorption primarily relate to a write-down in the area of financial assets.

10 Income taxes

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

Income taxes break down as follows:

	2013/14	2012/13*
	EUR k	EUR k
Current tax expenses less tax refunds and reversal of tax provisions	112,495	105,742
Deferred tax income	−31,939	−20,972
» thereof from temporary differences*	−34,156	−16,209
» thereof from changes in tax rates	779	509
» thereof from unused tax losses including any reductions	1,438	−5,272
	80,556	**84,770**

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

The nominal tax rates applicable outside Germany in the reporting period ranged between 9.0% and 38.4% (prior year: 6.0% and 39.4%).

As in the prior year, the applicable tax rate used for the tax reconciliation statement is a group tax rate of 31.1%.

In the reporting period, the income tax expense does not contain any income and expenses resulting from changes in accounting policies pursuant to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

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

	30 SEP 14		30 SEP 13*	
	Assets	Liabilities	Assets	Liabilities
	EUR k	EUR k	EUR k	EUR k
Intangible assets	7,642	55,447	5,984	51,446
Property, plant and equipment	4,069	27,851	6,310	38,462
Other non-current assets	14,154	2,629	8,809	4,000
Inventories	56,852	4,599	46,289	5,756
Receivables and other current assets	7,088	19,585	6,225	12,677
Non-current liabilities*	298,039	543	250,183	1,225
Current liabilities	71,514	1,790	57,519	8,680
Outside basis differences	0	1,000	0	0
Unused tax losses	37,670	0	35,049	0
Total deferred taxes*	**497,028**	**113,444**	**416,368**	**122,246**
Reduction	6,973	0	2,914	0
Offsetting	38,943	38,943	44,917	44,917
Deferred taxes, net*	**451,112**	**74,501**	**368,537**	**77,329**

As of the reporting date, the ZEISS Group has unused tax losses that are available for offsetting against future profit. Deferred tax assets of EUR 37,670k (prior year: EUR 35,049k) were recognized on unused tax losses as of the reporting date.

Apart from Germany, the following countries also recognized usable loss carryforwards: Austria, China, Denmark, Ireland, Norway, Spain, the USA (prior year: Denmark, Austria, France, Italy, Japan, Norway, Spain, and the USA).

The unused tax losses for which no deferred taxes were recognized amount to EUR 516,112k (prior year: EUR 511,121k). Most of these are available for offsetting for more than five years or do not expire at all. As of the reporting date these unused tax losses were classified as not likely to be usable.

Consolidation measures gave rise to deferred tax assets of EUR 42,294k (prior year EUR 38,556k) and deferred tax liabilities of EUR 36,285k (prior year: EUR 56,626k).

The reconciliation of the expected income tax expense – based on earnings before taxes at an unchanged group tax rate of 31.1% for the reporting period of EUR 83,995k (prior year: EUR 80,813k) – to the current tax expense reported in the consolidated income statement is as follows:

	2013/14	2012/13*
	EUR k	EUR k
Earnings before taxes (EBT)*	270,080	259,850
Expected income tax expense (= 31.1% x EBT; prior year: = 31.1% x EBT)	83,995	80,813
Differences from diverging tax rates*	−8,067	−1,468
Effect of changes in tax rates	779	509
Effect of non-deductible expenses	12,186	10,436
Effect of tax-free income	−3,273	−3,102
Effects relating to other periods	6,161	−1,221
Permanent effects	−12,611	−3,548
Other	1,386	2,351
Current income tax expense*	**80,556**	**84,770**

The change in the permanent effects is essentially attributable to the increase in value of the plan assets.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

11 Intangible assets

The goodwill amounting to EUR 553,440k (prior year: EUR 514,868k) is tested for impairment annually at the level of the cash-generating units.

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

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

Carrying amounts of the significant goodwill were allocated to the respective cash-generating units as follows:

	30 SEP 14	30 SEP 13
Carrying amounts	EUR k	EUR k
Industrial Metrology Service and Solutions	17,985	17,984
Microscopy BioSciences	9,499	9,499
Microscopy Material	31,026	31,748
Medical Technology Microsurgery	2,337	.
Medical Technology Ophthalmic Systems	25,344	23,128
Medical Technology Surgical Ophthalmology	95,571	62,717
Vision Care	331,143	331,143
Semiconductor Metrology Systems	40,535	38,649
Total	**553,440**	**514,868**

	30 SEP 14	30 SEP 13
WACC (after tax)	%	%
Industrial Metrology Service and Solutions	10.3	8.9
Microscopy BioSciences	9.2	8.9
Microscopy Material	9.2	8.9
Medical Technology Microsurgery	8.9	.
Medical Technology Ophthalmic Systems	8.9	7.0
Medical Technology Surgical Ophthalmology	8.9	7.0
Vision Care	7.3	7.7
Semiconductor Metrology Systems	11.6	11.6

The changes in the cash-generating units of the Medical Technology business group result principally from the first-time consolidation of Aaren Scientific Inc., Ontario and of Carl Zeiss Meditec Medikal Çözümler Tic. ve San. A.S., Ankara. The changes in the other cash-generating units result principally from foreign currency translation in accordance with IAS 21.47.

The ZEISS Group does not report any intangible assets with indefinite useful lives.

In the reporting period, a total of EUR 448m (prior year*: EUR 414m) was spent on research and development. An amount of EUR 5,270k (prior year: EUR 8,631k) thereof was capitalized as own development work in accordance with IAS 38.

