The moment innovation becomes fascination.

This is the moment we work for.

ZEISS

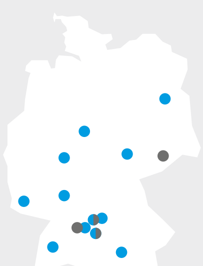
We make it visible.

Annual Report 2011/12
Carl Zeiss Group

The Carl Zeiss Group
Locations

Carl Zeiss has more than 40 production facilities, about 50 sales and service companies, and around 20 research and development sites worldwide. The company has representatives in more than 40 countries and is headquartered in Oberkochen in southwestern Germany. Overall, about 24,000 people work for the company around the globe.

Germany
- 12 production sites
- 4 sales and service sites



Europe (including Germany)
- 24 production sites in 8 countries
- 29 sales and service sites in 20 countries

Americas
- 8 production sites in 4 countries
- 8 sales and service sites in 7 countries

Asia / Australia
- 7 production sites in 4 countries
- 11 sales and service sites in 9 countries

Africa / Middle East
- 2 production sites in 2 countries
- 2 sales and service sites in 2 countries

The Carl Zeiss Group

Organizational structure

30 September 2012

Carl Zeiss Group

Corporate / service functions and production units

Business groups and divisions

- **Semiconductor Manufacturing Technology**
  - Lithography Optics
  - Laser Optics
  - Semiconductor Metrology Systems
- **Industrial Metrology**
  - Industrial Metrology
- **Microscopy**
  - BioSciences
  - Materials
- **Medical Technology**
  - Ophthalmic Systems
  - Microsurgery
  - Surgical Ophthalmology
- **Vision Care**
  - Vision Care
- Camera Lenses
- Sports Optics
- Planetariums

Sales and service companies

Financial highlights
(IFRSs)

	2011/12		2010/11*		2009/10	
	EUR m	%	EUR m	%	EUR m	%
Revenue	**4,163**	**100**	4,084	100	2,981	100
» Germany	488	12	467	11	348	12
» Other countries	3,675	88	3,617	89	2,633	88
EBIT	**420**	**10**	608	15	423	14
EBT	**335**	**8**	570	14	324	11
Consolidated profit/loss	**250**	**6**	394	10	208	7
Cash flows from operating activities	**291**		477		476	
Cash flows from investing activities	**−271**		−131		−116	
Cash flows from financing activities	**−102**		−767		−103	
Total assets	**4,729**	**100**	4,454	100	3,774	100
Property, plant and equipment	**890**	**19**	751	17	496	13
» Capital expenditures	289		160		53	
» Depreciation	135		119		96	
Inventories	**999**	**21**	948	21	727	19
Equity	**1,213**	**26**	1,165	26	1,258	33
Net liquidity	**373**		397		884	
Employees as of 30 September	**24,326**		23,426		12,971	
» Germany	10,389		9,599		8,292	
» Other countries	13,937		13,827		4,679	

* The prior-year figures were restated due to classification of the Security and Defense Systems division as a discontinued operation (IFRS 5) and changed measurement methods for pension provisions.

The Carl Zeiss Group

Business groups / divisions

The Carl Zeiss Group is an internationally leading technology enterprise operating in the fields of optics and optoelectronics. With its innovative products, the company has been contributing to technological progress and enhanced the quality of life of many people around the globe for more than 160 years.

Founded in 1846, the company is now headquartered in Oberkochen, Germany. The company is represented in over 40 countries around the world.

Semiconductor Manufacturing Technology

business group

A large proportion of all microchips produced throughout the world are made with optics from Carl Zeiss. Carl Zeiss is the market leader in lithography optics – the basic technology required for microchip production. Carl Zeiss plays a key role in making microchips increasingly smaller, powerful and affordable.

Industrial Metrology

business group

Measuring solutions from Carl Zeiss are used to make various components – from micro components up to large parts of ship engines or wind turbines – more robust, safer and more energy efficient. Industrial measuring technology from Carl Zeiss ensures maximum standards of quality wherever high precision is a must.

Microscopy

business group

Carl Zeiss develops and distributes innovative microscope systems for biomedical research and materials inspection. They enable researchers to observe even the tiniest structures and processes in living organisms, and thus gain key insights.

Medical Technology

business group

Medical systems from Carl Zeiss are used in ophthalmology, neurosurgery, and ear, nose and throat surgery. Office-based doctors also put their trust in the know-how of Carl Zeiss. Diagnostic and therapy systems help healthcare professionals achieve better treatment outcomes.

Vision Care

business group

Carl Zeiss stands for optimal visual comfort: the company develops and manufactures innovative eyeglass lenses and vision testing systems. Carl Zeiss is one of the world's leading eyeglass lens manufacturers.

Camera Lenses, Sports Optics, Planetariums

divisions

Carl Zeiss brings the night sky to planetariums and breathtakingly crisp images to the silver screen. Binoculars and spotting scopes make fascinating details visible to nature watchers.

Table of contents


// PROGRESS
MADE BY ZEISS

Semiconductor Manufacturing Technology
business group

20

NANOMETERS

EUV optics enable semiconductor structures of less than 20 nanometers to make microchips even more powerful in the future.


// SAFETY
MADE BY ZEISS
Turbine blade
3.0 µm
3.1 µm

Industrial Metrology
business group

90

YEARS

Carl Zeiss has been developing, producing and selling measuring machines for more than 90 years and ensures quality everywhere where precision and maximum safety are absolute musts.

$1/100^{th}$

OF A HUMAN HAIR

Measuring technology makes it possible to achieve accuracies of less than one 100^{th} the diameter of a human hair.


// CURIOSITY
MADE BY ZEISS

Microscopy
business group

30

NOBEL PRIZE WINNERS

More than 30 Nobel laureates have used ZEISS microscopes for their research.

1:10

MILLION

The ATLAS imaging technique enables a zoom factor of 10,000,000.


// CONFIDENCE
MADE BY ZEISS

Medical Technology
business group

1.8

MILLIMETERS

An incision of 1.8 millimeters is all that is needed to insert a ZEISS intraocular lens into a patient's eye.

75

PERCENT

Around 75 percent of all cataract patients come into contact with a product from Carl Zeiss Meditec during their treatment.

4

MILLION

To date, more than 4 million operations around the world have been performed with the *OPMI Pentero®* and the *OPMI Pentero® 900*.


// CLARITY
MADE BY ZEISS

Vision Care
business group

2

PEOPLE

Every second, two people opt for ZEISS eyeglass lenses somewhere in the world.

100

MILLION

Carl Zeiss produces 100 million eyeglass lenses every year.

// STORIES
MADE BY ZEISS

Camera Lenses, Sports Optics, Planetariums divisions

9,100

STARS

A planetarium projector can generate up to 9,100 stars onto a dome.

3

TECHNICAL OSCARS

Carl Zeiss cine lenses have won 3 "Oscars® for Movie Technology".

4

MILLION

Over 4 million ZEISS binoculars, spotting scopes and riflescopes are used all over the world every day.

Foreword of the Executive Board

Ladies and Gentlemen,
Dear Friends of Carl Zeiss,

2011/12 was a special fiscal year for the company: we achieved another milestone in the ongoing development of future-oriented EUV lithography technology. We celebrated the centennials of our branches in Japan and Mexico. Medical technology and precision eyeglass lenses from Carl Zeiss also celebrated their 100th anniversaries. At the end of the fiscal year we transferred a majority interest in our Security and Defense Systems business unit to Cassidian, a division of the EADS Group.

The reporting year was one of the most successful ever recorded by the Carl Zeiss Group – this is clearly underscored by both revenue and earnings. Revenue totaled EUR 4.163b; net annual income EUR 250m. Revenue increased by two percent over the adjusted previous year. Our forecast that profits would not exceed the exceptionally good figures achieved last year proved to be correct. Nevertheless, we are proud of what we have accomplished. Our massive investments are having a noticeable impact on profits. We are investing in research and development, in the expansion and modernization of our infrastructure and office equipment, and in training programs for our employees. In addition, we hired 900 new employees worldwide in fiscal year 2011/12.

In fiscal year 2011/12 we intensified our activities in China, India and Brazil and are increasingly tailoring our products to the special local requirements of these markets. To achieve this goal, we have opened new research and development centers in Shanghai and Bangalore, and further expanded our global distribution and dealer network. These are further examples of how we are constantly working on making the company even more modern, more global and more dynamic within the framework of the "Carl Zeiss Agenda 2016."

Carl Zeiss is in excellent shape and is standing on a solid foundation. Thanks to our broad portfolio, we have succeeded in compensating for the expected cyclical downturn in the semiconductor business. We were aided by the stable economy encountered in many regions.

We would like to extend our gratitude to everyone who played their part in achieving this success and who have driven the ongoing evolution of the company through stimulating dialog and challenging projects. Our special thanks go to our approximately 24,000 employees around the globe who, as in previous years, also directly benefited from the company's success. They work every day with great passion and dedication to improve our products and services.

We got off to a good start in fiscal year 2012/13. Although the economic environment is currently fraught with uncertainty and a slowdown in business activity is already evident in some regions, we look with confidence to the fiscal year ahead. We assume that – despite the difficult economic scenario – Carl Zeiss will continue to grow in the future. Our sole owner, the Carl Zeiss Foundation, gives us the backing we need to pursue our goals with vision and foresight. Our portfolio and international footprint provide us with the optimal basis for our business. We also benefit from our strong brand: ZEISS stands for the company's aspiration to constantly see beyond the needs of today and provide our customers with innovations and solutions that enable them to optimally realize their ambitions. Together with our employees, we constantly aim to deliver on this brand promise in our everyday work: with innovative solutions and top-notch service.

We know that the company is full of knowledge, creativity, commitment and energy – an excellent basis for us to build upon. This makes us confident that, together with our customers, business partners and employees, we can rise successfully to any challenges we encounter. We look forward to the year ahead.

Oberkochen, December 2012

Dr. Michael Kaschke	**Dr. Hermann Gerlinger**	**Thomas Spitzenpfeil**
President &	Member of the	Member of the
Chief Executive Officer	Executive Board	Executive Board

Thomas Spitzenpfeil
Member of the Executive Board

Camera Lenses
Sports Optics
Planetariums
Corporate Controlling
Corporate Information Technology
Auditing and Risk Management
Corporate Legal and Patents
Financial Services
Consolidation & Accounting Center
Business Services & Infrastructure
Europe and Africa

Dr. Michael Kaschke
President & Chief Executive Officer

Medical Technology
Microscopy
Vision Care
Strategic Corporate Development
Corporate Communications
Corporate Human Resources
Asia / Pacific

Dr. Hermann Gerlinger
Member of the Executive Board

Semiconductor Manufacturing Technology
Industrial Metrology
Corporate Research and Technology
Integrated Management Systems
Corporate Security
Shared Production Center
Global Supply Chain
Americas

Report of the Supervisory Board

Ladies and Gentlemen,

The membership of the Supervisory Board changed during the course of the fiscal year. Effective 12 March 2012, Dr. Theo Spettmann, Chairman of the Supervisory Board of Carl Zeiss AG, resigned from office for health reasons. In the General Meeting of Carl Zeiss AG I was elected as a Member of the Supervisory Board, effective 19 March 2012. The Supervisory Board committee of Carl Zeiss AG subsequently elected me as Chairman of the Supervisory Board in its meeting of 10 May 2012. The Supervisory Board was headed by Vice Chairman of the Supervisory Board Jürgen Dömel during the transitional period. The Supervisory Board would like to thank Dr. Spettmann for his work on this committee and for the high degree of commitment he has shown for the benefit of the company.

In fiscal year 2011/12 the Supervisory Board was closely involved in the ongoing strategic development of the Carl Zeiss Group. We advised the Executive Board and oversaw corporate governance – in accordance with the duties entrusted to Supervisory Board by law, the articles of association and rules of internal procedure. In written reports and during the Supervisory Board meetings, the Executive Board provided us with extensive information about corporate planning and development, the course of business, the risk situation, risk management and earnings. I was also in regular contact with the Executive Board and received prompt information about the current business situation and important business transactions.

The Supervisory Board was involved in all decisions of importance for the company and passed the resolutions required by law, the articles of association and rules of internal procedure. The decisions were based on the reports and decisions proposed by the Executive Board which we subjected to in-depth scrutiny. We were promptly informed about any special, important or urgent transactions outside the context of the meetings.

The Supervisory Board convened on three occasions during fiscal year 2011/12. The Audit Committee also met three times in order to evaluate the efficacy of risk management and to discuss subjects such as compliance, internal auditing, the internal control system, accounting and the key issues of the annual audit.

The Chairman's Committee convened twice in the reporting period. During these meetings, the goal-setting process and the compensation of the Executive Board Members were discussed in great detail and the appropriate documents were prepared for the resolutions to be passed by the Supervisory Board. In the Supervisory Board Meetings the Chairmen of the Audit and Chairman's Committees reported regularly about the content and results of the committee meetings. The Mediation Committee did not convene during the year under review.

The advisory and monitoring activities of the Supervisory Board were focused primarily on the sales, revenue and employment situation and on the financial situation of the Group as a whole.

The Executive Board delivered regular information about the progress of important strategic initiatives of the business groups and, for example, about the commercialization of EUV lithography and the restructuring of the Vision Care business group.

During its meeting in May 2012 the Supervisory Board approved the sale of 75.1 percent of the shares in Carl Zeiss Optronics GmbH after the Executive Board had presented and explained in great detail the various options available for the further development of this subsidiary. With Cassidian, a division of the EADS Group, a suitable partner has been found to offer long-term perspectives to the Carl Zeiss Optronics business through access to global markets and improved international competitiveness.

Prof. Dr. Dieter Kurz
Chairman of the Supervisory Board

The auditing firm KPMG AG has audited the consolidated financial statements of Carl Zeiss, including the Management Report, for fiscal year 2011/12 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. The Members of the Supervisory Board received the auditor's documents and reports in good time. The Audit Committee and the Supervisory Board closely examined the documents and discussed them in detail at the meeting of the Audit Committee on 11 December 2012 and at the Supervisory Board meeting held on 18 December 2012. The auditor was present at both meetings and reported on the material results of the audit. After examining the documents, the Supervisory Board endorsed the result obtained by the auditor and approved the financial statements prepared by the Executive Board. The financial statements of Carl Zeiss were thereby adopted, effective 30 September 2012. The Executive Board's proposal to pay a dividend of EUR 15.6m from net income to the sole shareholder, the Carl Zeiss Foundation, was approved.

The Supervisory Board would like to express its special thanks to Jürgen Dömel who, in his role as Vice Chairman, intermittently deputized for Dr. Spettmann and left the Supervisory Board after the end of the reporting period. Mr. Dömel had been a Member of the Supervisory Board since 2004 and retired in December 2012.

The Supervisory Board would like to thank the Executive Board, the employee representatives and all employees of Carl Zeiss for their dedication and commitment, which played a major role in the success achieved in fiscal year 2011/12.

Oberkochen, December 2012
On behalf of the Supervisory Board

D. Kurz

Prof. Dr. Dieter Kurz
Chairman

03 Business groups / divisions

Business group
Semiconductor Manufacturing Technology

In fiscal year 2011/12 the Semiconductor Manufacturing Technology business group performed better than originally expected. The business group achieved an important milestone in the ongoing development of future-oriented EUV lithography technology: the delivery of the first serial EUV optics.

Although fiscal year 2011/12 saw a decrease in the revenue of the Semiconductor Manufacturing Technology business group compared to the very successful previous year, a healthy business trend was nevertheless reported. In addition, it is the first time that the figures no longer include the electron microscopy business, which was integrated into the Microscopy business group in 2011/12. On the reporting date, revenue totaled EUR 967m, or EUR 214m (18 percent) less than last year (prior year calculated on a like-for-like basis: EUR 1.181b). As of the reporting date, 2,636 employees (full-time equivalents) were working for the business group around the globe (prior year on like-for-like basis: 2,164).

EUV lithography achieves important milestones

With Extreme Ultra Violet (EUV) lithography, Carl Zeiss is achieving the next technology level on the semiconductor market. The most important goal of the business group is to develop this technology to the point of profitable serial production. With the delivery of the first serial EUV optics to ASML in April 2012, Carl Zeiss has come considerably closer to achieving this objective. The second total EUV system was dispatched before the end of the fiscal year. ASML, the leading manufacturer of optical lithography systems, plans to deliver the first machines to end customers in 2013, who will then use them for microchip fabrication from the middle of the decade onward.

EUV competence is also used for the light source and mask inspection

The ongoing development of EUV lithography is triggering a need for special EUV collectors and new systems for photomask analysis. To meet this requirement, the Carl Zeiss portfolio features a collector that enhances the performance of the light source for EUV lithography, therefore making a key contribution to the success of EUV technology. With *AIMS™ EUV*, Carl Zeiss is additionally offering the possibility of photomask analysis for EUV lithography. The first orders for *AIMS™ EUV* have already been received from chip fabs.