	Patents, industrial rights, licenses, software	Goodwill	Development costs	Other intangible assets	**Total**
	EUR k	EUR k	EUR k	EUR k	EUR k
Cost					
1 October 2012	**299,852**	**562,636**	**134,698**	**104,142**	**1,101,328**
Change in the basis of consolidation	6,357	41,348	27,414	23,345	98,464
Additions	7,322	0	8,631	7,171	23,124
Disposals	2,878	0	228	1,080	4,186
Reclassifications	5,300	0	−1	−6,052	−753
Exchange differences	−3,554	−5,576	−904	−1,933	−11,967
30 September 2013	**312,399**	**598,408**	**169,610**	**125,593**	**1,206,010**
Amortization/impairment					
1 October 2012	**233,020**	**86,487**	**69,368**	**44,969**	**433,844**
Change in the basis of consolidation	157	0	0	0	157
Additions	29,297	0	13,877	12,693	55,867
Disposals	2,838	0	180	991	4,009
Reversal of impairment losses	131	0	0	0	131
Reclassifications	1,479	0	1	−1,760	−280
Exchange differences	−3,148	−2,947	−119	−1,033	−7,247
30 September 2013	**257,837**	**83,540**	**82,947**	**53,879**	**478,203**
Carrying amounts as of 30 September 2013	**54,562**	**514,868**	**86,662**	**71,714**	**727,806**
Cost					
1 October 2013	**312,399**	**598,408**	**169,610**	**125,593**	**1,206,010**
Change in the basis of consolidation	2,244	31,255	22,725	3,624	59,848
Additions	11,955	317	5,270	21,456	38,998
Disposals	5,293	0	2,378	4,393	12,064
Reclassifications	1,283	0	0	−1,269	14
Exchange differences	5,339	11,671	3,955	3,229	24,194
30 September 2014	**327,927**	**641,651**	**199,182**	**148,240**	**1,317,000**
Amortization/impairment					
1 October 2013	**257,837**	**83,540**	**82,947**	**53,879**	**478,203**
Change in the basis of consolidation	834	0	0	0	834
Additions	30,195	0	16,578	14,051	60,824
Disposals	4,217	0	2,033	4,393	10,643
Reversal of impairment losses	272	0	0	0	272
Reclassifications	8	0	0	0	8
Exchange differences	4,470	4,671	437	1,667	11,245
30 September 2014	**288,855**	**88,211**	**97,929**	**65,204**	**540,199**
Carrying amounts as of 30 September 2014	**39,072**	**553,440**	**101,253**	**83,036**	**776,801**

The impairment losses and reversal of impairment losses recognized on intangible assets had the following effect on the income statement:

		2013/14		2012/13
	Impairment losses	Reversal of impairment losses	Impairment losses	Reversal of impairment losses
	EUR k	EUR k	EUR k	EUR k
Cost of sales	0	131	914	131
Sales and marketing expenses	632	0	0	0
Research and development expenses	2,329	141	0	0
	2,961	**272**	**914**	**131**

12 Property, plant and equipment

	Land and buildings including buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Assets under construction	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
Cost					
1 October 2012	**544,558**	**749,607**	**771,492**	**170,307**	**2,235,964**
Change in the basis of consolidation	330	3,834	1,003	0	5,167
Additions	68,450	56,576	63,230	56,933	245,189
Disposals	3,022	52,404	33,877	1,701	91,004
Reclassifications	81,097	51,002	26,515	−157,861	753
Exchange differences	−11,194	−14,635	−8,312	−588	−34,729
30 September 2013	**680,219**	**793,980**	**820,051**	**67,090**	**2,361,340**
Depreciation/impairment					
1 October 2012	**232,077**	**487,180**	**626,750**	**0**	**1,346,007**
Change in the basis of consolidation	153	1,911	478	0	2,542
Additions	20,952	61,936	58,566	0	141,454
Disposals	1,798	50,522	31,439	0	83,759
Reversal of impairment losses	0	40	0	0	40
Reclassifications	−924	−87	1,291	0	280
Exchange differences	−5,625	−10,304	−5,945	0	−21,874
30 September 2013	**244,835**	**490,074**	**649,701**	**0**	**1,384,610**
Carrying amounts as of 30 September 2013	**435,384**	**303,906**	**170,350**	**67,090**	**976,730**
Cost					
1 October 2013	**680,219**	**793,980**	**820,051**	**67,090**	**2,361,340**
Change in the basis of consolidation	1,985	5,338	282	0	7,605
Additions	28,342	45,166	68,003	46,261	187,772
Disposals	5,791	47,433	79,481	0	132,705
Reclassifications	15,920	17,658	11,197	−44,789	−14
Exchange differences	4,803	10,121	7,773	1,481	24,178
30 September 2014	**725,478**	**824,830**	**827,825**	**70,043**	**2,448,175**
Depreciation/impairment					
1 October 2013	**244,835**	**490,074**	**649,701**	**0**	**1,384,610**
Change in the basis of consolidation	614	3,190	175	0	3,979
Additions	23,351	66,745	61,556	0	151,652
Disposals	3,126	41,442	74,210	0	118,778
Reversal of impairment losses	0	40	0	0	40
Reclassifications	221	1,775	−2,004	0	−8
Exchange differences	2,876	6,403	4,920	0	14,199
30 September 2014	**268,771**	**526,705**	**640,138**	**0**	**1,435,614**
Carrying amounts as of 30 September 2014	**456,707**	**298,125**	**187,687**	**70,043**	**1,012,562**

No borrowing costs were capitalized in the reporting year (prior year: EUR 3,494k).

The impairment losses and reversal of impairment losses recognized on property, plant and equipment had the following effect on the income statement:

	2013/14		2012/13	
	Impairment losses	Reversal of impairment losses	Impairment losses	Reversal of impairment losses
	EUR k	EUR k	EUR k	EUR k
Cost of sales	558	40	92	40
Sales and marketing expenses	0	0	85	0
General administrative expenses	0	0	7	0
	558	**40**	**184**	**40**

Property, plant and equipment with a net carrying amount of EUR 49,934k (prior year: EUR 49,553k) are subject to restrictions on disposal or serve as collateral for liabilities. Accumulated contractual purchase commitments for property, plant and equipment, and intangible assets total EUR 25,291k as of the reporting date (prior year: EUR 15,162k).

13 Investments accounted for using the equity method

The interests (49.0%) in Perfect Vision LLC, Clearwater (USA), which was accounted for using the equity method in the prior year, were sold in the reporting period.

The share in the loss of Perfect Vision LLC attributable to the ZEISS Group until the date of sale is reported in the consolidated income statement in the share of profit/loss from investments accounted for using the equity method.

14 Other non-current financial assets

	30 SEP 14	30 SEP 13
	EUR k	EUR k
Shares in affiliates	11,634	8,149
Loans to affiliates	731	1,588
Other loans	18,427	11,413
Investments	6,585	29,731
Securities	18,189	7,057
Derivatives	0	998
Sundry other non-current financial assets	54,798	51,158
	110,364	**110,094**

The decrease in investments is attributable to the sale of the interests in Carl Zeiss Optronics GmbH (now Airbus DS Optronics GmbH) to EADS Deutschland GmbH (now Airbus Defense and Space GmbH) by agreement dated 13 July 2012. As of the end of the day on 30 September 2012, 75.1% of the interests were transferred. The remaining interests of 24.9% were transferred on 30 September 2014.

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

15 Inventories

	30 SEP 14	30 SEP 13
	EUR k	EUR k
Materials and supplies	260,505	243,698
Work in progress	449,174	411,351
Finished goods and merchandise	359,653	365,433
Advances	10,425	8,694
	1,079,757	**1,029,176**

The carrying amounts contain write-downs of EUR 141,052k (prior year: EUR 128,017k).

The write-downs recorded on inventories, which were recognized under cost of sales in the consolidated income statement, amounted to EUR 45,790k in the reporting period (prior year: EUR 21,263k). Write-downs of EUR 6,349k (prior year: EUR 15,037k) were reversed through profit or loss.

Cost of materials amounted to EUR 1,396m in the reporting period (prior year: EUR 1,393m).

16 Trade and other receivables

	30 SEP 14	30 SEP 13
	EUR k	EUR k
Trade and other receivables (gross)	**927,619**	**881,422**
Portfolio-based allowances	24,488	27,357
Allowances for exchange differences	−115	67
Trade and other receivables (net)	**903,016**	**854,132**
» thereof due in more than one year	29,458	19,212

As of 30 September 2014, trade and other receivables include receivables of EUR 8,219k (prior year: EUR 5,676k) from construction contracts billed according to the percentage-of-completion method and finance lease receivables of EUR 9,510k (prior year: EUR 6,284k).

Revenue of EUR 19,587k (prior year: EUR 24,930k) was recognized from construction contracts in the reporting period.

The total costs incurred plus recognized profits less recognized losses for the projects ongoing as of the reporting date amount to EUR 19,587k (prior year: EUR 24,930k). Advances received of EUR 282k (prior year: EUR 0k) have already been taken into account in the settlement of construction contracts. As of 30 September 2014, the retentions by customers for construction contracts amounted to EUR 2,983k (prior year: EUR 4,584k).

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

	2013/14	2012/13
	EUR k	EUR k
1 October	**27,357**	**25,507**
Change in the basis of consolidation	630	289
Utilization	−5,555	−3,273
Reversal	−4,907	−3,735
Additions, including reclassifications	6,687	10,102
Exchange rate effects	276	−1,533
30 September	**24,488**	**27,357**

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

	30 SEP 14	30 SEP 13
	EUR k	EUR k
Trade and other receivables (net)	**903,016**	**854,132**
thereof neither impaired nor past due as of the reporting date	634,929	616,160
thereof not impaired as of reporting date but past due by the following time periods:		
» up to 30 days	111,668	71,059
» 31 to 90 days	46,424	41,290
» 91 to 180 days	19,372	38,855
» 181 to 365 days	21,613	13,315
» 366 days and more	14,721	5,849

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

For further information on financial risks and types of risk, please refer to note 30 Financial instruments and risk management.

17 Other current financial assets

	30 SEP 14		30 SEP 13	
		thereof due in more than one year		thereof due in more than one year
	EUR k	EUR k	EUR k	EUR k
Receivables from affiliates	25,743	1,014	18,977	988
Receivables from investments	339	0	3,129	0
Derivatives	6,684	0	16,130	0
Sundry other current financial assets	7,514	0	19,464	0
	40,280	**1,014**	**57,700**	**988**

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

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

	30 SEP 14	30 SEP 13
	EUR k	EUR k
Receivables from affiliates	25,743	18,977
Receivables from investments	339	3,129
	26,082	**22,106**
thereof neither impaired nor past due as of the reporting date	24,169	18,608
thereof not impaired as of reporting date but past due by the following time periods:		
» up to 30 days	445	852
» 31 to 90 days	550	821
» 91 to 180 days	488	700
» 181 to 365 days	378	577
» 366 days and more	10	137

For further information on financial risks and types of risk, please refer to note 30 Financial instruments and risk management.

18 Other current non-financial assets

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

19 Securities

Other securities essentially relate to corporate bonds that are due within one year or are intended to be sold within a year.

20 Cash and cash equivalents

	30 SEP 14	30 SEP 13
	EUR k	EUR k
Cash	419,661	539,358
Securities due in less than 90 days of their acquisition date	63,672	42,596
	483,333	**581,954**

Cash is composed of checks, cash on hand and cash at banks. The effective interest rate for cash at banks due in less than 90 days is mainly between 0.0% and 0.2% (prior year: between 0.1% and 1.11%).

21 Equity

The **issued capital** of Carl Zeiss AG totaling EUR 120,000k is unchanged compared to the prior year and is divided into 120,000,000 stocks at nominal value, all of which are held by the Carl Zeiss Foundation (Carl Zeiss Stiftung). A dividend of EUR 11,000k was distributed in the reporting period (prior year: EUR 15,570k). The dividend per share amounted to EUR 0.09 (prior year: EUR 0.13).

The **capital reserves** are unchanged at EUR 52,770k.

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

Other reserves, including the attributable non-controlling interests, of EUR – 485,925k (prior year: EUR – 333,765k) developed as follows:

	Currency translation	Remeasurement of defined benefit plans	Available-for-sale financial assets	Cash flow hedges	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
1 October 2012*	**59,378**	**−247,196**	**7,395**	**−14,562**	**−194,985**
Recognized in equity*	−61,518	−96,705	−1,799	4,322	−155,700
Reclassified to the income statement	0	0	0	3,036	3,036
Deferred income tax*	0	15,443	446	−2,005	13,884
30 September 2013*	**−2,140**	**−328,458**	**6,042**	**−9,209**	**−333,765**
1 October 2013	**−2,140**	**−328,458**	**6,042**	**−9,209**	**−333,765**
Recognized in equity	20,932	−230,863	7,936	−4,092	−206,087
Reclassified to the income statement	0	0	0	4,963	4,963
Deferred income tax	0	61,864	−8,336	−4,564	48,964
30 September 2014	**18,792**	**−497,457**	**5,642**	**−12,902**	**−485,925**

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

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

22 Provisions for pensions and similar obligations

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

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

In the case of defined contribution plans, the obligation of the entity concerned is limited to the payment of the agreed amounts. The expenses for defined contribution plans amounted to EUR 63,409k in the reporting period (prior year: EUR 53,407k).