Product success in core business

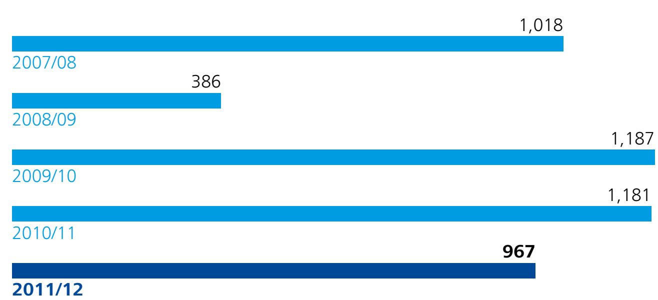
In fiscal year 2011/12 particularly strong demand was recorded for two of the established product lines from the business group's core business: over 300 *Starlith® 195xi* optical systems have been sold since the product's introduction. No other product has ever generated more revenue in the history of Carl Zeiss. With more than 700 deliveries, the *Starlith® 8xx* system is one of the business group's best-selling products. Toward the end of the fiscal year, the business group observed a downward trend in the global lithography business. ASML reacted to this development with a reduced demand plan for the first quarter of the new fiscal year.

In the reporting period the positive trend continued in the business with components and modules for lithography lasers and with wafer inspection systems. Demand for mask analysis and repair products was also strong. Ten years after its market launch, Carl Zeiss delivered the 25th large *MeRiT®* system for photomask repair. Virtually all leading mask manufacturers use these systems.

Outlook

Ongoing investments are the key to the continued growth of the Semiconductor Manufacturing Technology business group. At the Oberkochen site, Carl Zeiss is expanding its production capacities and adding around 30,000 square meters of floor space to the factory for the production of lithography optics. The goal is to secure the business group's technology edge over the long term.

Revenue* in EUR m



* excluding electron microscopy business from 2011/12. 2010/11 calculated on a like-for-like basis.

Employees* (full-time equivalents)

* excluding employees of the Electron Microscopy division from 30 Sept. 2012. 30 Sept. 2011 calculated on a like-for-like basis.

Business group

Industrial Metrology

The Industrial Metrology business group ended fiscal year 2011/12 with revenue totaling EUR 495m. The group was particularly successful in China and North America. With a new production site in India, the company's metrology wing is continuing to expand its presence in this rapidly growing market.

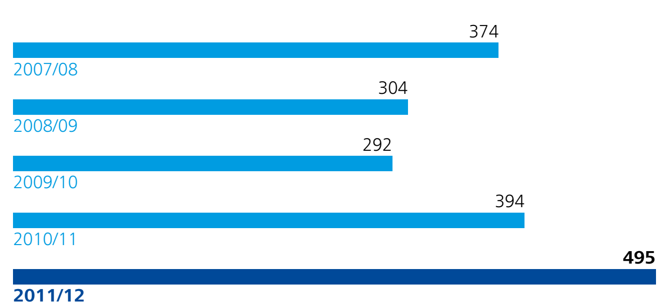
In fiscal year 2011/12 the Industrial Metrology business group generated revenue totaling EUR 495m, an increase of 26 percent over the prior year. The business group therefore continued the positive recent development: it has grown by 70 percent in the past two years. On the reporting date, 2,239 employees were working for the business group around the globe (prior year: 1,996).

The business group's business fared particularly well in China and North America. Carl Zeiss won market share all over the world, but especially in these two regions.

New production site in India

The foundation for the business group's success can be found in its strong global orientation, from which its customers also benefit. With an international network of service employees and measuring houses, the metrology wing offers on-site service with short reaction times to customers all over the world. It also operates production sites in the most important regions:

Revenue in EUR m



Shanghai, China; Minneapolis, USA; and Oberkochen, Germany. During the year under review the business group added a production site in India to its global lineup. The Bangalore location not only manufactures coordinate measuring machines, but also offers product demonstrations, training, contract programming and contract measurements. With this new plant, Carl Zeiss is further strengthening its market presence in India.

On-site service for customers

In Chang Chun, China, the Industrial Metrology business group has opened a new branch that produces special clamping equipment for the automotive industry. This allows Carl Zeiss to offer the best service to Chinese customers in the hub of the Chinese automotive industry.

Product portfolio expanded: compact entry-level models

Carl Zeiss has added two compact measuring machines to its product portfolio and expanded the application spectrum of ZEISS measuring machines.

In fiscal year 2011/12 Carl Zeiss presented its smallest coordinate measuring machine, the *O-INSPECT® 322*. This machine enables contact scanning and optical measurement without a sensor change. *O-INSPECT® 322* permits the measurement of small to hand-sized parts such as cell phone cases or dentures.

The *MICURA®* coordinate measuring machine premiered by Carl Zeiss in May 2012 at CONTROL, the industry's most important trade fair, in Stuttgart, sets the standard in the compact class. This measuring machine is used for the quality inspection of parts in industrial production, e. g. artificial hip joints, gear wheels, optical lenses or shafts with the tightest of tolerances. *MICURA®* delivers measuring accuracy of less than one micrometer.

Central control of processes

The Industrial Metrology business group is working on solutions for integrated processes in industrial production to ensure that, for example, measuring machines can be seamlessly integrated into production lines and then centrally controlled. With the *Master Control Center,* Carl Zeiss is offering a solution that facilitates process coordination. This server-based software controls and optimizes the application and capacity utilization of measuring machines – even at several locations. The *Master Control Center* consists of several modules that can be combined in line with the customer's requirements. The software solution is already being used with great success by a large number of automobile manufacturers.

Outlook

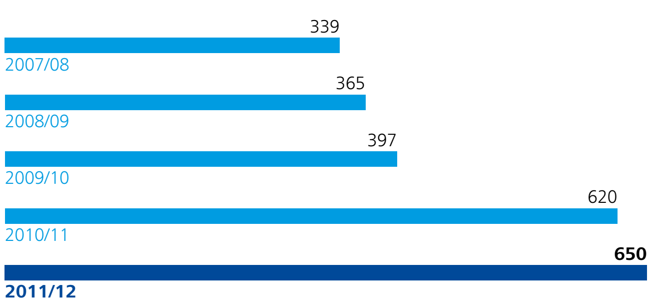
Stable growth is expected for the industrial metrology market over the long term. The long-term, global growth drivers, e. g. higher energy efficiency, wind power or the challenges posed by efficient drive technologies, remain unchanged. Over the short term, Carl Zeiss anticipates moderate market development and increased investment restraint in the industrial goods market. With its comprehensive service offering, however, the business group is well prepared for this slowdown in investment. The service business accounts for a constantly high portion of overall revenue.

Employees (full-time equivalents)

Business group
Microscopy

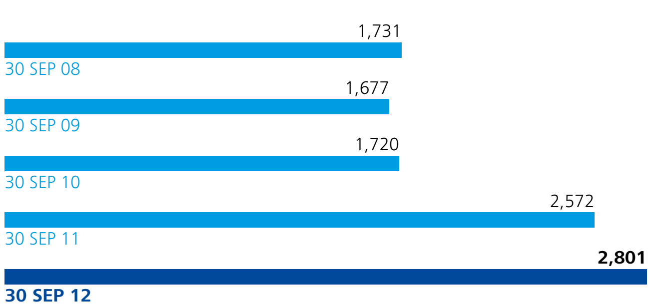
The Microscopy business group, in which the light and electron microscopy businesses have been combined since the beginning of fiscal year 2011/12, ended the reporting period with revenue totaling EUR 650m.

Revenue* in EUR m



* including electron microscopy business from 2011/12. 2010/11 calculated on a like-for-like basis.

Employees* (full-time equivalents)



* including employees of the Electron Microscopy division from 30 Sept. 2012. 30 Sept. 2011 calculated on a like-for-like basis.

In the reporting period, revenue in the Microscopy business group rose five percent to EUR 650m (prior year on a like-for-like basis: EUR 620m). This development was attributable not only to organic growth, but also to the integration of the electron microscopy business – previously part of the Semiconductor Manufacturing Technology business group – and to positive currency effects. The integration of the Electron Microscopy unit into the Microscopy business group initiated in the previous year continued successfully in fiscal year 2011/12. On the reporting date, 2,801 employees were working for the Microscopy business group around the globe (prior year on a like-for-like basis: 2,572).

Further growth in China

During the period under review, the Microscopy business group was faced with a difficult market environment in the debt-ridden industrial nations: many states reduced their research and education budgets, with the funding of basic biomedical research suffering most from the cuts. Investments into applied research, on the other hand, were increased. This “bench to bedside” trend involving a rechanneling of investments and activities toward medical or pharmaceutical research clearly impacted the business group's research microscope business.

The business with systems for materials analysis and quality inspection in industry continued to show a positive trend.

The business group was able to compensate for the subdued business trend in the established markets through strong growth in Asia – and in China, above all. In addition to a production site, the business group is constantly expanding its sales and service operations in China. During the reporting period Carl Zeiss opened an innovation center in Shanghai in which microscopes will be developed for the Asian market.

More detail: super-resolution and correlative microscopy

With correlative microscopy – the combination of light and electron microscopy – Carl Zeiss is offering a supplement to super-resolution microscopes. Super-resolution systems enable resolution of down to 20 nanometers compared to 250 nanometers in traditional light microscopes, allowing researchers to advance into totally new dimensions. Correlative microscopy permits the additional examination of the specimen in an electron microscope in order to verify the results and visualize even more details.

Identifying gas and oil deposits in rock layers

Carl Zeiss microscopes are used to analyze oil and gas deposits in rocks. Electron microscopes are used to examine rock samples for this purpose. If the samples are positive, the gas and oil deposits can then be precisely targeted and extracted. Carl Zeiss is collaborating with Ingrain in this field. The US company provides the analytical software required to conduct these examinations. During the year under review, Carl Zeiss received an order from Colombia for several electron microscopes for rock analysis.

Fast sample processing

With a further development in the field of scanning electron microscopy, Carl Zeiss has given an added boost to a technique known as blockface imaging which is used for applications such as brain mapping. Highly complex specimen preparation and processing are needed to create a map of the brain. The further enhanced *SIGMA 3View* and *MERLIN 3VIEW* systems from Carl Zeiss enable faster, serial processing of samples. The aim of the electron microscope images is to show how nerve cells interconnect via the synapses. Researchers wish to use these images as a basis for identifying the possible causes of diseases such as schizophrenia.

Close dialog with customers and users

The Microscopy business group fosters close dialog with users and customers, and additionally offers them the possibility of testing ZEISS microscopes and communicating directly with experts. The Microscopy Labs in Munich are an excellent example of how this policy is being implemented: here, the entire microscopy product line is placed at the customer's fingertips, and experts are on hand to provide advice on possible applications. During the reporting period the business group additionally organized the 1st Carl Zeiss Symposium on correlative microscopy, during which 40 leading international researchers discussed the future of microscopy.

Outlook

The Microscopy business group is starting fiscal year 2012/13 with the introduction of new technologies. The light sheet and helium / neo-ion microscopy techniques introduced shortly after the end of the fiscal year are two examples. Both technologies open up new possibilities in the life sciences and materials inspection.

Business group
Medical Technology

In the past fiscal year the Medical Technology business group continued its positive development. Revenue increased to EUR 984m. The business group's activities are bundled under the umbrella of the TecDAX-listed company Carl Zeiss Meditec AG, in which Carl Zeiss AG holds a 65 percent interest.

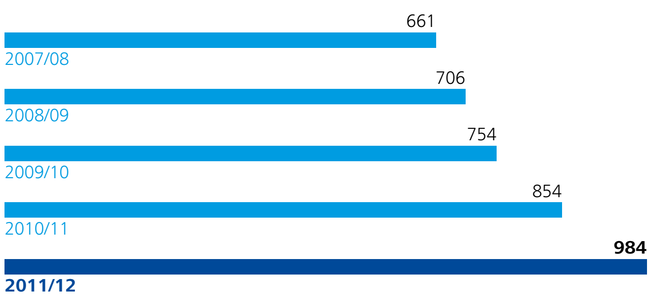
The Medical Technology business group ended fiscal year 2011/12 with revenue totaling EUR 984m (prior year: EUR 854m), an increase of 15 percent. Products from all divisions and all regions contributed to this boost in business.

Passion for innovation – for better vision

In the field of ophthalmology, Carl Zeiss provides its customers with systems and extensive solutions for the diagnosis, management, treatment and aftercare of eye diseases. The product portfolio enables smooth and straightforward work flows, therefore maximizing treatment efficiency.

For small-incision cataract surgery, the Medical Technology business group also offers the broadest spectrum of lens implants as well as the fluids and devices required for the procedure. With the *AT LISA® tri 839 MP*, it launched a new generation of multifocal intraocular lenses (IOLs) on the market during the reporting period. Because *AT LISA® tri 839 MP* also enables considerably better intermediate vision than traditional IOLs, visual quality after cataract surgery is similar to that experienced by the patient before the onset of the aging process in his or her eyes. Thanks to this innovation, patients can switch between the different ranges of vision and enjoy very good visual quality at each distance; an additional pair of eyeglasses is often no longer needed.

Revenue* in EUR m



*The values deviate from the published figures of Carl Zeiss Meditec AG as a result of different consolidation models.

Employees* (full-time equivalents)

*The values deviate from the published figures of Carl Zeiss Meditec AG as a result of different consolidation models.

For refractive surgery, the business group has presented a new method for the correction of presbyopia – the age-related loss of accommodation – using laser treatment. *PRESBYOND® Laser Blended Vision* corrects the dominant eye for distance and the non-dominant eye for near vision so that an overlap or "blend" zone is created. As a result, patients can more easily fuse the different image information received from the right and left eyes into a single binocular image and also enjoy optimal vision in the intermediate distance range.

New visualization solutions in surgery

In the field of microsurgery Carl Zeiss offers not only surgical microscopes and visualization solutions for ENT and neurosurgery, but also future-oriented technologies for intraoperative radiotherapy. The *INFRARED 800* and *FLOW® 800* fluorescence methods make it possible to visualize vascular blood flow easily and quickly through a surgical microscope. Neurosurgeons can now adapt the surgical procedure to the blood flow findings and thus optimize treatment outcomes.

Asia in focus

Founded 100 years ago, the medical technology wing at Carl Zeiss already crossed technological and geographical frontiers at an early stage – through its pioneering inventions and the intercontinental distribution of its products. During the reporting period, the Medical Technology business group once again strongly benefited from the continuing upswing evident in the rapidly developing economies. This is impressively demonstrated by China's growth figures. The Asia / Pacific region now accounts for around one-third of the business group's overall revenue. The world's second largest economy plays a decisive role for the Medical Technology business, and not just as a sales market. China's importance as a research and development site is also growing for the business group: the Carl Zeiss Innovation and Development Center in Shanghai is currently developing products and solutions for surgical microscopy and retinal diagnostics – with a sharp focus on the particularly dynamic mid-market segment.

Another example demonstrating China's special significance is the premium segment products that are now setting standards in the country: in the refractive, flapless and therefore gentle laser correction of defective vision, the innovative *ReLEx smile* technique from Carl Zeiss now looks set to become the industry's gold standard in China even before it attains this status in the USA.

Business group
Vision Care

In fiscal year 2011/12 the Vision Care business group reported a positive development. The systematic restructuring of the global production and distribution network is showing signs of success. Revenue totaled EUR 860m, a slight increase over the previous year.

The Vision Care business group ended fiscal year 2011/12 with revenue totaling EUR 860m. This equates to one percent more than in the prior year (EUR 849m). The restructuring of the company's financing in October 2010 and the consistent reorganization of the global production and distribution network and sales structures formed the basis of this positive development in business.

On the reporting date, 9,586 employees were working for the Vision Care business group around the globe (prior year: 9,941).

The company's eyeglass operation posted particularly strong growth in North America and Europe. In Latin America and Southeast Asia the business group laid the foundation for future growth and continued to invest in expanding its presence in China and Brazil. Carl Zeiss increased its capacities in India. In July 2012 the business group opened a new prescription lab in Bangalore. This will be one of Carl Zeiss' largest manufacturing sites for individualized eyeglass lenses in the future.

Revenue* in EUR m

* Carl Zeiss Vision was a joint venture until 2009/10.

License agreement signed with competitors

After several years of legal disputes with its key competitors in the USA and Australia concerning patents for freeform technology, Carl Zeiss Vision Care has now signed license agreements with Essilor and Hoya. These also apply to the subsidiaries and customers of the two competitors. This underscores the leading role played by Carl Zeiss in future-oriented freeform technology. The license fees will be of significant economic value in the years ahead.

Anniversary: 100 years of ZEISS eyeglass lenses

Carl Zeiss revolutionized the world of eyeglass lenses with the 1912 introduction of *PUNKTAL,* the first high-precision lens. In fiscal year 2011/12 the Vision Care business group marked this anniversary in many countries with the campaign titled "We are celebrating vision! 100 years of better vision. 100 years of ZEISS eyeglass lenses." This included many campaigns such as a special sunglass edition and a book titled "Better Vision" describing the development of the eyeglass business at Carl Zeiss.

Tinted lenses: black is the latest fashion color

With the new black color line, Carl Zeiss is now also offering lenses with a black tint, and for the first time with a tint of up to 95 percent. During the reporting period the trend colors used for tinted eyeglass lenses included not only black, but also blue and gray. Carl Zeiss also offers lenses with graduated tints – from light to dark gray, for example.

Further expansion in service for business partners

The business model of the Vision Care business group includes the provision of support to independent eye care professionals and to optical and retail chains in matters concerning both marketing and business development. Carl Zeiss offers interactive tools, e. g. an online vision test and a special consultation app for eye care professionals, for precisely this purpose in around 20 countries around the world. During the reporting period the uniform global electronic product catalog was expanded and made accessible to further countries.

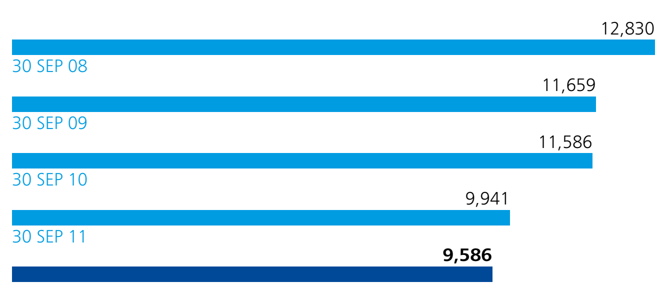
Official seal of approval for customer satisfaction

In Germany, an official testing authority (TÜV Süd) checked and certified ophthalmic partners of Carl Zeiss in a pilot project conducted during fiscal year 2011/12. The majority of the participating Relaxed Vision Centers, in which consumers can actively experience the ZEISS brand when purchasing eyewear, were rated highly or very highly in respect to the standard of satisfaction which they delivered to their customers. The eye care professionals are permitted to use this official seal of approval to advertise their services for a period of two years.

Outlook

The eyeglass lens market is dominated by three large international manufacturers. Carl Zeiss is clearly the world number two and will further expand this position in the years ahead. The well-known ZEISS brand gives the company a competitive edge in the international arena, as Carl Zeiss is the only manufacturer in the market with a strong consumer brand. Its globally balanced, flexible production and distribution network enables the Vision Care business group to adapt quickly to market fluctuations and growth opportunities.

Employees* (full-time equivalents)



* Carl Zeiss Vision was a joint venture until 30 September 2010.

Divisions

Camera Lenses, Sports Optics, Planetariums

In fiscal year 2011/12 the Camera Lenses, Sports Optics and Planetariums divisions generated revenue totaling EUR 178m. Special attention was given to the Indian market, where new agencies and branches were set up.

In fiscal year 2011/12 the Camera Lenses, Sports Optics and Planetariums divisions generated revenue totaling EUR 178m, or 11 percent more than the previous reporting period (prior year: EUR 160m). During the reporting year, the three units intensified their activities in India, where they opened agencies in order to expand their market presence. On the reporting date, 767 employees were working for the three divisions around the globe (prior year: 767).

Planetariums: international orders

During the reporting period, the Planetariums division clearly felt the impact of customers' reluctance to invest in the established European and US markets, while investments continued to flow in other regions. Carl Zeiss received an order to supply the digital technology for a planetarium currently being erected in the Chinese city of Shenjang. The Carl Zeiss Group will also equip the planetariums in Colombo, Sri Lanka, and in Kozhikode, India, with digital full-dome systems. In both of these planetariums the existing ZEISS analog star projectors are being combined with digital systems.

In Europe, the planetariums in the German towns of Osnabrück and Laupheim received new ZEISS technology during fiscal year 2011/12. Carl Zeiss installed the first projector to be used outside a planetarium in a Swiss casino. Multimedia content will be projected onto the purpose-built dome.

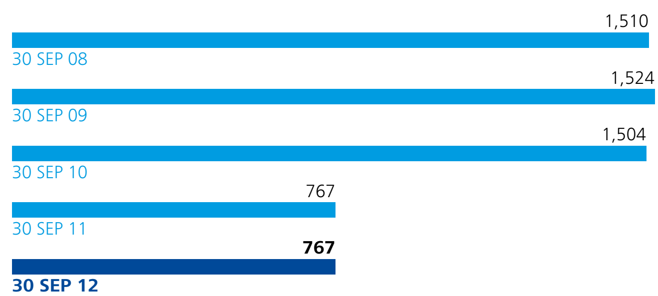
Sports Optics: industry leader as one-stop provider

The Sports Optics division ended the fiscal year with a clear increase in revenue and won additional market share, particularly in the USA and Asia. It is working systematically on tapping into new customer segments. The product spectrum has been expanded and renewed accordingly. In the future, it will cover all price categories – from entry level to the premium segment. The ongoing development of additional electronic functions and other innovations play an important role for the unit's future orientation.

New products set standards

In fiscal year 2011/12 the Sports Optics division presented the premium *Victory HT* line of binoculars and riflescopes. With transmission values of over 95 percent, these binoculars clearly exceed the levels of around 90 percent achieved by previous models. The higher the transmission, the longer the binoculars can be used in the twilight. Carl Zeiss also launched the *Conquest HD* for the middle price segment. These compact binoculars are equipped with a high-definition (HD) lens system that provides the user with outstanding color rendition. The high level of demand for this product underscores the excellent value for the money that it promises the customer.

Employees* (full-time equivalents)



* excluding Carl Zeiss Optronics GmbH from 30 Sept. 2012. 30 Sept. 2011 calculated on a like-for-like basis.

Optimization of the value chain

To expand its position in the international competitive arena, the Sports Optics division will sharpen its focus on global procurement structures in the future.

Camera lenses: growth in the USA

A positive development was observed in the Camera Lenses unit during the reporting period: strong growth was generated in the business with lenses for still and movie photography, particularly in the USA. Carl Zeiss also extended its collaboration with Nokia, Sony and Logitech during the reporting year. Business with these partners was stable, but was impacted by the high level of competition in the electronics market.

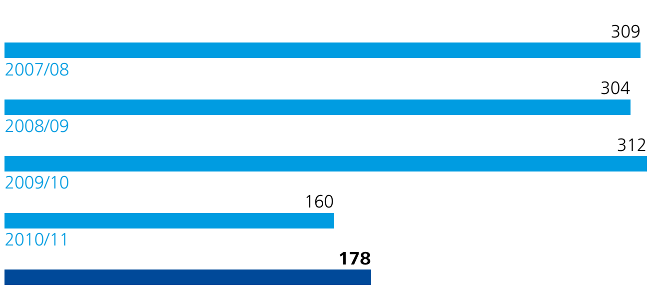
Cine lenses receive awards

Movie camera manufacturer ARRI and Carl Zeiss have been collaborating for the past 75 years. During the period under review, they presented a new, jointly developed line of lenses: the *ARRI / ZEISS Master Anamorphic* series sets new standards in imaging performance and compactness in this segment. The lenses enable moviemakers to create particularly wide (anamorphic) images for movie film production. In February 2012, two Carl Zeiss engineers received the Scientific and Engineering Award of the Academy of Motion Picture Arts and Sciences (A.M.P.A.S.®) for the mechanical and optical design of the *ARRI / ZEISS Master Prime* lenses. This was the third time that Carl Zeiss has won this prestigious prize, the "Oscar® for Movie Technology."

Customers actively involved in product development

In May 2012 Carl Zeiss presented a new super wide-angle lens. The customer community which the unit has built up via its social media activities had discussed and then requested a lens with defined properties. The *Distagon T* 2.8/15* is Carl Zeiss' answer to the community's wishes.

Revenue* in EUR m



* excluding Carl Zeiss Optronics GmbH from 2011/12. 2010/11 calculated on a like-for-like basis.

04 From the Group

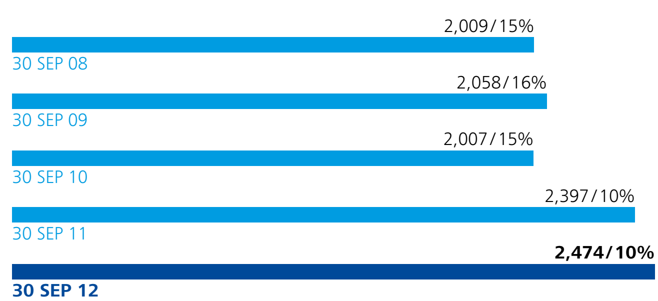
From the Group

Innovation: the future in focus

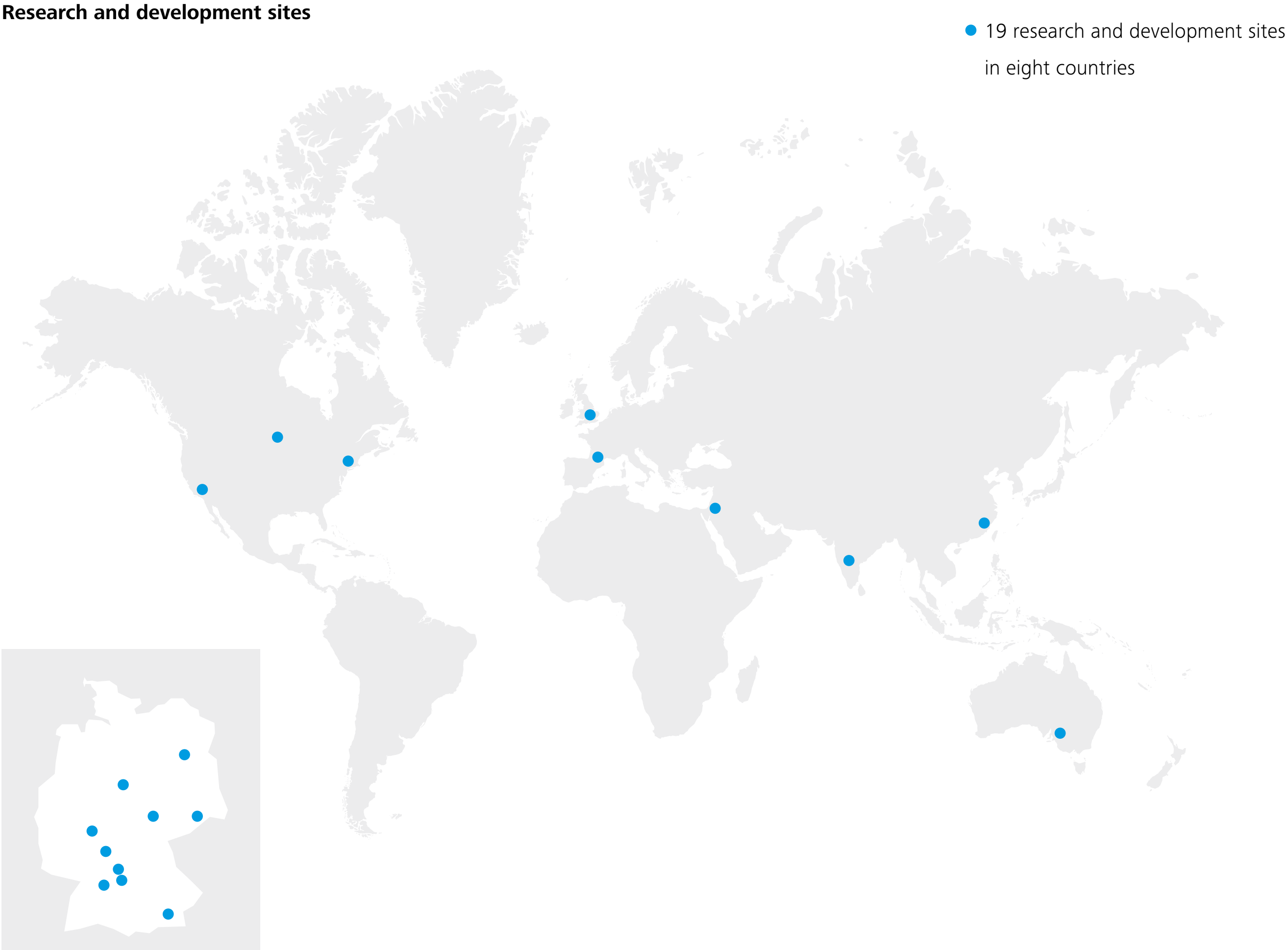
Optical technologies are of key importance for the future. Their technical and scientific applications will increasingly impact our everyday lives in the years ahead. The research and development teams at Carl Zeiss focus their work on creating the leading-edge technologies of tomorrow.

Number of employees in research and development

Total / percent of the workforce



Research and development sites



Optical technologies pave the way for many innovations in numerous industries. They play an important role in life sciences, medical technology, information technology, telecommunications, the auto industry, consumer electronics and many other areas of our everyday lives. Carl Zeiss is a company that is considerably driving the development of optical technologies – with new, innovative approaches and solutions.

For Carl Zeiss, innovation also means new business models. To promote and foster creativity, the company has been awarding prizes for innovative business design and internal knowledge sharing to its employees for several years now.

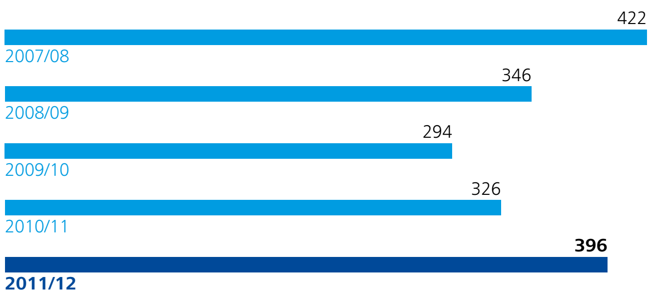
Success factors: people and networks

Innovative products can only be developed and produced with highly qualified and motivated staff. To achieve this goal, Carl Zeiss offers its employees a wide diversity of training programs. In addition, Carl Zeiss collaborates with international partners. A close-knit, well-functioning network with prestigious companies, universities and research institutes provides the company with access to the latest scientific knowledge and know-how.

Megatrends point the way

The needs of society as a whole play a pivotal role in innovation at Carl Zeiss:

Number of patent applications



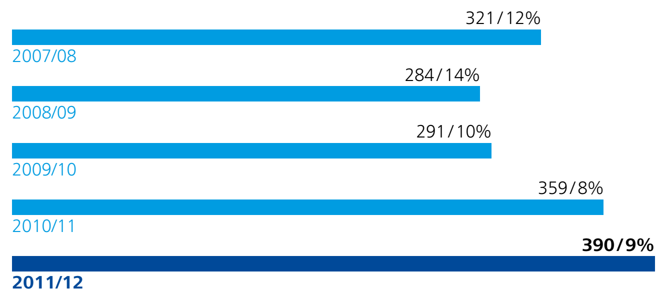
the megatrends are the foundation on which the company bases the development of new products. These megatrends include not only the aging population and demographic change, but also the increase in health awareness, mobility and urbanization. Carl Zeiss focuses sharply on these topics in all its research and development activities. Demographic trends show an increasingly older global population and thus rising needs for medical care. More and more people in the rapidly developing economies are gaining access to medical services: India and China already account for more than one third of the world's population. India alone has around 1.2 billion inhabitants, of whom only about 20 percent currently enjoy medical care. The country's economic development will lead to a rapid increase in this figure. Carl Zeiss is endeavoring to adapt its existing medical technology products or create new, tailor-made products in order to meet the special needs of these regions. To achieve this objective, Carl Zeiss has opened the Center of Application & Research in India (CARIn) in Bangalore and a new Innovation Center in Shanghai.

Combining technologies

The life sciences, bionics and medical technology will become increasingly vital for modern society in the future. Artificial intelligence and the crosslinking of technologies from different disciplines are further trends that will clearly impact future product development. With its expertise in optics and precision engineering, Carl Zeiss is making valuable contributions to the development of new problem solutions and is therefore sustainably expanding its technology leadership in a wide diversity of fields. One excellent example: with correlative microscopy, Carl Zeiss has succeeded in forging a link between electron and light microscopy. This combination of microscope images provides researchers and scientists with a new tool which enables them to better study living processes and diseases.