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

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

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

German pension plans

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

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

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

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

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

Pension plans outside Germany

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

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

	Germany		Other countries	
	2013/14	2012/13	2013/14	2012/13
	%	%	%	%
Interest rate	2.7	3.6	0.6 – 6.75	0.8 – 7.75
Future salary increases	2.75	3.0	0.0 – 4.5	0.0 – 5.0
Future pension increases	1.75	2.0	0.0 – 5.0	0.0 – 5.0
Future medical cost increases	–	–	0.0	0.0

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

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

	Germany		Other countries	
	30 SEP 14	30 SEP 13	30 SEP 14	30 SEP 13*
	EUR k	EUR k	EUR k	EUR k
Present value of unfunded obligations	782,751	899,174	30,472	27,718
Present value of benefit obligations from plans that are wholly or partly funded*	1,166,002	795,385	271,139	227,871
Total present value of the defined benefit obligations*	**1,948,753**	**1,694,559**	**301,611**	**255,589**
Plan assets at fair value	729,652	597,961	193,682	166,276
Effects of the asset ceiling	0	0	5,431	0
Other	0	0	634	138
Total*	**1,219,101**	**1,096,598**	**113,994**	**89,451**
thereof in non-current financial assets	**0**	**0**	**0**	**4,278**
thereof in pension provisions*	**1,219,101**	**1,096,598**	**113,994**	**93,729**

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

	Germany		Other countries	
	2013/14	2012/13	2013/14	2012/13*
	EUR k	EUR k	EUR k	EUR k
Current service cost	32,999	37,983	2,969	3,946
Past service cost	160	0	4	−18
Net interest cost*	38,237	38,649	3,503	3,321
Income/expense from plan amendments	0	0	0	−3,031
Other	0	0	−192	0
Net benefit cost of the fiscal year*	**71,396**	**76,632**	**6,284**	**4,218**

Service cost is recorded in functional costs; net interest cost is recorded in the financial result. The change in the current service cost in Germany must be seen in connection with the performance-based component of the current pension plan. The present value of the defined benefit obligation developed as follows:

	Germany		Other countries	
	2013/14	2012/13	**2013/14**	2012/13*
	EUR k	EUR k	EUR k	EUR k
Defined benefit obligation (DBO) as of 1 October*	**1,694,559**	**1,546,749**	**255,589**	**307,984**
Exchange differences	0	0	16,762	−14,430
Current service cost	32,999	37,983	2,969	3,946
Past service cost*	160	0	4	151
Interest expenses	59,758	61,577	10,092	10,706
Benefits paid	−68,362	−68,042	−10,907	−10,576
Actuarial gains/losses as a result of changes in demographic assumptions*	0	0	6,120	−168
Actuarial gains/losses from changes in financial assumptions*	224,046	122,772	23,422	-11,454
Actuarial gains/losses as a result of experience adjustments*	6,548	−5,891	−2,734	−9,379
Plan settlements	0	0	−84	−20,915
Other*	−955	−589	377	−276
Defined benefit obligation (DBO) as of 30 September*	**1,948,753**	**1,694,559**	**301,611**	**255,589**
thereof for active employees	894,492	705,736	112,101	95,592
thereof for former employees with vested rights	105,510	84,060	75,796	64,350
thereof for pensioners	948,751	904,763	113,714	95,647

Plan assets developed as follows:

	Germany		Other countries	
	2013/14	2012/13*	**2013/14**	2012/13*
	EUR k	EUR k	EUR k	EUR k
Plan assets as of 1 October	**597,961**	**563,532**	**166,276**	**197,170**
Exchange differences	0	0	11,858	−7,462
Interest income*	21,521	22,928	6,589	7,385
Remeasurement recognized in other comprehensive income*	20,118	11,480	11,180	3,728
Employer contributions	108,702	21	6,686	6,891
Employee contributions	0	0	34	119
Withdrawals for benefit payments	−18,650	0	-8,941	−9,454
Effect of changes in components that cannot be netted	0	0	0	−14,348
Plan settlements	0	0	0	−17,753
Plan assets as of 30 September	**729,652**	**597,961**	**193,682**	**166,276**

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

The obligations for deferred compensation are mainly covered by employer's pension liability insurance and are therefore classified as a defined contribution plan from a substance-over-form perspective. The plan settlement contained in the DBO and plan assets of the prior year relate above all to the termination of a foreign pension plan.

Employer contributions to plan assets for the fiscal year 2014/15 are expected to amount to EUR 5,903k (prior year: EUR 5,567k).

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

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

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

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

The portfolio of plan assets consists of the following components:

	Germany		Other countries	
	30 SEP 14	30 SEP 13*	**30 SEP 14**	30 SEP 13*
	EUR k	EUR k	EUR k	EUR k
Stocks and stock funds*	190,731	151,621	70,151	61,553
Pensions and pension funds*	307,652	335,308	87,462	67,648
Real estate and real estate funds	7,994	10,900	7,259	6,107
Cash and cash equivalents*	166,064	63,752	3,817	4,102
Other assets*	57,211	36,380	24,993	26,866
	729,652	**597,961**	**193,682**	**166,276**

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

Changes in the assumed medical cost increase relating exclusively to the US subsidiaries would have the following effect:

	2013/14		2012/13	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
	EUR k	EUR k	EUR k	EUR k
Aggregate of the current service cost and interest cost components of net periodic post-employment medical costs	484	−373	529	−404
Accumulated post-employment benefit obligation for medical costs	6,895	−5,361	2,938	−1,999

Changes of half a percentage point in the relevant actuarial assumptions would have had the following effects on the defined benefit obligation as of 30 September 2014:

	2013/14	
Change in the present value of the defined benefit obligations (DBO)	Increase by 0.5%	Decrease by 0.5%
	EUR k	EUR k
Interest rate	−211,008	185,227
Future salaries	36,797	−32,270
Future pensions	105,381	−96,560

A one-year increase in life expectancy would lead to an increase of EUR 17,638k in the present value of the defined benefit obligations.

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

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

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

	2013/14
Maturity profile of defined benefit obligations Estimated benefit payments for the coming fiscal years	EUR k
Fiscal year 2014/15	78,418
Fiscal year 2015/16	79,531
Fiscal year 2016/17	81,336
Fiscal year 2017/18	83,437
Fiscal year 2018/19	84,894
Fiscal years 2019/20 up to and including 2023/24	480,798

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

23 Other provisions

	30 SEP 14		30 SEP 13*	
		thereof due within one year		thereof due within one year
	EUR k	EUR k	EUR k	EUR k
Provisions for income taxes	32,546	32,546	26,794	26,794
Provisions for personnel-related obligations*	105,239	89,018	107,434	82,943
Provisions for sales-related obligations	100,567	100,567	100,689	100,689
Sundry other provisions	234,403	94,832	235,462	119,232
	472,755	**316,963**	**470,379**	**329,658**

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

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

	1 OCT 2013*	Change in the basis of consolidation	Utilization	Reversal	Additions, including reclassifications	Unwinding of the discount and effects from changes in the discount factor	Exchange differences	30 SEP 14
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Provisions for income taxes	26,794	0	14,100	6,048	25,752	0	148	32,546
Provisions for personnel-related obligations*	107,434	873	96,398	720	93,596	112	342	105,239
Provisions for sales-related obligations	100,689	610	110,741	19,451	126,432	0	3,028	100,567
Sundry other provisions	235,462	2,198	45,918	32,787	74,037	1,056	355	234,403
	470,379	**3,681**	**267,157**	**59,006**	**319,817**	**1,168**	**3,873**	**472,755**