Expenditure in research and development

In EUR m / percent of revenue



Spotlight on sustainability

The sparing use of resources is of central importance in product development at Carl Zeiss: care is always taken to maximize energy efficiency in the company's instruments and to minimize material usage through innovative production processes and equipment. With its products, Carl Zeiss supports sustainability in many different sectors: the company develops intelligent measuring systems that are utilized for quality inspection in the energy, automotive and aerospace industries. These systems are used, for example, to test the quality of large wind turbine components and thus ensure a high level of efficiency. In the auto industry, Carl Zeiss coordinate measuring technology is utilized to inspect the fit accuracy of powertrain components in cars in order to ensure low fuel consumption and minimal CO_2 emissions. The company is also working on the enhancement of alternative drive technologies and the ongoing development of electromobility. Carl Zeiss is involved in various projects in this field, e. g. the optimization of production systems for powerful battery systems.

Advancing technology for over 160 years

Innovation is a way of life at Carl Zeiss. The company has stood for innovation for more than 160 years. The research and development teams work intensively to constantly expand the company's technology leadership. In fiscal year 2011/12 the Carl Zeiss Group applied for 396 patents and held a total of 5,256 patents and patent applications worldwide on the reporting date.

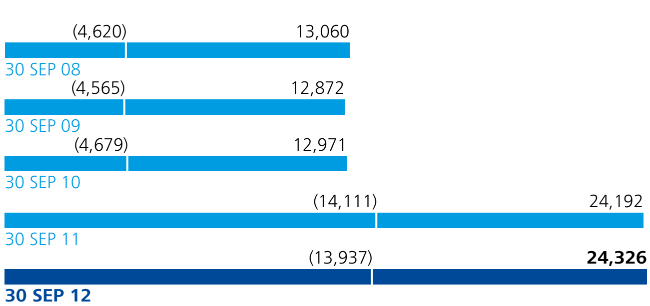
The ownership structure of Carl Zeiss AG – with the Carl Zeiss Foundation as the sole shareholder – ensures that investments in innovations can be made with vision and foresight. In fiscal year 2011/12 EUR 390m – or nine percent of the company's overall revenue – was invested in research and development activities.

From the Group

Perspectives for success

Carl Zeiss offers its employees many training possibilities, extensive social benefits and challenging jobs in an international environment. With its diverse development opportunities, modern working environment and offerings aimed at creating an optimal work-life balance for its employees, the company is well-positioned in the international recruitment marketplace.

Total employees (outside Germany)



Carl Zeiss employees work on the technologies of tomorrow. On the reporting date (30 September 2012), the technology group had 24,326 employees all over the world (prior year: 24,192). In fiscal year 2011/12, Carl Zeiss hired 900 new employees. In Germany, more than 300 positions were filled with former temporary workers that had previous experience in the company. Carl Zeiss had 449 trainees in Germany on the reporting date (prior year: 431). Roughly 57 percent of the workforce – or 13,937 employees in all – work for Carl Zeiss outside Germany (prior year: 14,111).

Attractive employer

In light of the company's ongoing internationalization, it is vital to be seen as an attractive employer. Carl Zeiss offers its employees an exciting working environment with challenging responsibilities and numerous development opportunities, commensurate pay and a high degree of job security. The company launched an initiative last year to actively position Carl Zeiss as an attractive employer. The campaign focuses on key features and special moments that exemplify the company. Renowned employer rankings show that Carl Zeiss is a popular employer, e. g. among university graduates. In the Trendence Graduate Barometer survey in 2012, Carl Zeiss once again belonged to the top 100 employers in Germany. The study included around 12,000 business, engineering and IT students at more than

I worked in sales at Carl Zeiss Shanghai for almost five years. I then had the opportunity to further my career in the Junior Leadership Program. The program optimally prepared me for the responsibilities of a leadership position. I learned a lot of new things, which is now helping me in my position as Regional Sales Manager for the materials microscopy business in South China. My favorite part about the program is that I was able build up a network with other participants from the entire company.

Dan Su *Regional Sales Manager, Microscopy, Shanghai (CN)*

80 universities. In all three target groups, Carl Zeiss was one of the 100 most attractive employers in Germany. Engineering students put Carl Zeiss in the 35th position (prior year: 39).

Attracting new talent to the company

Carl Zeiss is focusing its human resources policy both on recruiting new, highly qualified staff and on committing the employees to the company over the long term and offering them the appropriate possibilities for their personal development. The Group is feeling the impact of the shortage of skilled workers resulting from demographic changes. Carl Zeiss is currently able to meet its global staffing needs. However, the competition facing employers on the job market is increasing – also in the rapidly developing economies like China, India and Brazil. To ensure that Carl Zeiss has the skilled staff it needs in the future, the company currently participates in around 30 – also international – recruiting fairs a year. In Germany, Spain, Portugal, the UK and Israel, Carl Zeiss is collaborating with selected universities. Special lecture series and visits to Carl Zeiss are offered. Furthermore, the Group also trains specialists based on its needs. In addition, the company also presents its products and services in various social media channels and through various apps.

Offering perspectives

As an innovation-driven company, Carl Zeiss promotes the principle of lifelong learning among its employees. Over 190 different internal seminars and training courses alone are offered to employees in Germany. Coaching, customized measures for individual teams, entire divisions and job groups, and the possibility of using external training offerings are also available. The training spectrum is highly diversified: from technical and leadership training, language courses and intercultural training to communication training and general interest lectures. Furthermore, the Group also provides support in the form of extra-occupational training programs, study courses and doctorates.

With a modern working environment and exciting challenges in an international environment, Carl Zeiss opens up many possibilities for its employees. Further perspectives are offered by a broad spectrum of development programs – like the Graduate Program, the Technical Ladder or the Global Mobility Program.

Promoting work-life balance

With flexible working hours models, childcare support and numerous health-related offerings Carl Zeiss is helping employees find their optimal work-life balance. For example, the company sponsors sporting activities, lectures and other health-related events, skin screenings for employees, in collaboration with various partners.

Creating perspectives

Development opportunities for employees

— Graduate Program
  Starting a career: graduates learn the tasks involved in their future role in the company on an interdisciplinary, cross-departmental basis over a 15-month period.

— PhD Program
  Extra-occupational doctorate: with the possibility of completing a three-year doctorate while doing their everyday work, Carl Zeiss offers graduates an attractive entry into their future career.

— Junior Leadership Program
  Ongoing training: the Junior Leadership Program prepares up-and-coming junior staff for management responsibilities. Since 2005, almost 300 employees around the world have completed this program.

— Global Mobility Program
  Expanding horizons: with the Global Mobility Program, Carl Zeiss offers international assignments in order to promote intercultural understanding.

— Technical Ladder
  Career path: the Technical Ladder offers development and advancement possibilities to specialists in research and research-related fields, and is an alternative to the Management Ladder. The focus is on the expansion and active application of expertise. Nearly 500 employees have been appointed to the Technical Ladder to date.

The company offers employees' children the opportunity to spend one school year in a foreign country. Carl Zeiss awards ten such scholarships every year.

These are just some of the extensive measures for training and for promoting health, family life and cultural diversity on which Carl Zeiss is working.

Actively shaping the corporate culture

The Carl Zeiss Group is a technology enterprise that is the innovation leader in many fields. This requires an open culture based on corporate values, as well as the inclusion of all employees. In 2008, Carl Zeiss launched a corporate-wide initiative aimed at anchoring the corporate values in the company.

A high level of expertise and in-depth knowledge are needed to successfully master the technological challenges involved in the creation of a complex product – from the development stage right up to volume production. The Technical Ladder requires and promotes the ongoing development of the employee's technical know-how. I have been working as a Principal Scientist in optical technology since 2001. In my job I have to find the optimal balance between technological, financial and time requirements – right from initial development of a product to its final manufacture. This is a really exciting challenge.

Dr. Franz-Josef Stickel *Principal Scientist, Semiconductor Manufacturing Technology, Oberkochen (D)*

I got to know Carl Zeiss during my studies and internships in Germany and abroad. Back then I was fascinated by the company. Almost two years after joining the workforce, I was given a management position in Medical Technology. Today I am responsible for setting up and expanding global online communications. What makes Carl Zeiss such a special employer? That's an easy question to answer: the company encourages and promotes commitment, and young people also get the opportunity to accept responsibility and play their part in shaping the company.

Eva Reitze *Director of Online Communications, Corporate Communications, Oberkochen (D)*

In the first phase, nearly all employees attended two-day workshops in which they developed measures to integrate the corporate values into their daily work. The second phase got off the ground in fiscal year 2011/12: in team workshops, participants from different departments work on ways to improve cooperation in the company. Until now, 11,000 employees – 45 percent of the workforce – have taken part in the second phase workshops.

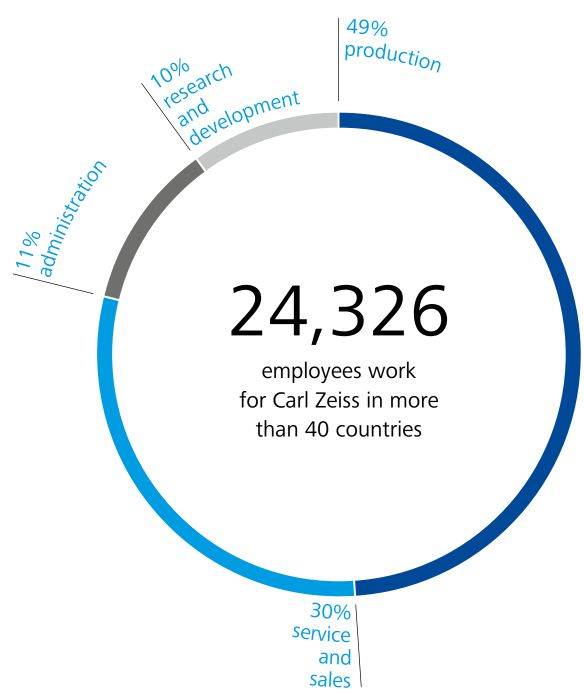
Annual survey on the corporate culture

For the past four years, Carl Zeiss employees have been surveyed about the corporate culture once a year. In 2011, 84 percent of employees stated that they liked working at Carl Zeiss. More than 70 percent would recommend the company as an employer. This underscores the employees' strong bond to the company.

Employees benefit from company's success

Carl Zeiss employees benefit directly from the company's success. For fiscal year 2011/12, the company paid out a total of 19 million euros to employees in Germany alone. The workforce in Germany received a special payment and profit participation certificates. These are a special type of profit sharing: they are subject to graded annual interest rates depending on the company's return on sales and are valid for a period of five years. The company has issued eight such certificates since 2004. Local profit-sharing models exist for employees outside Germany.

Employee structure



From the Group

Sustainable activities

Sustainability plays a pivotal role at Carl Zeiss – not just environmental protection, but also commitment to education and science or social projects at the company's sites. Product sustainability is also very important to the company.

Art, culture, amateur sports and school equipment:
Projects of the Carl Zeiss Promotion Fund

During the fiscal year, the Carl Zeiss Promotion Fund supported around 70 different projects in Oberkochen / Aalen and Jena. A few examples:

Jena

— 20,000 euros for a youth soccer foundation in Jena
— 2012 "jun.iversity" camp for highly talented students
— 1,000 euros for all public secondary schools

Oberkochen / Aalen

— Support the establishment of a creative shop for kids and adults in Oberkochen
— Support the Cafe Samocca in Oberkochen, which brings together handicapped and non-handicapped people
— 1,000 euros for all public secondary schools

Carl Zeiss plays an active role in society. The company focuses sharply on sustainability – whether environmental protection and energy strategies, commitment to society at the company's sites or supporting educational and scientific projects and institutions.

Regional dedication reorganized

Carl Zeiss is very committed to regional dedication at the company's sites. At the beginning of fiscal year 2011/12, the Group therefore created the Carl Zeiss Promotion Fund. This fund will initially support projects in Oberkochen / Aalen and Jena.

Based on the concept of "with society, for society and in the midst of society," the Carl Zeiss Promotion Fund sponsors social, youth, cultural and amateur sports projects.

The amount of financial support is specified annually and is based on the results of the Group. For 2011/12, Carl Zeiss provided over 500,000 euros to the fund. Boards of trustees at the sites, comprised of cultural, political and societal representatives decide on how the funds will be used. The Promotion Fund will be expanded to projects in Göttingen and Wetzlar from fiscal year 2012/13.

Sponsoring education and science

Carl Zeiss is not only committed to the respective regions, but also promotes education and science. The company supports universities with material donations and finances graduate and masters programs, sponsors junior professorships and initiatives that inspire children and young people for the natural sciences and technology. Promoting future scientists was anchored in the company statutes by Ernst Abbe, the founder of the Carl Zeiss Foundation. This is a responsibility that the company proudly fulfills.

Sustainable use of resources

The sustainable use of resources and environmental protection are very important to Carl Zeiss. The company's code of conduct emphasizes the respectful treatment of the environment. A systematic environmental management system ensures compliance with this directive in business operations. The primary production sites in Germany – as well as several non-German subsidiaries – are also certified in accordance with the international environmental management standard ISO 14001.

Environmental protection from the beginning to the end

The coolants, lubricants and abrasives needed for many production processes are primarily water-based instead of oil-based. These materials are often reused several times if possible.

The Group focuses on sustainability along the entire production chain: from development, production, packaging and shipment, right up to the final disposal of devices. Carl Zeiss has also defined comparable environmental protection requirements for its suppliers.

More energy efficiency

In order to keep stable or reduce power and water consumption even with increasing production quantities, Carl Zeiss constantly strives to optimize production processes and to implement new, more efficient machines. In the construction or renovation of administrative and production buildings, Carl Zeiss focuses on energy-saving methods. Heat exchangers are used at production facilities to reclaim energy. Cogeneration units and solar panels are also utilized: 70 percent of the electricity needs of the Carl Zeiss subsidiary in Dublin, California, are covered by more than 4,000 solar panels installed on the roof.

From "*Jugend forscht*" to master's degrees: Carl Zeiss' dedication to education and science

Examples of educational initiatives supported by Carl Zeiss

— "*Jugend forscht*": 20,000 euros for the 2012 national science fair in Erfurt and sponsor company of the Ost-Württemberg regional competition
— 10,000 euros for a national physics competition
— Girls' Day
— Scholarships for a school year abroad for children of employees
— Educational partnerships with secondary schools for better professional orientation opportunities for students

Examples of Carl Zeiss' commitment to science in fiscal year 2011/12:

— 250,000 euros for a five-year sponsorship of the Jena University of Applied Sciences
— "Advanced Computational Photonics" endowed junior professorship (Friedrich Schiller University in Jena)
— Support of the master's program at the Abbe School of Photonics (Friedrich Schiller University in Jena)
— Graduate scholarships (Friedrich Schiller University in Jena)
— Support of the ophthalmic optics and optometry curriculums (Aalen University)
— "Electron and Ion Microscopy" endowed professorship (University of Ulm)
— Setup of endowed professorship (Tongji University in Shanghai)

From the Group

Corporate governance / Carl Zeiss Foundation

Acting lawfully and responsibly is one of the fundamental corporate principles of Carl Zeiss. The Carl Zeiss Group bases its principles of corporate governance on the recommendations of the German Corporate Governance Code (DCGK).

The internal regulations defining Carl Zeiss' corporate governance – such as the rules of internal procedure for the Executive and Supervisory Boards – coincide to a large extent with the DCGK's recommendations. Divergences from the Code result from the stipulations of the statutes of the Carl Zeiss Foundation, which displace the optional provisions of the German Stock Corporations Act. These include, for example, the rules on dividends and rights relating to control over shares.

Carl Zeiss minimizes legal and reputation risks through a corporate-wide Compliance Management System. It regulates the responsibilities, organization and processes of compliance.

A Code of Conduct applies to all employees of Carl Zeiss. It summarizes the principles that form the basis of responsible behavior and principles of action. This Code of Conduct is available on the company's website.

The Carl Zeiss Foundation (Carl-Zeiss-Stiftung) is the sole shareholder of Carl Zeiss AG. It gives the enterprise both independence and a long-term perspective. Created in 1889, today's Foundation promotes science and research in the fields of the natural and engineering sciences.

Structure of the Carl Zeiss Foundation

The Carl Zeiss Foundation enables the operating enterprises – Carl Zeiss AG, Oberkochen, and Schott AG, Mainz, – to focus on long-term sustainability. As the sole owner of the two companies, the Carl Zeiss Foundation provides the security of long-term ownership: the sale of shares, e. g. through an initial public offering, is prohibited by its constitution.

Carl Zeiss and Schott pay an annual dividend to the Foundation. The amount of the dividend depends on the consolidated equity ratio and the consolidated net annual income. If the annual shareholders' meeting in the spring of 2013 passes a resolution on the dividend for fiscal year 2011/12 as proposed, Carl Zeiss alone will have made dividend payments totaling around 88 million euros to the Foundation since 2005.

The Foundation uses the dividend payments to promote science, research and teaching in the natural and engineering sciences.

From the Group
Highlights in 2011/12

October 2011

Commitment to society
Carl Zeiss founds the Carl Zeiss Promotion Fund, bundling the company's regional commitment to the Jena, Oberkochen and Aalen sites in Germany. The Promotion Fund supports projects in the areas of society, social issues, amateur sports, youth and culture.