24 Financial liabilities

	30 SEP 14			30 SEP 13		
		thereof due within one year	thereof due in more than five years		thereof due within one year	thereof due in more than five years
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Liabilities to banks	402,775	16,918	107,558	410,881	113,950	18,417
Lease liabilities	15,553	2,565	210	17,180	2,405	2,850
Other financial liabilities	137,459	111,870	0	157,199	133,714	0
» thereof profit participation capital	13,365	1,540	0	13,193	3,056	0
» thereof liabilities to affiliates	69,889	69,889	0	61,517	61,517	0
	555,787	**131,353**	**107,768**	**585,260**	**250,069**	**21,267**

Liabilities to banks

Regarding the promissory note loans of EUR 160m issued by agreement dated 4 May 2009, an amount of EUR 77.5m was repaid in fiscal year 2013/14, with extensions of EUR 82.5m being made. In addition, a new promissory note loan of EUR 117.5m was taken out. The promissory notes began in December 2013 and May 2014, with the terms to maturity breaking down as follows:

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

Of this amount, a total of EUR 102m is subject to floating interest rates and EUR 98m to fixed interest rates.

The new revolving credit facility with a total volume of EUR 500m and a term of five years was concluded between Carl Zeiss AG and a syndicate of banks on 16 July 2014.

The credit facility has an option of extending on two occasions, by one year in each case. It serves as a strategic liquidity reserve for the ZEISS Group and had not been drawn by the reporting date.

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

An annuity loan of EUR 45m was borrowed from Kreditanstalt für Wiederaufbau by agreement dated 20 January 2012. The loan is subject to fixed interest and is repaid in quarterly installments of EUR 1,417k from 31 March 2014 until 30 December 2021.

Lease liabilities

The finance lease liabilities are detailed in note 31 Leases.

Other financial liabilities

Profit participation capital

The profit participation rights comprise participation certificates of the 2010-D, 2011-D, 2012-D and 2013-D series, each with a term of five years and a nominal volume totaling EUR 11,825k. The Annual General Meeting of Carl Zeiss AG adopted a resolution on 19 March 2012 authorizing the Executive Board to issue profit participation rights to employees of Carl Zeiss AG and its affiliates within and outside Germany for a total amount of up to EUR 25,000k in fiscal years 2011/12 through to 2015/16 and to authorize the boards of its foreign group entities to issue similar rights to employees not eligible for the Carl Zeiss AG profit participation rights offer.

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

In the reporting period, the 2008-D series participation certificates amounting to EUR 1,856k were repaid to the holders in full.

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

Liabilities to affiliates

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

For more information on the contractually agreed undiscounted cash outflows from the non-derivative financial liabilities and derivative financial instruments, please refer to note 30 Financial instruments and risk management.

25 Trade payables

As of the reporting date, trade payables include obligations arising from construction contracts of EUR 718k (prior year: EUR 555k).

An amount of EUR 252k of the trade payables (prior year: EUR 0k) is due in more than one year.

For more information on the contractually agreed undiscounted cash outflows from the non-derivative financial liabilities, please refer to note 30 Financial instruments and risk management.

26 Other non-financial liabilities

	30 SEP 14	thereof due within one year	30 SEP 13*	thereof due within one year*
	EUR k	EUR k	EUR k	EUR k
Advances received on account of orders	462,386	462,386	397,185	397,185
Accruals for sales-related obligations	250,152	250,152	282,301	282,301
Accruals for personnel-related obligations	177,254	177,254	171,275	171,275
Other accruals*	40,998	40,998	35,103	35,103
Deferred income	112,141	80,447	96,747	66,495
Tax liabilities (other than income taxes)	29,558	29,558	25,641	25,641
Withheld wage tax	14,522	14,522	15,752	15,752
Liabilities relating to social security	6,236	6,219	7,304	7,289
Sundry other non-financial liabilities*	25,689	23,926	53,211	29,143
	1,118,936	**1,085,462**	**1,084,519**	**1,030,184**

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

OTHER NOTES

27 Notes to the statement of cash flows

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

The cash and cash equivalents reported in the statement of cash flows comprise the cash and cash equivalents disclosed in the statement of financial position.

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

Of the cash and cash equivalents, an amount of EUR 2,123k (prior year: EUR 1,893k) is subject to contractual restrictions on disposal. Further restrictions on disposal within the Group can arise from national restrictions on capital transfer.

28 Contingent liabilities and assets

	30 SEP 14	30 SEP 13
	EUR k	EUR k
Liabilities from guarantees	12,661	34,769
Other contingent liabilities	7,359	1,156

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

29 Average headcount for the year

	2013/14	2012/13
	Number	Number
Germany	10,506	10,427
EMEA (without Germany)	3,866	3,939
Americas	5,935	5,827
APAC	4,010	4,071
	24,317	**24,264**
Trainees	459	427
Total	**24,776**	**24,691**

Part-time employees and temporary employees are included proportionately.

Personnel expenses amounted to EUR 1,551m in the reporting period (prior year*: EUR 1,506m).

30 Financial instruments and risk management

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

Carrying amounts by measurement category

The table below presents the carrying amounts by measurement category:

	30 SEP 14	30 SEP 13
	EUR k	EUR k
Loans and receivables	1,493,899	1,541,815
Assets at fair value through profit or loss	6,684	17,128
Available-for-sale financial assets	118,663	131,728
Financial assets	**1,619,246**	**1,690,671**
Financial liabilities at amortized cost	707,906	785,798
Liabilities at fair value through profit or loss	46,339	17,269
Financial instruments other than those defined by IAS 39	15,553	17,180
Financial liabilities	**769,798**	**820,247**

Carrying amounts and fair values

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

	30 SEP 14		30 SEP 13	
	Carrying amount	Fair value	Carrying amount	Fair value
	EUR k	EUR k	EUR k	EUR k
Available-for-sale financial assets				
» Shares in affiliates	11,634	11,634	8,149	8,149
» Investments	3,653	3,653	26,511	26,511
Loans and receivables				
» Trade and other receivables	903,016	903,016	854,132	854,132
» Receivables from affiliates	25,743	25,743	18,977	18,977
» Receivables from investments	339	339	3,129	3,129
» Loans to affiliates and other loans	20,931	20,931	18,305	18,305
» Sundry other non-current financial assets	54,798	54,798	51,158	51,158
» Sundry other current financial assets	5,739	5,739	14,160	14,160
» Cash and cash equivalents	483,333	483,333	581,954	581,954
Financial assets	**1,509,186**	**1,509,186**	**1,576,475**	**1,576,475**
Financial liabilities at amortized cost				
» Liabilities to banks	402,775	424,109	410,881	415,716
» Trade payables	214,010	214,010	234,987	234,987
» Other financial liabilities	91,121	91,595	139,930	143,112
Finance lease liabilities	15,553	18,382	17,180	20,772
Financial liabilities	**723,459**	**748,096**	**802,978**	**814,587**

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

Shares in affiliates and investments whose fair value cannot be determined reliably are measured at amortized cost (level 3). As of the reporting date, there is no intention to sell any of the significant investments.

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

Fair value measurement

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

» Financial instruments measured by reference to quoted prices in active markets (level 1)
» Financial instruments measured using valuation techniques by reference to inputs that are observable either directly (as prices) or indirectly (derived from prices) (level 2)
» Financial instruments measured using valuation techniques by reference to inputs that are not based on observable market data (level 3)

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

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

30 SEP 14	Level 1	Level 2	Level 3	**Total**
	EUR k	EUR k	EUR k	EUR k
Available-for-sale financial assets				
» Investments	0	0	2,932	2,932
» Securities	91,036	9,408	0	100,444
Assets at fair value through profit or loss				
» Other financial assets				
» Derivatives	0	6,684	0	6,684
Financial assets	**91,036**	**16,092**	**2,932**	**110,060**
Liabilities at fair value through profit or loss				
» Other financial liabilities				
» Derivatives	0	46,339	0	46,339
Financial liabilities	**0**	**46,339**	**0**	**46,339**

30 SEP 13	Level 1	Level 2	Level 3	Total
	EUR k	EUR k	EUR k	EUR k
Available-for-sale financial assets				
» Investments	0	0	3,220	3,220
» Securities	93,848	0	0	93,848
Assets at fair value through profit or loss				
» Other financial assets				
» Derivatives	0	17,128	0	17,128
Financial assets	**93,848**	**17,128**	**3,220**	**114,196**
Liabilities at fair value through profit or loss				
» Other financial liabilities				
» Derivatives	0	17,269	0	17,269
Financial liabilities	**0**	**17,269**	**0**	**17,269**

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

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

	Investments	
	2013/14	2012/13
	EUR k	EUR k
1 October	**3,220**	**4,846**
Additions	3	13
Changes in fair value recognized in profit or loss	0	0
Changes in fair value recognized in equity	54	−330
Disposals	576	1,103
Exchange rate effects	231	−206
30 September	**2,932**	**3,220**

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

Net gain or loss by measurement category

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

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

				2012/13
		thereof		
		from interest	from subsequent measure-ment	from disposals
	EUR k	EUR k	EUR k	EUR k
Loans and receivables	**–61,980**	4,089	–66,069	0
Available-for-sale financial assets	**3,000**	3,164	–2,695	2,531
Financial assets and liabilities at fair value through profit or loss	**32,238**	–4,992	12,587	24,643
Financial liabilities measured at amortized cost	**4,304**	–18,040	22,344	0

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

Hedge accounting

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

	30 SEP 14	30 SEP 13
	EUR k	EUR k
Nominal values	150,000	181,500
Fair values of hedging instruments	–11,951	–12,999
Effective portion	–4,060	–383
Ineffective portion	0	4
Reclassification to the interest result	–5,068	–4,896

To hedge the currency exposure from forecast revenue in the project business of USD 11.4m, the Group holds forward exchange contracts with matching remaining terms to maturity of between 2 and 11 months. These forward exchange contracts were designated as cash flow hedges in compliance with the requirements for hedge accounting.

	30 SEP 14	30 SEP 13
	EUR k	EUR k
Fair values of hedging instruments	–694	–440
Effective portion	–642	975
Ineffective portion	0	0
Reclassification to revenue	105	1,860

The ineffective portion of the currency hedges is included in the income and expenses from changes in market value. When the forecast revenue is realized, any amounts recognized directly in equity are reclassified to revenue.

Offsetting of financial instruments

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

	30 SEP 14	30 SEP 13
	EUR k	EUR k
Trade receivables (gross)	939,146	903,041
» Offsetting of credit notes issued	36,130	48,909
» Remaining credit risk	903,016	854,132
Derivatives with a positive market value		
» Carrying amount	6,684	17,128
» Amount available for offsetting in the event of insolvency	6,684	12,055
» Remaining credit risk	0	5,073

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

	30 SEP 14	30 SEP 13
	EUR k	EUR k
Trade payables (gross)	219,285	257,387
» Offsetting of credits notes issued	5,275	22,400
» Remaining liquidity risk	214,010	234,987
Derivatives with a negative market value		
» Carrying amount	46,339	17,269
» Amount available for offsetting in the event of insolvency	6,684	12,055
» Remaining liquidity risk	39,655	5,214

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

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

Internal regulations and guidelines establish a mandatory framework and define the responsibilities relating to investment and hedging transactions. Hedges are entered into solely via banks with high credit ratings given by leading agencies. For risk management and monitoring purposes value-at-risk analyses, supplemented by scenario, sensitivity and stress test analyses, are used to quantify market risks arising from currency exposure.

From an operating perspective, hedging rates are set for all relevant currencies. Limits have also been defined to mitigate risks in terms of counterparties and types of business. Contracts are only entered into with renowned banks with international operations.

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

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

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

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

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

The risk inherent in trade and other receivables is also accounted for by allowances. Receivables that are past due and impaired are described in note 16 Trade and other receivables.

Derivative financial instruments

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

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

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

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

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

Other assets

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

Liquidity risk

The liquidity risk of the ZEISS Group represents the risk that Carl Zeiss AG or a subsidiary may not be able to meet its financial obligations (e.g. to repay financial liabilities or make interest payments).

The ZEISS Group generates liquidity primarily from operations. Where necessary or where it makes sense for strategic reasons, external sources of finance are also drawn on. Furthermore, Carl Zeiss Meditec AG has the additional possibility of raising funds via the capital market.

Liquidity is ensured by means of ongoing, groupwide liquidity monitoring and budgeting and a diversified investment policy that takes into account the terms to maturity and is implemented by Carl Zeiss Financial Services GmbH on a groupwide scale. A revolving credit facility was arranged for this purpose in the fiscal year 2013/14.

For further details on the ZEISS Group's financial liabilities, please refer to note 24 Financial liabilities.