Visitors throng to Jena
Over 25,000 people poured into Carl Zeiss in Jena for the open house event. Experimental and hands-on workstations allowed visitors to experience optical technologies up close.

Carl Zeiss celebrates reunification

Carl Zeiss celebrated the 1991 reunification of the two companies in the East and West. Germany's former President Richard von Weizsäcker gave a speech during the ceremony. Ahead of the event, he talked with Dr. Michael Kaschke, President and CEO of Carl Zeiss AG, about his memories and experiences of reunification.

New customer center in Munich
In the ZEISS Microscopy Labs in Munich, Carl Zeiss is now demonstrating its entire portfolio of microscopy systems and methods. 15 specialists support customers in finding the optimal solutions to their scientific issues.

November 2011

100 Years of Carl Zeiss in Japan
In fiscal year 2011/12 customers, business partners and employees celebrated 100 years of Carl Zeiss in Japan. Carl Zeiss opened its fifth branch office outside Germany in the country in November 1911.

Award presentation
James G. Fujimoto received the Carl Zeiss Research Award. The professor, who works at the Massachusetts Institute of Technology in Cambridge, Massachusetts, was honored for his eye examination method which works much like ultrasound.

December 2011

2012 Carl Zeiss Art Calendar
Complementing Moments was the theme of the 2012 Carl Zeiss Art Calendar. Photographer Ellen von Unwerth worked with Oscar winner Adrien Brody and supermodel Toni Garn to create her fascinating compositions. The calendar is available in a limited edition only.

January 2012

Shanghai: Innovation Center opens
Carl Zeiss has opened an innovation center in Shanghai: in the China Innovation and R&D Center around 35 employees develop products for the Medical Technology and Microscopy business groups that are specially tailored to the needs of the Chinese market.

February 2012

Technical Oscar

Academy Awards® & Academy Plaque® ©A.M.P.A.S.®

Carl Zeiss received the Scientific and Engineering Award – the "Oscar® for Movie Technology" – in Los Angeles. Carl Zeiss employees Uwe Weber and Dr. Jürgen Noffke † were presented with the prize for the optical and mechanical design of the *Master Prime* cine lenses developed by Carl Zeiss and ARRI.

Contract extended
Carl Zeiss and Nokia have extended their partnership which has existed since 2005. The companies jointly produce technologies for smartphone cameras that offer outstanding image quality.

April 2012

100 Years of Medical Technology

The market launch of the slit lamp 100 years ago heralded the dawn of the medical technology business at Carl Zeiss. It was the first of many pioneering inventions in the fields of ophthalmology, microscopy and radiotherapy.

100 Years of Precision Lenses

For over a century now, Carl Zeiss has made a key contribution to the ongoing enhancement of the visual quality provided by eyeglass lenses: 1912 saw the introduction of *PUNKTAL*, the first high-precision ZEISS lens. This marked a major milestone in eyeglass lens development.

Design award for surgical microscope

The *OPMI PENTERO® 900* surgical microscope received the "red dot design award: product design 2012" in the Biosciences and Medicine category. The jury assessed quality, innovation, ergonomics and functionality.

Milestone for EUV lithography

In April 2012 the Semiconductor Manufacturing Technology business group delivered the first serially produced EUV optics to ASML. The Carl Zeiss development teams have been working on the enhancement of EUV technology for the serial manufacture of microchips for more than 15 years.

May 2012

Award for full-dome show

The full-dome show titled "Carl Zeiss – Vision for the World" received the intermedia-globe SILVER Award of the 2012 WorldMediaFestival in the Corporate Film category. The 360° dome projection unfolds its breathtaking effects in planetariums equipped with full-dome systems and allows the astounded audience to dive into the cosmos of Carl Zeiss.

July 2012

Campus opened in India

Carl Zeiss opened a new campus in India: Bangalore is now home to the main Carl Zeiss office in India, a production facility for coordinate measuring machines and a production lab for eyeglass lenses.

Sponsorship for soccer foundation

The Carl Zeiss Promotion Fund is sponsoring the Jena Soccer Foundation with a sum totaling 20,000 euros. The Foundation aims to attract children to soccer and promote the training of coaches.

August 2012

Sponsoring education

Carl Zeiss is sponsoring the University of Applied Sciences in Jena, Germany, to the tune of 250,000 euros for a period of five years. The university will use the money to finance new lab equipment and internships.

September 2012

Company anniversary in Mexico

Carl Zeiss has been represented in Mexico for the past 100 years. Customers and business partners were invited to an open house to celebrate the occasion together with the local employees.

Long collaboration

Munich-based movie camera manufacturer ARRI and Carl Zeiss have been collaborating for the past 75 years. With their cameras and lenses, the two companies have played a key role in shaping the movie industry and enhancing the technology used by filmmakers.

From the Group
Management and committees

Executive Board of Carl Zeiss AG

Dr. sc. nat. Michael Kaschke
Oberkochen
President & CEO and Labor Director; Executive Board Member for Medical Technology, Microscopy, Vision Care, Strategic Corporate Development, Corporate Communications, Corporate Human Resources and for Asia / Pacific region.
Joined Carl Zeiss in 1992, Executive Board Member since 2000, President and CEO since 2011

Dr. rer. nat. Hermann Gerlinger
Aalen
Executive Board Member for Semiconductor Manufacturing Technology, Industrial Metrology, Corporate Research and Technology, Integrated Management Systems, Corporate Security, Shared Production Center, Global Supply Chain and for the Americas region; CEO of Carl Zeiss SMT GmbH.
Joined Carl Zeiss in 1984, Executive Board Member since 2006

Thomas Spitzenpfeil
Aalen
Executive Board Member for Camera Lenses, Sports Optics, Planetariums, Corporate Controlling, Corporate Information Technology, Auditing and Risk Management, Corporate Legal and Patents, Financial Services, Consolidation & Accounting Center, Business Services & Infrastructure, and for Europe and Africa regions.
Joined Carl Zeiss in 2010, Executive Board Member since 2010

Group Executive Committee

The Group Executive Committee comprises the Members of the Executive Board and the heads of the business groups. This committee deals primarily with strategic or cross-divisional issues.

Dr. sc. nat. Michael Kaschke
President and CEO of Carl Zeiss AG

Dr. rer. nat. Hermann Gerlinger
Member of the Executive Board of Carl Zeiss AG.
Executive Vice President and General Manager of the Semiconductor Manufacturing Technology business group

Thomas Spitzenpfeil
Member of the Executive Board of Carl Zeiss AG

Dr.-Ing. Raymund Heinen
Executive Vice President and General Manager of the Vision Care business group

Dr. rer. nat. Ludwin Monz
Executive Vice President and General Manager of the Medical Technology business group

Dr.-Ing. Rainer Ohnheiser
Executive Vice President and General Manager of the Industrial Metrology business group

Dr. rer. nat. Ulrich Simon
Executive Vice President and General Manager of the Microscopy business group

Supervisory Board of Carl Zeiss AG

Prof. Dr. Dieter Kurz[1]
Lindau
Chairman[2]
Former President and CEO of Carl Zeiss AG, Oberkochen; Chairman of the Shareholder Council of the Carl Zeiss Foundation, Heidenheim an der Brenz and Jena

Dr. Theo Spettmann[3]
Ludwigshafen
Chairman
Former Chairman of the Management Board of Südzucker AG, Mannheim / Ochsenfurt

Jürgen Dömel[4]
Jena
Deputy Chairman
Chairman of the Group Employee Representative Council of Carl Zeiss AG, Oberkochen

Hariolf Abele[4]
Aalen
Software developer at Carl Zeiss Industrielle Messtechnik GmbH, Oberkochen

Hellmuth Aeugle[4]
Königsbronn
Senior Vice President, Business Services and Infrastructure, Carl Zeiss AG, Oberkochen

Prof. Dr. Martin Allespach[4]
Weinheim
Secretary for Key Issues and Social Policy on the Board of Directors of IG Metall, Frankfurt am Main

Dr. Michael Claus[4]
Aalen
First Deputy Chairman of the Group Employee Representative Council of Carl Zeiss AG, Oberkochen

Prof. Dr. Dres. h. c. Adolf G. Coenenberg
Stadtbergen
Former Chair of Auditing and Controlling, Faculty of Business Administration, University of Augsburg

Reinhard Dickehuth[4]
Friedland
Chairman of the Employee Representative Council at the Göttingen site of Carl Zeiss Microscopy GmbH, Jena

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

Roland Hamm[4]
Aalen
First Authorized Representative of the IG Metall union, Administration Office, Aalen

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

Hermann-Josef Lamberti
Königstein im Taunus
Former Member of the Board of Managing Directors, Deutsche Bank AG, Frankfurt am Main

Dr. Michael Rogowski
Heidenheim an der Brenz
Chairman of the Shareholders' Committee of Hanns-Voith-Stiftung, Heidenheim an der Brenz

Karl-Heinz Schuster[4]
Königsbronn
Process engineer, staff scientist at Carl Zeiss SMT GmbH, Oberkochen

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

Prof. Dr. Klaus-Dieter Vöhringer
Baden-Baden
Former Member of the Board of Managing Directors, DaimlerChrysler AG, Stuttgart

Committees of the Supervisory Board

Chairman's Committee
Prof. Dr. Dieter Kurz (Chairman)[2]
Dr. Theo Spettmann[3]
Jürgen Dömel
Roland Hamm
Dr. Michael Rogowski

Audit Committee
Prof. Dr. Dres. h. c. Adolf G. Coenenberg (Chairman)
Hellmuth Aeugle
Dr. Michael Claus
Prof. Dr. Dieter Kurz[2]
Dr. Theo Spettmann[3]

Mediation Committee
Prof. Dr. Dieter Kurz (Chairman)[2]
Dr. Theo Spettmann[3]
Reinhard Dickehuth
Jürgen Dömel
Hermann-Josef Lamberti

[1] Member of the Supervisory Board since 19 March 2012.
[2] From 10 May 2012.
[3] Until 12 March 2012.
[4] Employee representative.

05 Group management report

Group management report

Throughout fiscal year 2011/12, Carl Zeiss continued its growth drive. Thanks to its broad portfolio, the Group was able to offset the cyclical fluctuations anticipated in the Semiconductor Manufacturing Technology business group in an uncertain economic environment.

BUSINESS ACTIVITY AND CORPORATE STRUCTURE

Carl Zeiss aspires to constantly drive forward the world of optics and other related fields in order to play an active part in advancing leading-edge technology. This is combined in the company's mission statement: "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."

Carl Zeiss, as a globally operating technology group of companies in the optical and opto-electronic industries, emerged from a workshop for precision mechanics and optics established by Carl Zeiss in Jena (Thuringia) in 1846. The company is headquartered in Oberkochen (Baden-Württemberg).

Organizational structure

Carl Zeiss AG is the strategic management holding company that manages the Carl Zeiss Group. Its primary function is the strategic development of business activities and the corporate portfolio. It also comprises the corporate management and service functions. Carl Zeiss AG also includes the Camera Lenses and Planetariums divisions. The sole owner of the non-listed stock corporation Carl Zeiss AG is the Carl Zeiss Foundation (Carl Zeiss Stiftung).

The Carl Zeiss Group comprises five business groups with a total of 13 divisions. The business groups and divisions, which operate on the market as autonomous units in their own right, develop, produce and distribute optical systems such as optical devices and systems for semiconductor manufacturing, industrial measuring technology, microscopes, surgical microscopes, ophthalmic diagnostic and therapy systems, eyeglass lenses, planetarium technology, cine and camera lenses, binoculars, riflescopes and spotting scopes.

Carl Zeiss operates in over 40 countries around the globe, and has over 40 manufacturing sites and around 50 sales and service companies worldwide. As of the reporting date (30 September 2012), Carl Zeiss had 24,326 employees worldwide.

Corporate management

The Carl Zeiss Group is managed using financial and non-financial key indicators summarized in a balanced scorecard.

Economic Value Added (EVA®) and Free Cash Flow (FCF) are the most important financial indicators for measuring value added generated. In addition to the financial indicators, Carl Zeiss has defined further non-financial performance indicators to support implementation of the company's long-term sustainable growth strategy. These include other performance indicators such as customer and employee satisfaction, innovation excellence or process quality.

GENERAL ECONOMIC FRAMEWORK

Industrialized nations in Europe, the US and Japan experienced moderate growth in the reporting year, while markets in Asia (mainly China and India) and in Latin America (mainly Brazil and Mexico) once again enjoyed above-average growth rates. The political and economic topics that dominated the reporting year were the euro crisis, the structuring of the European Financial Stability Facility (EFSF) and the ratification of the European Stability Mechanism (ESM).

BUSINESS TREND

All market segments relevant to Carl Zeiss proved stable in fiscal 2011/12 with the exception of the Semiconductor Manufacturing Technology business group. The anticipated cyclical decline on the semiconductor market was not as severe as expected. Thanks to their healthy growth, the other business groups and divisions were largely able to offset the decrease in the Semiconductor Manufacturing Technology business group. The Industrial Metrology and Medical Technology business groups recorded particularly strong growth. Those business groups whose customers are heavily dependent on government funds noticed slowing growth in the industrialized countries in the reporting year. In Asia and the rapidly developing economies, by contrast, Carl Zeiss again successfully won market shares and recorded considerable revenue growth.

Investing in the future

Carl Zeiss continued to invest in the expansion of its global presence in the reporting year. Capital expenditures focused not only on Germany, but also on India and China.

In Germany, the company continued the targeted modernization of its locations begun in the prior year and already initiated some key forward-looking investments: At the Group's Oberkochen headquarters a new block of buildings is being erected for the part of the Medical Technology business group based there. In addition, new production facilities for EUV lithography are being built for the Semiconductor Manufacturing Technology business group. These measures are part of a long-term investment program: in the coming years Carl Zeiss will invest a total of around EUR 500m in the expansion and modernization of its sites in Germany.

On the new Carl Zeiss Campus in Bangalore, India, the Group set up production facilities for coordinate measuring machines and modern prescription labs in the reporting year. There are around 300 employees working there for the company.

In Shanghai, China, the Group opened a new innovation center in January 2012 where some 35 employees develop Medical Technology and Microscopy products that are specifically tailored to the Chinese market.

Development of the portfolio

Carl Zeiss has decided to sell its majority holding in the Security and Defense Systems division, which is managed by Carl Zeiss Optronics GmbH and its subsidiaries, to Cassidian, an EADS group division. The partners signed an agreement on 13 July 2012 according to which EADS Deutschland GmbH will acquire a 75.1 percent interest in Carl Zeiss Optronics GmbH effective 30 September 2012. Carl Zeiss will retain the remaining 24.9 percent, but there are plans to transfer it to EADS Deutschland GmbH in the medium term. The agreement includes a site and job security guarantee until 2015. The Security and Defense Systems division develops and manufactures optronic products for military and civilian applications at its German sites in Oberkochen and Wetzlar and in Irene, South Africa. The majority acquisition by Cassidian will improve the Security and Defense Systems division competitive situation worldwide and its international market access.

As of 3 January 2012 Carl Zeiss acquired its Danish distribution partner Brock & Michelsen. The company had been working for Carl Zeiss since 1921. Distribution activities in Denmark are now being pursued and expanded via a Carl Zeiss office.

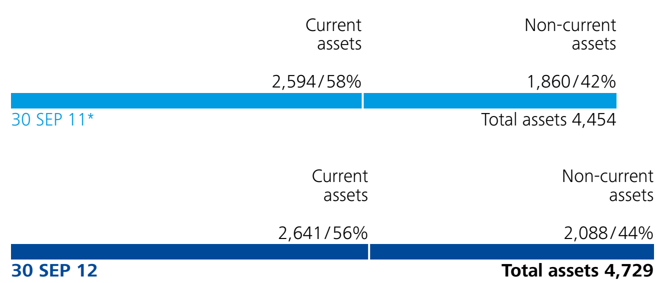
NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

Some of the comparative figures for fiscal year 2010/11 were restated on account of the discontinuation of the Security and Defense Systems division and changes to the measurement method for pension provisions in the fiscal year 2011/12. Restated comparative figures from the prior year are indicated by (*).