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

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

	Undiscounted cash flows					
	up to 30 days	31 to 90 days	91 to 180 days	181 to 365 days	more than 365 days	Total 30 SEP 13
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Liabilities to banks	9,290	4,679	4,884	117,189	309,938	**445,980**
Lease liabilities	333	590	884	1,757	17,461	**21,025**
Trade payables	149,434	63,506	18,742	2,505	801	**234,988**
Other financial liabilities	24,990	4,577	22,677	89,925	19,477	**161,646**
» thereof liabilities to affiliates	17,072	421	17,289	27,352	0	**62,134**
» thereof liabilities to investments	1,918	151	18	35	0	**2,122**
» thereof profit participation capital	0	0	3,056	0	10,137	**13,193**
Guarantees	34,769	0	0	0	0	**34,769**

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

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

	Undiscounted cash flows					
	up to 30 days	31 to 90 days	91 to 180 days	181 to 365 days	more than 365 days	Total 30 SEP 13
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Derivative financial liabilities settled on a gross basis						
» Cash outflows	41,563	40,675	49,421	85,694	4,718	**222,071**
» Cash inflows	41,051	40,291	48,164	84,527	4,841	**218,874**
Derivative financial liabilities settled on a net basis						
» Cash outflows	0	1,317	1,014	2,152	8,975	**13,458**

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

Financial market risk
Due to its global operations, the ZEISS Group is exposed to market price risks arising from changes in exchange rates and interest rates.

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

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

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

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

For internal management purposes, the risk of exchange rate fluctuations is monitored based on value at risk calculated for positions in currencies other than the functional currency. In the past fiscal year, value at risk decreased compared to the prior year to EUR 1.5m as of 30 September 2014 (prior year: EUR 2.1m).

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

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

Cash flow risk: A change of +/– 100 base points would have an effect of +/– EUR 4.3m on profit or loss (prior year: +/– EUR 5.1m). A change of +/– 100 base points would have an effect of +/– EUR 4.4m on equity (prior year: +/– EUR 5.6m).

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

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

31 Leases

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

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

	2013/14	2012/13
	EUR k	EUR k
Minimum lease payments	46,894	42,368
Contingent rent	2,968	900
Sublease payments	54	61
	49,916	**43,329**

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

	30 SEP 14	30 SEP 13
Term to maturity	EUR k	EUR k
Less than 1 year	44,065	37,936
Between 1 and 5 years	73,568	49,974
More than 5 years	15,870	10,664

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

	30 SEP 14	30 SEP 13
Term to maturity	EUR k	EUR k
Less than 1 year	6,424	9,552
Between 1 and 5 years	724	394
More than 5 years	0	7

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

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

	30 SEP 14	30 SEP 13
	EUR k	EUR k
Land and buildings	6,176	6,574
Technical equipment and machinery	0	1,375
Other equipment, furniture and fixtures	905	678

On 28 September 1999, the company sold and leased back land, buildings and leasehold improvements in Dublin (USA). The sale-and-leaseback transaction qualifies as a finance lease under IAS 17 *Leases*. The lease has a term of 20 years. The lessee has the right to extend the term twice by five years at a time at the end of the original term of the lease in 2019. In addition, the lease comprises a clause increasing the lease payments by 13% every five years. The land, buildings and leasehold improvements with a carrying amount of EUR 4,736k (prior year: EUR 5,001k) continue to be carried and depreciated by the lessee.

Technical equipment includes assets of EUR 0k (prior year: EUR 1,373k) from sale-and-leaseback transactions.

Finance lease liabilities are due as follows:

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

	30 SEP 13			
		thereof due within one year	thereof due in one to five years	thereof due in more than five years
	EUR k	EUR k	EUR k	EUR k
Future minimum lease payments	21,026	3,432	14,524	3,070
Interest portion/future finance costs	3,845	1,027	2,598	220
Present value of future minimum lease payments	**17,181**	**2,405**	**11,926**	**2,850**

Future minimum lease payments under non-cancellable subleases amount to EUR 241k (prior year: EUR 556k).

Finance leases – the Group as the lessor

Technical equipment is leased out under finance lease agreements. The finance lease receivables total EUR 9,510k as of the reporting date (prior year: EUR 6,284k).

	30 SEP 14			30 SEP 13		
	Gross investment	Unearned finance income	Present value	Gross investment	Unearned finance income	Present value
Term to maturity	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Less than 1 year	3,669	247	3,422	3,156	141	3,015
Between 1 and 5 years	6,484	459	6,025	3,458	189	3,269
More than 5 years	68	5	63	0	0	0

32 Government grants

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

	2013/14	2012/13
	EUR k	EUR k
Research and development grants	7,781	8,488
Grants related to assets	487	1,260
Other grants related to expenses	321	214
	8,589	**9,962**

33 Related party disclosures

Related parties (entities) include the Carl Zeiss Foundation (Carl Zeiss Stiftung), Heidenheim an der Brenz and Jena, the foundation company SCHOTT AG, Mainz, and non-consolidated subsidiaries. All transactions with these entities are settled at arm's length conditions. The same applies to relationships with associates and joint ventures. The resulting effects on the consolidated financial statements are immaterial.

The Carl Zeiss Foundation has granted Carl Zeiss AG several loans at arm's length conditions totaling EUR 51,800k and with short terms to maturity. These loans are reported under liabilities to affiliates in the consolidated statement of financial position.

There are no relationships with key persons with significant influence.

34 German Corporate Governance Code

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

35 Auditor's fees

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

	30 SEP 14	30 SEP 13
	EUR k	EUR k
Audit services	1,408	1,342
Other attestation services	111	0
Tax advisory services	105	404
Other services	1,072	1,870

36 Subsequent events

Carl Zeiss Meditec AG dividend

The Management Board and Supervisory Board of Carl Zeiss Meditec AG have proposed to the Annual General Meeting a dividend payment of EUR 32.5m (EUR 0.40 per share). The share of around 35% attributable to non-controlling interests of Carl Zeiss Meditec AG will reduce the ZEISS Group's equity. The corresponding resolution has yet to be adopted by the Annual General Meeting for the fiscal year 2014/15.

Carl Zeiss AG dividend

The Executive Board and Supervisory Board of Carl Zeiss AG have proposed to the Annual General Meeting to pay a dividend of EUR 6,400,000.00 to the Carl Zeiss Foundation from the unappropriated retained earnings of Carl Zeiss AG of EUR 298,816,398.67 in accordance with Sec. 24 (1) of the statutes of the Carl Zeiss Foundation and to carry forward the remaining unappropriated retained earnings of EUR 292,416,398.67 to new account.

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

37 Remuneration of the Executive Board and the Supervisory Board

The short-term benefits paid to members of the Executive Board amounted to EUR 6,445k for the fiscal year 2013/14 (prior year: EUR 6,581k).

Expenses for post-employment benefits (pension obligations) came to EUR 160k (prior year: EUR 2,714k).

The members of the Supervisory Board received compensation of EUR 747k for their services in the reporting period (prior year: EUR 553k).

As of the reporting date, there are benefit obligations to former members of the Executive Board or their surviving dependants totaling EUR 34,918k (prior year: EUR 32,692k). They received post-employment benefits amounting to EUR 1,981k in the reporting period (prior year: EUR 2,105k).

Oberkochen, 11 December 2014

The Executive Board of Carl Zeiss AG

Dr. Michael Kaschke

Dr. Hermann Gerlinger

Dr. Ludwin Monz

Thomas Spitzenpfeil

List of shareholdings of the Group

in accordance with Sec. 315a (1) in conjunction with Sec. 313 (2) German Commercial Code (HGB) 30 September 2014

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

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

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

Country	City	Name of entity	Share in capital acc. to Sec. 285 No. 11 HGB	Beneficial interest
			%	%
United Kingdom	Cambridge	Carl Zeiss Ltd	100.0	100.0
United Kingdom	Cambridge	Carl Zeiss Microscopy Limited	100.0	100.0
United Kingdom	Birmingham	Carl Zeiss Vision UK Limited	100.0	96.8
United Kingdom	Livingston	HYALTECH Ltd.	100.0	65.1
United Kingdom	Birmingham	SILS Limited	100.0	96.8
USA	Ontario / South California	Aaren Scientific Inc.	100.0	65.1
USA	San Diego	American Optical IP Corporation	100.0	96.8
USA	Thornwood	Carl Zeiss Inc.	100.0	100.0
USA	Minneapolis	Carl Zeiss Industrial Metrology, LLC	100.0	100.0
USA	Dublin	Carl Zeiss Meditec Inc.	100.0	65.1
USA	Thornwood	Carl Zeiss Microscopy, LLC	100.0	100.0
USA	Thornwood	Carl Zeiss SBE, LLC	100.0	100.0
USA	North Chesterfield	Carl Zeiss Sports Optics, LLC	100.0	100.0
USA	San Diego	Carl Zeiss Vision Holdings Ltd.	100.0	96.8
USA	San Diego	Carl Zeiss Vision Inc.	100.0	96.8
USA	Pleasanton	Carl Zeiss X-ray Microscopy, Inc.	100.0	100.0
USA	Pembroke	FCI Ophthalmics Inc	100.0	65.1
Venezuela	San Diego	Carl Zeiss Vision Venezuela Industria Optica C.A.	100.0	96.8

2. Non-consolidated subsidiaries

Germany	Cologne	Carl Zeiss 3D Metrology Services GmbH Köln	80.0	80.0
Germany	Eching	Carl Zeiss 3D Metrology Services GmbH München	100.0	100.0
Germany	Peine	Carl Zeiss 3D Metrology Services GmbH Peine	80.0	80.0
Germany	Oberkochen	Carl Zeiss Achte Vorratsgesellschaft mbH	100.0	100.0
Germany	Öhringen	Carl Zeiss Automated Inspection Verwaltungs-GmbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Dritte Vorratsgesellschaft mbH	100.0	100.0
Germany	Aalen	Carl Zeiss EyeTec GmbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Grundstücks-Verwaltungs GmbH	100.0	100.0
Germany	Dresden	Carl Zeiss Innovationszentrum für Messtechnik GmbH	51.0	51.0
Germany	Cologne	Carl Zeiss Retrofit und Service GmbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Sechste Vorratsgesellschaft mbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Siebte Vorratsgesellschaft mbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Venture Beteiligungsgesellschaft mbH	100.0	100.0
Germany	Aalen	Carl Zeiss Vision Erste Vorratsgesellschaft mbH	100.0	96.8
Germany	Oberkochen	Carl Zeiss Vision Management Equity Participation Verwaltungs GmbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Vision MEP Beteiligungs GmbH	100.0	100.0
Germany	Wangen	Dr. Wolf & Beck GmbH	100.0	100.0
Germany	Oberkochen	Gusto Gourmet GmbH	100.0	100.0
Germany	Essingen	Holometric Technologies Forschungs- und Entwicklungs-GmbH	100.0	100.0
Germany	Tettnang	KLEO Halbleitertechnik GmbH	60.0	60.0

Country	City	Name of entity	Share in capital acc. to Sec. 285 No. 11 HGB	Beneficial interest
			%	%
Belarus	Minsk	Zeiss-BelOMO OOO	60.0	60.0
Brazil	São Paulo	Anschuetz do Brasil Ltda.	100.0	100.0
Croatia	Zagreb	Carl Zeiss d.o.o.	100.0	100.0
Denmark	Birkerød	Brock & Michelsen Invest A/S	100.0	100.0
France	Paris	HEXAVISION Sarl	100.0	65.1
Hungary	Budapest	Carl Zeiss Technika Kft.	100.0	100.0
Romania	Bucharest	Carl Zeiss Instruments s.r.l.	100.0	100.0
Slovenia	Ljubljana	Carl Zeiss d.o.o.	100.0	100.0
Spain	Castelldefels / Barcelona	Aaren Scientific SL	100.0	65.1
Taiwan	Hsinchu City	Carl Zeiss NTS Pte. Ltd.	100.0	100.0
Turkey	Istanbul	Carl Zeiss Teknoloji Cözümleri Ticaret Limited Sirketi	100.0	100.0
Zimbabwe	Harare	Carl Zeiss (Pvt.) Ltd., (Zimbabwe)	100.0	100.0

3. Associates not accounted for using the equity method

Germany	Jena	JENAER BILDUNGSZENTRUM gGmbH SCHOTT CARL ZEISS JENOPTIK	33.3	33.3
Germany	Jena	MAZeT GmbH	22.5	22.5
Germany	Eggenstein-Leopoldshafen	Nanoscribe GmbH	39.9	39.9
Germany	Mainz	SCHOTT-ZEISS ASSEKURANZKONTOR GmbH	50.0	50.0
Germany	Meiningen	µ-GPS Optics GmbH	24.6	24.6
Denmark	Nørresundby	3D-CT A/S	49.0	49.0
Spain	Barcelona	OPT RETINA, S.L.	20.1	19.4

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

Auditors' report

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

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

Our audit has not led to any reservations.

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

Stuttgart, 11 December 2014

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Schmidt Wirtschaftsprüfer [German Public Auditor]	Dr. Jungblut Wirtschaftsprüfer [German Public Auditor]

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Disclaimer

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

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

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

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