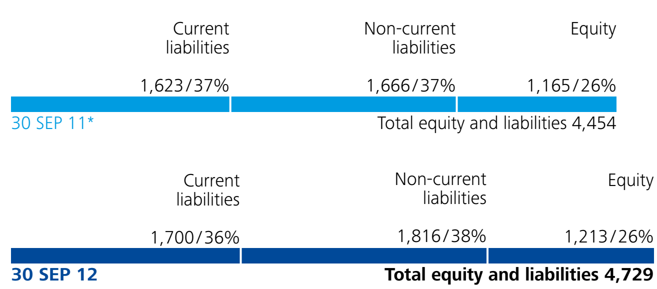
Net assets

Carl Zeiss changed the accounting treatment for pension obligations to the SORIE method in accordance with IAS 19 in the reporting period. Actuarial gains and losses (net of deferred taxes) are now recognized in full in revenue reserves in the year in which they arise without affecting profit or loss. The associated prior-year figures were restated in accordance with IAS 8. In addition, Carl Zeiss Optronics GmbH was deconsolidated in the reporting period due to the sale of the 75.1 percent interest. The above matters had a significant influence on net assets. Where material, the resulting effects are explained in the comments on individual items of the statement of financial position presented below.

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 equity and liabilities



While the equity ratio was slightly lower, total assets increased by EUR 275m to EUR 4,729m in the reporting period.

Intangible assets

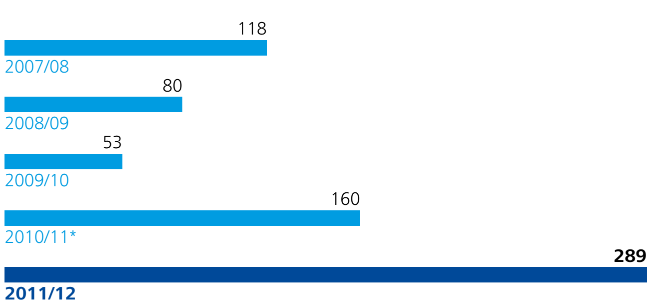
Intangible assets contain goodwill of EUR 476m. The impairment tests performed in the reporting period did not give rise to the need to recognize impairment losses on goodwill. The EUR 14m decrease in intangible assets to EUR 667m is mainly due to amortization.

Property, plant and equipment

The increase in property, plant and equipment of EUR 139m is attributable to considerably higher capital expenditure than in the prior year. In fiscal 2011/12, the company's capital expenditure totaled EUR 289m (prior year*: EUR 160m). Depreciation of property, plant and equipment amounted to EUR 135m (prior year*: EUR 119m).

Investment in the reporting period focused mainly on the expansion of infrastructure in the Semiconductor Manufacturing Technology and Medical Technology business groups in Germany. In addition to this, the international sites of the company were expanded further and modernized.

Capital expenditure on property, plant and equipment in EUR m



Other non-current assets

Other non-current assets amounted to EUR 164m as of the end of the reporting period, increasing by EUR 11m compared to the prior year. This change was mainly caused by the measurement of the remaining 24.9 percent interests in Carl Zeiss Optronics GmbH at a fair value of EUR 23m and the securing of flextime credits of EUR 32m for the first time. The decline in securities had the opposite effect.

Working capital

In a year-on-year comparison, it should be considered that working capital was reduced by EUR 47m through the deconsolidation of the Security and Defense Systems division. Inventories came to EUR 999m as of the end of the reporting period (prior year: EUR 948m). The rise compared to the prior year is due to the considerable growth in the instrument business. The EUR 87m increase in advances received must also be seen in connection with the development of inventories.

At EUR 768m, current trade receivables were almost unchanged on the prior-year figure of EUR 759m and reflect the slightly higher business volume compared to the prior year. The EUR 42m increase in other current assets is mostly attributable to advances paid. At EUR 238m, trade payables as of the end of the reporting period roughly matched the prior-year level (prior year: EUR 251m).

Current provisions were up EUR 61m compared to the prior year to EUR 358m and essentially comprise provisions for income taxes and provisions for personnel-related and sales-related obligations. The increase of EUR 165m in other current non-financial liabilities to EUR 952m was above all due to higher advances received compared to the prior year.

Equity at a sound level

The equity ratio dropped slightly compared to the restated prior-year level, and amounts to 26 percent. This can be chiefly attributed to the equity effect of minus EUR 184m from the changes in accounting treatment for pension obligations (SORIE method). In absolute terms, this effect was more than offset by the profit for the period of EUR 250m. In addition, equity was reduced by profit distributions of EUR 35m.

Carl Zeiss Meditec AG paid a dividend of EUR 24m in the reporting period, with EUR 8m thereof attributable to non-controlling interests.

Pension obligations

The financing of pension obligations at German entities was restructured back in fiscal 2005/06. The company's pension obligations remain unchanged.

The individual entities transferred capital to cover pension obligations toward current employees in Germany to a dedicated trust under a contractual trust arrangement (CTA), 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 Carl Zeiss Vision Group is not currently part of this financing concept.

The CTA assets that are separated from operating funds increased to EUR 564m (prior year: EUR 437m) due to the transfer of funds of EUR 158m to the CTA in the reporting period and the return on plan assets in the fiscal year. Benefit obligations toward active employees in Germany rose significantly on account of the lower interest rate under IFRS of 4.07 percent in fiscal year 2011/12 (prior year: 5.2 percent). This development was partially offset by the funds transferred to the CTA and the return on plan assets in fiscal year 2011/12. As of the reporting date, 83 percent (prior year: 80 percent) of pension obligations were funded. As the level of interest rates is expected to rise again in the long term, this will improve the funded status accordingly.

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

As a result of the application of the SORIE method in accordance with IAS 19 for the first time in the reporting period, the pension obligations reported in the statement of financial position reflect the actual obligation 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 1,094m (prior year*: EUR 993m) in the consolidated statement of financial position. This is equivalent to 23 percent (prior year*: 22 percent) of total assets.

Financial liabilities

Financial liabilities amounted to EUR 552m (prior year: EUR 572m). This decrease is attributable primarily to the scheduled repayment of liabilities to banks.

Employees benefit from success

In view of the successful fiscal year 2011/12, Carl Zeiss AG decided to issue profit participation certificates with a total (nominal) volume of EUR 3.6m to employees in Germany. The non-transferable certificates entitle the employees to an annual return, depending on the performance of the company. The yield is based on the company's return on sales and is paid out annually. The profit participation certificates have a term of five years and are repaid at the end of that term.

In addition, employees in Germany received a bonus of up to EUR 1,300 gross for the fiscal year 2011/12, paid in October 2012 after the end of the reporting period. Employees at the entities outside Germany also participated in the profit for the period based on similar country-specific regulations and agreements.

Financial position

Stable liquidity base despite significant CTA transfers

In the reporting period, the financial position was characterized above all by a high level of capital expenditure on property, plant and equipment relating to the construction measures in the Semiconductor Manufacturing Technology and Medical Technology business group. In addition, the funds transferred to the CTA for pension obligations and the measures to secure phased retirement scheme credits and flextime credits reduced liquidity by a total of EUR 215m. There was a positive effect from the purchase price payment relating to the sale of interests in Carl Zeiss Optronics GmbH.

The cash outflows from investing activities and from financing activities were largely covered by the cash inflows from operating activities.

The decrease in cash flows from operating activities by EUR 186m to EUR 291m (prior year*: EUR 477m) was principally attributable to the funds transferred to the CTA with respect to pensions and the creation of segregated assets to secure phased retirement obligations and flextime credits as required by law. The transfer of funds increased by EUR 172m to EUR 215m, with the pension-related transfer of funds being allocated to cash flows from operating activities for the first time in the reporting period. The prior-year figures have been restated accordingly.

The lower profit for the period compared to the prior year combined with the increase in inventories were offset by higher advances received than in the prior year and the development of accruals.

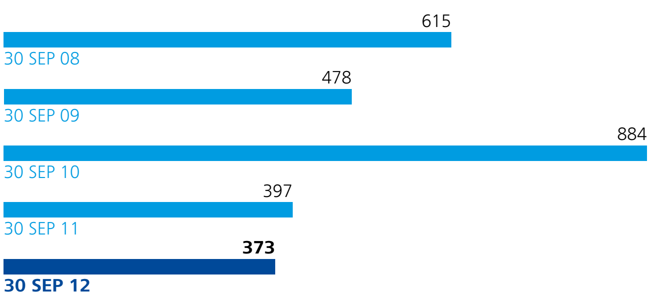
The cash flows from investing activities came to minus EUR 271m in the reporting period (prior year*: minus EUR 131m); this includes a year-on-year increase in purchases of property, plant and equipment and intangible assets of EUR 127m to minus EUR 325m. The net cash inflow from the acquisition and disposal of shares in affiliates improved considerably through the sale of the Security and Defense Systems division, to EUR 36m.

The cash flows from financing activities amounted to minus EUR 102m (prior year: minus EUR 767m). The change compared to the prior year is the result of a lower level of scheduled repayments of liabilities.

Cash and cash equivalents[1] came to EUR 762m as of the end of the reporting period (prior year: EUR 847m). Net liquidity[2] amounted to EUR 373m (prior year: EUR 397m). The financial position continues to offer a sound base on which to realize the Carl Zeiss Group's long-term growth strategy.

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

Net liquidity in EUR m



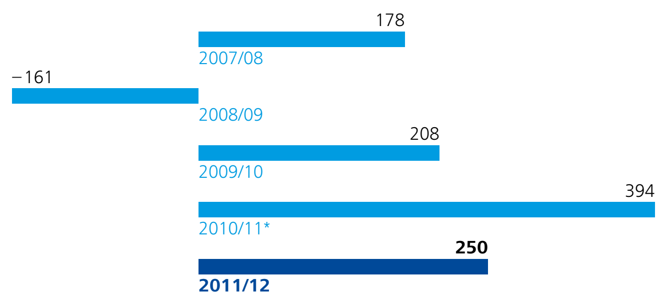
The Carl Zeiss Group has an extensive range of instruments at its disposal for raising external financing to fund its business operations. These include above all promissory note loans, a currently undrawn revolving credit facility and further negotiated bank credit facilities.

Results of operations

The income statement has been prepared using the cost of sales method. Due to the deconsolidation of Carl Zeiss Optronics GmbH, the Security and Defense Systems division is classified as a discontinued operation in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The disclosures relating to the income statement for the reporting period and the prior year were adjusted accordingly. In the course of its strategic realignment the Nano Technology Systems division was reclassified in the reporting period from the Semiconductor Manufacturing Technology business group to the Microscopy business group. The prior-year revenue figures of the two business groups have been restated accordingly.

For the second year in a row, the results of operations were boosted by revenue in excess of EUR 4b. The Carl Zeiss Group's broad portfolio made it possible to offset the substantial decrease in revenue anticipated in the Semiconductor Manufacturing Technology business group that is subject to cyclical fluctuation. Consolidated profit for the year totaled EUR 250m (prior year*: EUR 394m).

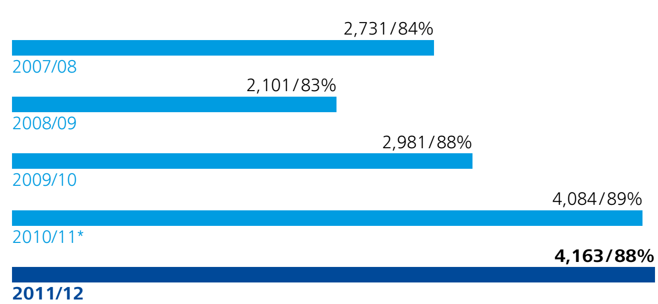
Consolidated profit/loss in EUR m



Revenue growth in all regions

The Carl Zeiss Group's revenue increased by 2 percent to EUR 4,163m in the reporting period (prior year*: EUR 4,084m), with the share of international revenue remaining at a very high level of 88 percent (prior year*: 89 percent).

Revenue in EUR m/international share as a %



The following table shows revenue as reported for entity-specific management purposes. In the fiscal year 2011/12, the Group was able to increase revenue across all regions. Revenue in Asia saw an increase in the reporting period of EUR 116m (up 19 percent) on the prior year to EUR 738m. In the Americas, revenue grew from EUR 963m to EUR 1,056m (up 10 percent). Revenue with cooperation partners amounted to EUR 899m (prior year*: EUR 1,125m).

Revenue by region and cooperation partner	2011/12	2010/11*
	EUR m	EUR m
Germany	487	464
Europe (without Germany)	873	801
Americas	1,056	963
Asia	738	622
Other	110	109
Cooperation partners	899	1,125

Strong demand in the Industrial Metrology and Medical Technology business groups produced revenue growth of 26 percent and 15 percent. The Microscopy and Vision Care business groups also recorded revenue growth compared to the prior year. Parallel to the revenue development, incoming orders also reflected the good development of the fiscal year. The Industrial Metrology and Medical Technology business groups recorded double-digit growth rates in incoming orders in the fiscal year. Incoming orders in the Microscopy and Vision Care business groups likewise rose compared to the prior year. In the Semiconductor Manufacturing Technology business group cyclical business development led to a drop in incoming orders, as forecast. Overall, incoming orders increased by 3 percent in relation to the prior year* to EUR 4,212m.

Revenue by business group/division	2011/12	2010/11*
	EUR m	EUR m
Semiconductor Manufacturing Technology business group	967	1,181
Industrial Metrology business group	495	394
Microscopy business group	650	620
Medical Technology business group	984	854
Vision Care business group	860	849
Camera Lenses, Sports Optics, Planetariums divisions	178	160
Other	29	26

Cost of sales amounted to EUR 2,264m (prior year*: EUR 2,115m), leading to gross profit of EUR 1,899m (prior year*: EUR 1,969m). The increase in cost of sales is due above all to the higher level of instrument business in fiscal year 2011/12 and the decrease in business in the Semiconductor Manufacturing Technology business group. The gross margin came to 46 percent in the reporting period (prior year*: 48 percent).

At EUR 803m, selling expenses were up EUR 86m in comparison to the prior year. This results from the higher volume of instrument business and the expansion of sales activities in rapidly developing economies.

Research and development expenses totaled EUR 390m in the reporting period (prior year*: EUR 343m), which is equivalent to more than 9 percent of revenue (prior year*: 8 percent), and are evidence of the continued high level of research and development activity within the Carl Zeiss Group.

Administrative expenses were down EUR 5m in the reporting period to EUR 305m, i. e., accounting for 7 percent (prior year*: 8 percent) of revenue.

	2011/12	2010/11*	2009/10	2008/09	2007/08
	EUR m	EUR m	EUR m	EUR m	EUR m
EBITDA	612	790	598	73	477
» EBITDA margin	15%	19%	20%	3%	17%
EBIT	420	608	423	−67	343
» EBIT margin	10%	15%	14%	−3%	13%

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) amounted to EUR 612m in the reporting period (prior year*: EUR 790m).

EBIT (Earnings before Interest and Taxes) came to EUR 420m (prior year*: EUR 608m), with an EBIT margin of more than 10 percent (prior year*: 15 percent).

The financial result decreased by EUR 47m in comparison to the prior year to minus EUR 85m (prior year*: minus EUR 38m). The interest result improved from minus EUR 112m in the prior year to minus EUR 98m in the reporting period. At EUR 16m interest income was down on the prior-year figure of EUR 27m, above all due to low interest levels. Interest expenses fell by EUR 26m in relation to the prior year, mostly on account of a lower level of loan liabilities at more favorable financing terms than in the prior year.

The decrease of EUR 60m in the other financial result to EUR 14m (prior year*: EUR 74m) was above all due to the non-recurring effect included in the prior year relating to the refinancing of the Carl Zeiss Vision Group. As part of this refinancing the banks waived receivables of EUR 54m, which had a positive impact on the other financial result in the prior year.

The tax expense for the fiscal year 2011/12 totaled EUR 109m (prior year*: EUR 182m). This decrease is attributable to a lower level of earning before taxes of EUR 335m compared to the prior year (prior year*: EUR 570m).

The consolidated profit/loss from continuing operations thus came to EUR 226m in the reporting period (prior year*: EUR 388m). The group tax rate was unchanged at 32 percent. Taking into account the consolidated profit/loss from discontinued operations of EUR 24m (prior year: EUR 6m), the Group generated a consolidated profit/loss of EUR 250m (prior year*: EUR 394m).

Overall, the results of operations in the fiscal year were characterized by continued strong demand on many markets, especially in the regions Asia and Americas. The once again positive development of business in the reporting year enabled the Carl Zeiss Group to retain its net assets and financial position at a high level and thereby create an excellent basis for the future.

Economic value added generated

In terms of value added generated, which is measured using the EVA® (Economic Value Added) indicator, Carl Zeiss reached EUR 134m in the fiscal year 2011/12 (prior year*: EUR 278m), once again generating value added of well over a hundred million euros and following on from the good development seen in prior years. The EVA® indicator is also used as an internal measure of the company's performance and is calculated as the net operating profit (after taxes) less cost of capital. The interest rate used to determine costs of capital ranges between 8 and 12 percent within the Carl Zeiss Group.

Goals and principles of financial management

The Carl Zeiss Group's global financial management system incorporates all subsidiaries and is coordinated centrally at group level by Carl Zeiss Financial Services GmbH.

The financial management is aligned to the operational and strategic orientation of the Carl Zeiss Group. The primary aim is to obtain the funds needed for operations, ensure the financial headroom for further business expansion and minimize financial risks.

Currency risks that are not covered through production and procurement in the individual countries and in foreign currencies are hedged using financial instruments. Investments are made exclusively in securities with solid investment grade ratings.

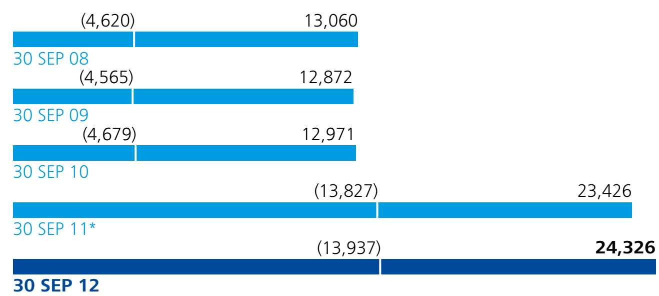
Please refer to the notes to the consolidated financial statements for further details on financial instruments.

CORPORATE TOPICS

Headcount slightly up

In a year-on-year comparison, headcount rose slightly to 24,326 (prior year*: 23,426), strengthening above all the sales and service teams worldwide. In total, Carl Zeiss hired 900 new employees, the majority in Germany. More than 300 positions in Germany were filled with persons who had worked on a temporary basis for Carl Zeiss beforehand. Some 57 percent of the workforce – i. e., 13,937 employees – work for Carl Zeiss outside Germany (prior year*: 13,827).

Total headcount (thereof in other countries)



Carl Zeiss attaches great importance to state-of-the-art training offered in technical and office jobs and offers training based on the company's needs. Carl Zeiss had 449 apprentices and trainees at the German sites as of the reporting date (prior year*: 428). At the Oberkochen headquarters alone the company increased the number of apprenticeships and positions for students pursuing dual-track studies by around 25 percent in the reporting year compared to the prior year in order to cover future needs with qualified, well trained employees.

To fill apprenticeships and other vacant positions, Carl Zeiss implements a range of measures, including for example creating new attractive professions offered as apprenticeships or by means of personnel marketing in social networks.

One of the focal points of HR policy at Carl Zeiss is to encourage continuous learning among its employees. The Group invested about EUR 5.5m in Germany alone to this end in the reporting year. The Carl Zeiss Group's qualification program offers more than 190 different courses, seminars and programs. In addition, Carl Zeiss supports employees who wish to combine obtaining further training and qualifications with work.

Health and safety management

The health and safety management systems at Carl Zeiss focus on prevention and the active involvement of employees. Hazard assessments, safety regulations, audits and training courses serve to foster a safe working environment and continuously refine preventive safety measures. The purpose of the health management system is to maintain and improve employees' health and performance. The company has various health promotion offers for its employees such as health tips issued by the Company medical Center, skin cancer screening, information events to promote a healthy diet or sports offerings with cooperation partners.

Environmental protection in the company

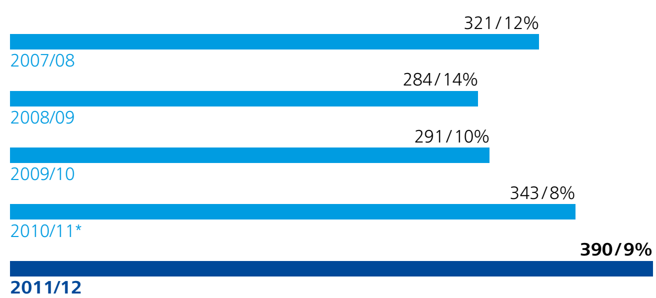
Carl Zeiss attaches great importance to the sustainable and sparing use of resources and environmental protection. Sustainability is a key consideration – from the development and manufacture through to shipment of all products. The Group has also defined similar environmental protection requirements for its suppliers. All of Carl Zeiss' major manufacturing sites in Germany and some international subsidiaries are certified to international environmental management standard ISO 14001. Carl Zeiss spent around EUR 9m on environmental protection measures over the past year (prior year: EUR 8m).

Research and development

Carl Zeiss has 19 research and development sites worldwide. The Group's research and development departments comprise a total of 2,474 employees – 10 percent of the workforce – working on new solutions and technologies for the optics industry (prior year*: 2,185; 9 percent). Carl Zeiss also cooperates with a global network of renowned universities and research institutes.

Research and development expenses

in EUR m / as a % of revenue



As of the reporting date, Carl Zeiss held 5,157 patents worldwide. In fiscal 2011/12 the Group applied for 396 new patents (prior year*: 314).

Commitment to society

Carl Zeiss is committed to the needs of society and supports a whole range of different projects – primarily in and around the company's sites. At the beginning of the reporting year, the company set up the Carl Zeiss Promotion Fund. With this fund, the Group has put its regional commitment in Oberkochen and

Jena on a new footing. The Group made considerable funds available for the 2011/12 fiscal year to promote activities in the areas of welfare and society, youth and culture as well as amateur sports. In addition to its regional commitment via the Carl Zeiss Promotion Fund, the Group continues to support education and science.

RISK AND OPPORTUNITIES ANALYSIS

As a group with global operations, Carl Zeiss faces a large number of entrepreneurial opportunities and associated risks that can have a sustained impact on business success. Consequently, the assessment of opportunities and risks is an important part of the Group's strategy and budget process.

Risk management

Operational and strategic risks relate to potential negative deviations from expectations and risks as a result of failure to seize opportunities. The risk management system at Carl Zeiss comprises organizational measures, rules and processes to detect at an early stage, assess and manage risks. The risk management system is managed and coordinated centrally.

The risk management policies and procedures are implemented by risk management coordinators in the divisions. The management of the individual divisions of the Group is responsible for the detection and management of operational and strategic risks. Overall responsibility lies with the Executive Board, which regularly assesses and manages opportunities and risks at group level together with the Group Executive Committee and monitors the effectiveness of the risk management system in collaboration with the Supervisory Board's Audit Committee.

Internal control system

The internal control system (ICS) of Carl Zeiss is based on the COSO II model. The Group uses an integrated enterprise risk management system that covers strategic and operational risks, i. e., it does not merely monitor financial risks. The system defines organizational and technical control mechanisms for key processes. Key risks are identified for this purpose, and effective controls are developed, allowing the systematic detection and elimination of any gaps in the controls. The management of the Group and of the consolidated subsidiaries is responsible for the setup, application and ongoing development of the ICS.

In accordance with the requirements of the German Stock Corporations Act (AktG), the Supervisory Board's Audit Committee monitors the accounting process and effectiveness of the ICS. Corporate Auditing regularly informs the Audit Committee about the effectiveness and efficiency of the controls.

External risks

General, external factors may influence the development of the Group. These include increasing globalization, interrelations and, as a result, interdependencies between value chains, local unrest, changes to the political situation worldwide, an economic downturn in previously rapidly developing economies, low growth in certain regions, burgeoning national debt, tight government budgets, the volatility of currencies, rising inflation accompanied by low growth, major natural disasters and increasing prices for raw materials. The continuing crisis in the euro area poses a significant risk for economic development and the financial markets. This could give rise to further risks, such as declining economic growth, changes in the tax regimes of some countries or tighter regulation of certain markets, or even protectionist measures. Against this backdrop, we cannot rule out a sudden negative impact on certain areas of the business of Carl Zeiss.

IT risks

Carl Zeiss is reliant on the availability of its IT infrastructure. The company therefore continuously checks and optimizes its information technology in order to ensure that its IT-based business processes are as secure as possible and to reduce risks. To minimize the existing risk of failure of IT systems and to prevent data loss, manipulation or theft, the Group refines its protective systems and enhances and constantly updates them to the current state of the art.

Responsibility for the IT strategy and the relevant directives and their monitoring lies with Corporate IT. The IT infrastructure and the corresponding processes are undergoing standardization and improvement measures to help ensure that the IT solutions provide effective and efficient support for our business processes. IT risks are identified and evaluated on an ongoing basis, and countermeasures are introduced where appropriate.

The IT systems at Carl Zeiss are to a large extent operated by external partners subject to data security standards defined by Carl Zeiss. Corporate Security keeps these standards up to date and regularly checks compliance. In order to minimize risks in terms of operational and performance stability, the Group uses appropriate measures in the field of application support and development.

Financial and liquidity risks

Carl Zeiss has sufficient liquidity reserves in the form of cash and available lines of credit. Financing is based on medium- and long-term liquidity needs. The company's financial stability is an advantage when negotiating attractive credit terms and conditions. The crisis in the euro area involves liquidity risks for Carl Zeiss subsidiaries. This crisis may have a negative effect on customers' solvency. Carl Zeiss has therefore further strengthened its receivables management. If countries in which Carl Zeiss has subsidiaries were to leave the euro area, this can lead to a loss of capital in the event of payment defaults and the revaluation of items in the statement of financial position.

Carl Zeiss' financial investment strategy is conservative and geared to safeguarding value. Care is taken to ensure that the investments are available at short notice to give the company the requisite flexibility at all times. In light of the continuing uncertainties on the financial markets, security and liquidity aspects are generally weighted higher than profit considerations at present. The Group works solely with banks holding first-class credit ratings and continually monitors their credit rating in order to limit counterparty risks. Investments are made exclusively in securities with solid investment grade ratings. To minimize default risks, Carl Zeiss ensures that the investments are broadly diversified. Carl Zeiss Financial Services GmbH manages risks resulting from changes in exchange rates, interest rates or the value of assets on the financial markets and hedges them in line with a defined risk strategy. All financial activities of the Carl Zeiss Group are managed centrally on the basis of groupwide policies.

Carl Zeiss has transferred its pension obligations toward active employees in Germany to a Contractual Trust Arrangement (CTA). The CTA assets are impacted directly by developments on the capital markets. The volatility of the financial markets hampers the long-term and value-enhancing investment strategy defined by the Management Board of the pension trust, Carl Zeiss Pensions-Treuhandverein. The trust's Management Board is assisted by independent consultants in its investments decisions. Risks in the context of pension obligations can arise from higher life expectancy of the beneficiaries, from the general interest rate developments and from the obligation to regularly adjust the amount of the pensions paid.

Personnel risks

The demographic trend will continue to exacerbate the shortage of skilled and management staff. The Group is at present still able to hire the required number of qualified people. In some areas, however, Carl Zeiss is noticing a reduction in the number of job applicants. The Group is therefore working on concepts to continue attracting highly qualified employees in the future and retain them in the company over the long term – also in the international arena. In addition, the company trains skilled staff itself and offers a whole range of further and advanced training opportunities.

Legal risks

There is currently no pending litigation that poses any risk to the continued existence of any area or the Carl Zeiss Group's ability to continue as a going concern. The company appealed a penalty notice totaling EUR 29m issued to Carl Zeiss Vision GmbH by Germany's Federal Cartel Office in fiscal 2009/10. These proceedings are continuing.

Patent risks

A key factor for the economic success of Carl Zeiss is the company's intellectual property. A large number of Carl Zeiss products and solutions are subject to patent protection. Carl Zeiss safeguards this technological and competitive edge through a comprehensive industrial property rights strategy and takes legal steps in the event of potential patent infringements by third parties. When developing its own products and technologies, Carl Zeiss systematically checks whether the rights of a third party could be violated. If necessary, the company acquires the requisite licenses and rights.

Procurement and production risks

For Carl Zeiss, procurement risks include the shortage of and increase in the prices of production materials, commodities and energy. The company systematically observes the relevant markets and their development in order to counter such risks at an early stage and use any emerging opportunities. The Group addresses market trends such as shortages or price increases through economies of scale in the procurement process. By entering into long-term partnerships with suppliers and taking other measures to stabilize the supply chain, Carl Zeiss minimizes risks that may result from individual suppliers and ensures continuous supplies of production materials.

Technical downtimes, the impact of natural disasters, or supply bottlenecks affecting key materials can impact the production units and lead to a loss of revenue. Other production risks and environmental risks are countered using an integrated quality, health, environmental and safety management system at Carl Zeiss.

Development of the corporate portfolio

Carl Zeiss has a balanced, highly diversified business portfolio that is optimized on an ongoing basis. Mergers and acquisitions (M&A) are also part of the portfolio strategy. Acquisitions, investments and strategic alliances may entail not only opportunities, but also risks. Carl Zeiss has established an M&A process to check and minimize these risks. One key component of this process is a due diligence review, which systematically assesses the opportunities and risks of future business development of prospective acquisition targets. Structured post-merger projects ensure the integration of acquired entities.

The Group reports acquired goodwill of EUR 476m in the consolidated statement of financial position. This is tested for impairment on a regular basis. The Group cannot rule out the possibility that impairment losses may need to be recognized for some or all acquired entities on account of changes in the economic conditions or changes in business models.

Investment, innovation and reputation risks

Carl Zeiss continued to invest in the expansion of its business sites within and outside Germany in the reporting year. Capital expenditures were made for new buildings and new production facilities. To minimize the risk of investment errors, all capital expenditures are subject to a detailed review of their expected sustainability. Risks in terms of quality and compliance with budgets and deadlines when implementing investment projects are minimized through appropriate project management.

Carl Zeiss regularly invests not only in infrastructure and business resources, but also in research and development. Its business success and reputation as technological leader are dependent on the continuous development of innovative products and solutions and on identifying and applying new technology trends in practice. New science and research findings or trends can give rise to rapid, unexpected complete or partial technology shifts, new customer requirements or new market segments. This can lead to shorter product and development cycles or require new business models. Carl Zeiss minimizes this risk through consistently high spending on research and development and cooperation projects with leading research institutes.

The Group and its subsidiaries offer their products and services under the ZEISS brand. Negative reports about the company could lead to a loss of trust in the brand among customers. To address this risk, the Group has introduced a binding code of conduct to ensure business integrity. In addition, the groupwide compliance organization, along with training courses and consulting sessions, helps minimize risks to the Group's reputation.

Opportunities and risks for the business groups

As a supplier of the semiconductor industry, Carl Zeiss is exposed to the volatility of this sector. The company adapts to the typical market cycles in such a way that business risks are minimized while opportunities resulting from unexpectedly strong upturns in the industry are leveraged. Specific measures have already been initiated to respond to the effects of the present downturn. A major part of the revenue generated by the Semiconductor Manufacturing Technology business group is dependent on one cooperation partner and on the joint market success of both partners. Here, Carl Zeiss focuses on close partnership – also in the area of development. This ensures that the relationship is stabilized and further expanded over the long term. In the Semiconductor Manufacturing Technology business group the greatest challenge currently lies in the feasibility of EUV technology. We cooperate very closely with technology partners in this respect and invest substantial funds.

The Industrial Metrology business group is exposed to cyclical trends mainly with respect to new business in the capital goods industry – particularly in the automotive sector and its supplier industry. That is why it continuously and consistently seeks to expand its service offering. In order to reduce dependency on the automotive industry, the business group is tapping into new markets and industries, such as the aerospace, plastics and medical technology industries, or process control solutions. To this end, Carl Zeiss expands its range of products, metrology solutions and services worldwide on an ongoing basis. In addition, efforts are successively being intensified along the global value chain to further expand this business group's position in rapidly developing economies.

Education and research budgets in various countries could be affected by their sovereign debt. This could impact the Microscopy business group, where many customers are financed or promoted by the public sector. The increasing use of microscopes for industrial applications and networking of microscopy appliances give rise to new opportunities and challenges. Carl Zeiss is taking this trend into account with solutions to combine traditional light microscopy and electron microscopy.

Political decisions may lead to certain medical treatments not being reimbursed at all or only in part, resulting in a decline in customers' willingness to invest in new therapy instruments and systems. A similar situation could arise if public budgets or funds provided by private trusts were cut. Further risks result from product approval being delayed or denied. This could in turn impact new product launches. All medical devices and system solutions entail the risk that patients may be injured due to incorrect functioning or operation of the product, potentially involving substantial legal defense costs and causing long-term damage to the company's reputation. Should marketable and innovative products not be developed in time, this could also be detrimental to our competitive position. Furthermore, products could be completely replaced by alternative technologies or treatment methods.

Growth opportunities for the Medical Technology business group relate to demographic developments. The steadily growing world population and higher life expectancy are likely to lead to an increase in demand for healthcare services and, therefore, medical technology. Further growth potential is inherent in the rapidly developing economies, where access to basic medical care has yet to be established.

Risks for the Vision Care business group result from the globally integrated value chain and its impact on production worldwide. The market is experiencing a process of consolidation among customers, and customers are discovering new sales channels. In addition, there is only little potential for the company to set itself apart from the competition with traditional prescription lenses. This leads to an increasing decline in eyeglass lens prices coupled with rising customer requirements. The Vision Care business group can compensate for this trend through new technologies, such as freeform technology.

The rapidly developing economies offer growth opportunities, whereas traditional markets are showing a stable development. The intensive and consistent use of the ZEISS brand plays an important role in this respect. Opportunities arise from the intensified leverage of the innovative edge that the Vision Care business group has in freeform technology. This is of significance for the future of the entire industry because it makes it possible to produce ever more individualized, high-quality lenses. Carl Zeiss has been able to secure intellectual property rights to this technology. The Vision Care business group entered into license agreements with its main competitors in the US and Australia in the reporting year. These also apply to the subsidiaries and customers of these two competitors.

The competitive and price pressure as well as pressure to innovate involve risks for the Sports Optics and Camera Lenses divisions. The two divisions counter these risks by continuously developing new solutions, and optimizing the existing range of products and global value chain. The project business of the Planetariums division is strongly dependent on the availability of public funds. Intensive sales efforts are being made on a global scale to compensate for volatility in this business.

Overall risk situation

As a result of the measures described, no individual risks are discernible that, on the basis of the information available to the company at the time this group management report was prepared, could significantly jeopardize the net assets, financial position and results of operations of the Carl Zeiss Group in the near future.

OUTLOOK AND GOALS

Global economic expectations

There is considerable uncertainty as to how the economy in general and the industry in particular will fare in fiscal year 2012/13. Global growth forecasts anticipate a diverse, yet only slightly positive trend. It is not possible to precisely predict the risks arising from further developments of the sovereign debt crisis, in the euro area in particular. Likewise, the economic development in the US is uncertain. The rapidly developing economies are still expected to enjoy the strongest growth in relative terms although they are also showing signs of cooling off, in China in particular.

Market forecasts and development of the business groups

Carl Zeiss anticipates that the semiconductor manufacturing market will experience a further decline in fiscal year 2012/13. Accordingly, the Group expects revenue in the Semiconductor Manufacturing Technology business group to follow the same pattern.

In the Industrial Metrology business group, Carl Zeiss sees further considerable sales opportunities, in particular in rapidly developing economies. This development might more than compensate for the cyclical downturn in established markets, and minor growth is expected accordingly.

With regard to the Microscopy business group, Carl Zeiss anticipates further positive development and sustainable growth in rapidly developing economies. In industrialized countries, however, the company expects demand to fall on account of the tight public budgets and, as a result, reduced budgets for science, research and education in many countries.

In the field of medical technology, Carl Zeiss expects to see further stable development. The basic drivers of growth in the medical technology sector will remain intact on a global scale. They include a steadily growing world population and rising number of elderly people due to higher life expectancy, leading most likely to an increase in demand for healthcare services and, therefore, medical technology. Another contributory factor will be the above-average demand in growth markets. On the other hand, economic developments and healthcare policy decisions could impact customers' investment behavior.

For the Vision Care business group, the Group expects the mature markets in Europe and the US to show a stable development. As more and more people in Asia and many rapidly developing economies can afford vision devices, the aim is for these regions to become the growth drivers in this business group.

For the Camera Lenses, Sports Optics and Planetariums divisions, the Group expects a stable development.

Expectations for the development of the Carl Zeiss Group

If the current global economic expectations as of the date when this report was being prepared prove to be accurate, Carl Zeiss expects revenue and results of operations overall to remain stable in fiscal 2012/13. In its forecast, the Carl Zeiss Group has budgeted revenue of around EUR 4b for fiscal 2012/13. Following an excellent profit for the year generated in the reporting period, profit is likely to decrease slightly.

The Carl Zeiss Group expects the Asian and Latin American markets to gain in importance in the mid and long term and to see a corresponding shift in the revenue shares of the Carl Zeiss Group. Carl Zeiss anticipates that markets will remain volatile and dynamic and economic cycles to become shorter. The Group is preparing for these developments by optimizing its strategic, international orientation and the composition and balance of its portfolio. It will continue to consistently invest in research and development. The net assets and financial position are likely to continue to improve in the upcoming years in line with the earnings power of the Carl Zeiss Group, despite the currently difficult environment.

SUBSEQUENT EVENTS

Carl Zeiss Meditec AG dividend

The Management Board of Carl Zeiss Meditec AG proposes the payment of a dividend 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 Carl Zeiss Group's equity accordingly. The corresponding resolution has yet to be adopted by the Annual General Meeting for the fiscal year 2012/13.

06 Consolidated financial statements

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

	Note	2011/12	2010/11*
		EUR k	EUR k
Revenue	7	**4,162,987**	**4,084,060**
Cost of sales		2,264,439	2,114,718
Gross profit		**1,898,548**	**1,969,342**
» Sales and marketing expenses		803,126	717,165
» General administrative expenses		304,894	310,048
» Research and development expenses		389,515	343,141
» Other income	8	34,920	20,082
» Other expenses	9	16,312	11,424
Earnings before interest and taxes (EBIT)		**419,621**	**607,646**
» Share of profit/loss from investments accounted for using the equity method		−757	−6
» Interest income	10	15,669	26,850
» Interest expenses	10	113,170	139,206
» Other financial result	10	13,620	74,217
Financial result		**−84,638**	**−38,145**
Earnings before taxes (EBT)		**334,983**	**569,501**
» Income taxes	11	108,524	181,665
Consolidated profit/loss from continuing operations		**226,459**	**387,836**
» Profit/loss from discontinued operations	3	23,859	5,932
Consolidated profit/loss		**250,318**	**393,768**
» thereof profit/loss attributable to non-controlling interests		27,885	30,117
» thereof profit/loss attributable to the stockholder of the parent company		222,433	363,651

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

	Note	2011/12	2010/11*
		EUR k	EUR k
Consolidated profit/loss		**250,318**	**393,768**
» Exchange differences on translation of foreign subsidiaries		41,758	16,115
» Actuarial gains/losses from pensions		−263,905	55,161
» Gains/losses from available-for-sale financial assets		−1,976	−266
» Gains/losses from cash flow hedges		−9,074	−11,045
» Gains/losses from investments accounted for using the equity method		0	555
» Deferred income tax		74,114	−9,543
Other comprehensive income	22	**−159,083**	**50,977**
Total comprehensive income		**91,235**	**444,745**
» thereof profit/loss attributable to non-controlling interests		27,625	32,112
» thereof profit/loss attributable to the stockholder of the parent company		63,610	412,633

* The prior-year figures were restated due to classification of the Security and Defense Systems division as a discontinued operation (IFRS 5) and changed measurement methods for pension provisions. For further details see note 3 "Discontinued operations" or "Changes in accounting policies" in note 6.

Consolidated statement of financial position
as of 30 September 2012

Assets	Note	**30 Sep 12**	30 Sep 11*	1 Oct 10*
		EUR k	EUR k	EUR k
Non-current assets				
» Intangible assets	12	667,483	680,594	237,067
» Property, plant and equipment	13	889,957	750,699	495,592
» Investments accounted for using the equity method	14	592	0	68
» Trade and other receivables	17	9,259	8,929	6,578
» Other non-current financial assets	15	155,308	146,659	153,291
» Other non-current non-financial assets		8,685	6,530	18,976
» Deferred taxes	11	356,565	266,307	232,024
		2,087,849	**1,859,718**	**1,143,596**
Current assets				
» Inventories	16	998,640	948,125	726,654
» Trade and other receivables	17	767,965	759,437	589,776
» Other current financial assets	18	264,454	269,953	291,920
» Tax refund claims		9,390	43,044	20,544
» Other current non-financial assets	19	117,475	69,599	47,611
» Securities	20	98,426	41,037	152,719
» Cash and cash equivalents	21	385,069	462,894	832,917
		2,641,419	**2,594,089**	**2,662,141**
		4,729,268	**4,453,807**	**3,805,737**

Equity and liabilities	Note	**30 Sep 12**	30 Sep 11*	1 Oct 10*
		EUR k	EUR k	EUR k
Equity	22			
» Issued capital		120,000	120,000	120,000
» Capital reserves		52,770	52,770	52,770
» Equity earned by the Group		1,401,875	1,216,484	893,431
» Other reserves		−192,639	−45,491	−94,473
» Non-controlling interests		−168,865	−179,352	178,737
		1,213,141	**1,164,411**	**1,150,465**
Non-current liabilities				
» Provisions for pensions and similar obligations	23	1,093,646	992,630	969,439
» Other non-current provisions	24	160,442	225,878	123,424
» Non-current financial liabilities	25	433,042	320,951	407,500
» Other non-current non-financial liabilities	27	55,354	51,760	45,589
» Deferred taxes	11	73,884	75,131	36,207
		1,816,368	**1,666,350**	**1,582,159**
Current liabilities				
» Current provisions	24	358,344	297,794	289,498
» Current financial liabilities	25	118,608	251,213	71,810
» Trade payables	26	237,719	251,444	128,061
» Current income tax payables		33,072	35,364	19,000
» Other current non-financial liabilities	27	952,016	787,231	564,744
		1,699,759	**1,623,046**	**1,073,113**
		4,729,268	**4,453,807**	**3,805,737**

* The prior-year figures were restated due to changes to the measurement method for pension provisions. For further details see "Changes in accounting policies" in note 6. In the interest of transparency, trade and other receivables due in more than one year were reclassified to non-current assets.

FINANCIALS

Consolidated statement of changes in equity

for fiscal year 2011/12[1]

	Issued capital	Capital reserves	Equity earned by the Group	Other reserves: from currency translation	Other reserves: from actuarial gains/losses	Other reserves: from available-for-sale financial assets	Other reserves: from cash flow hedges	Other reserves: from investments accounted for using the equity method	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	EUR k
1 October 2010	**120,000**	**52,770**	**893,431**	**3,248**	**0**	**7,039**	**−697**	**−555**	**1,075,236**	**182,525**	**1,257,761**
Restatement in accordance with IAS 8[2]	0	0	0	−993	−102,515	0	0	0	−103,508	−3,788	−107,296
1 October 2010	**120,000**	**52,770**	**893,431**	**2,255**	**−102,515**	**7,039**	**−697**	**−555**	**971,728**	**178,737**	**1,150,465**
Total comprehensive income	0	0	356,296	14,546	0	−112	−7,613	555	363,672	30,773	394,445
Dividends	0	0	−18,597	0	0	0	0	0	−18,597	−16,253	−34,850
Change in the basis of consolidation	0	0	0	0	0	0	0	0	0	−372,460	−372,460
Other changes	0	0	−22,001	0	0	0	0	0	−22,001	−1,488	−23,489
Restatement in accordance with IAS 8[2]	0	0	7,355	879	40,727	0	0	0	48,961	1,339	50,300
30 September 2011	**120,000**	**52,770**	**1,216,484**	**17,680**	**−61,788**	**6,927**	**−8,310**	**0**	**1,343,763**	**−179,352**	**1,164,411**
Total comprehensive income	0	0	222,433	38,032	−191,061	458	−6,252	0	63,610	27,625	91,235
Dividends	0	0	−24,941	0	0	0	0	0	−24,941	−10,025	−34,966
Change in the basis of consolidation	0	0	−11,675	0	11,675	0	0	0	0	−7,565	−7,565
Other changes	0	0	−426	0	0	0	0	0	−426	452	26
30 September 2012	**120,000**	**52,770**	**1,401,875**	**55,712**	**−241,174**	**7,385**	**−14,562**	**0**	**1,382,006**	**−168,865**	**1,213,141**

[1] For more information on the changes in equity, please refer to note 22 of the notes to the consolidated financial statements.
[2] For further details see "Changes in accounting policies" in note 6.

Additional information on the statement of cash flows	**2011/12**	2010/11
	EUR k	EUR k
Payments of		
» Income tax[1]	105,295	204,270
» Interest[1]	17,079	16,259
» Dividends[2]	34,966	34,850
Proceeds from		
» Income tax[1]	13,335	26,995
» Interest[1]	12,622	20,968
» Dividends[2]	543	7,662

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

Consolidated statement of cash flows
for the period from 1 October 2011 to 30 September 2012

	Note	2011/12	2010/11*
		EUR k	EUR k
Consolidated profit/loss		250,318	393,768
Amortization, depreciation and impairment net of amounts recognized subsequently/reversals of impairment losses	12, 13	195,271	184,291
Share of profit/loss from investments accounted for using the equity method		757	6
Other material non-cash income and expenses (net)		34,276	−42,901
Increase in provisions for pensions and similar obligations	23	15,487	4,159
Amounts allocated to the contractual trust arrangement and other plan assets outside Germany	23	−163,686	−42,524
Amounts allocated to other segregated assets (phased retirement, flextime credits)		−50,921	0
Increase (prior year: decrease) in other provisions	24	42,498	−32,479
Gain from the disposal of investments accounted for using the equity method		0	−13
Loss from the disposal of intangible assets and property, plant and equipment (net)	12, 13	−540	−780
Gain from the disposal of the Security and Defense Systems division		−33,373	0
Gain from the disposal of current securities (net)		29	134
Increase in inventories	16	−147,953	−129,085
Increase in trade receivables	17	−22,867	−9,986
Changes in deferred taxes	11	−8,998	2,293
Changes in other assets		−58,912	63,938
Decrease (prior year: increase) in trade payables	26	−6,124	26,816
Increase in current accruals		73,752	8,589
Increase in advances received		86,494	87,554
Changes in other liabilities		85,918	−37,054
Cash flows from operating activities		**291,426**	**476,726**
Proceeds from the disposal of intangible assets and property, plant and equipment	12, 13	13,408	4,537
Purchases of intangible assets and property, plant and equipment	12, 13	−324,577	−198,258
Proceeds from the disposal of financial assets		0	49
Net cash inflow from financial assets including fixed-term investments and securities maturing in >90 days		4,198	69,137
Net cash inflow from the disposal of the Security and Defense Systems division		54,074	0
Net cash outflow for the acquisition of shares in affiliates		−18,206	−6,892
Cash flows from investing activities		**−271,103**	**−131,427**
Dividend paid to Carl Zeiss Stiftung	22	−24,941	−18,597
Payments to non-controlling interests		−10,025	−16,253
Proceeds from (financial) loans		203,323	12,345
Repayments of (financial) loans and bonds		−270,530	−744,705
Cash flows from financing activities		**−102,173**	**−767,210**
Changes in cash and cash equivalents		**−81,850**	**−421,911**
Changes in cash and cash equivalents from exchange rate movements and changes in the basis of consolidation		4,025	51,889
Cash and cash equivalents as of 1 October		462,894	832,916
Cash and cash equivalents as of 30 September		**385,069**	**462,894**

* Amounts allocated to the contractual trust arrangement and other plan assets outside Germany were reclassified from cash flows from investing activities to cash flows from operating activities. For further details see "Changes in accounting policies" in note 6.

FINANCIALS

Notes to the consolidated financial statements
for fiscal year 2011/12

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. It has global operations in the Medical and Research Solutions, Industrial Solutions and Lifestyle Products segments. The Carl Zeiss Foundation (Carl Zeiss Stiftung), Heidenheim an der Brenz and Jena, is the sole stockholder of Carl Zeiss AG.

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 whose adoption is mandatory have been considered.

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 are not 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 November 2009	IFRS 9 *Financial Instruments*	Classification and measurement of financial assets	Periods beginning on or after 1 January 2015	No
28 October 2010	Revised IFRS 9 *Financial Instruments*	Addition of rules governing accounting for financial liabilities	Periods beginning on or after 1 January 2015	No
20 December 2010	Amendment to IAS 12 *Income Taxes*	Practical solution for the issue relating to the recovery of carrying amounts of assets through use or sale	Periods beginning on or after 1 January 2012	No
12 May 2011	IFRS 10 *Consolidated Financial Statements*	Accounting rules governing the presentation of consolidated financial statements and explanations regarding the control principle	Periods beginning on or after 1 January 2014	No
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	No
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	No
12 May 2011	IFRS 13 *Fair Value Measurement*	Guidance on measuring fair value and disclosures relating to measurement at fair value	Periods beginning on or after 1 January 2013	No
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	No
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	No
16 June 2011	Amendment to IAS 1 *Presentation of Financial Statements*	Presentation of items of other comprehensive income	Periods beginning on or after 1 July 2012	Yes

Date of issue	Standard / Interpretation	Amendment / new standard or interpretation	Effective date	Endorsed by the EU
16 June 2011	Amendment to IAS 19 *Employee Benefits*	Accounting for defined benefit plans, distinction between the different types of employee benefits and extended disclosures in the notes	Periods beginning on or after 1 January 2013	Yes
19 October 2011	IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*	Accounting for stripping costs in the production phase of a surface mine	Periods beginning on or after 1 January 2013	No
16 December 2011	Amendment to IAS 32 *Financial Instruments: Presentation*	Additional regulations on offsetting financial assets and liabilities	Periods beginning on or after 1 January 2014	No
16 December 2011	Amendment to IFRS 7 *Financial Instruments: Disclosures*	Additional disclosures on offsetting financial assets and liabilities	Periods beginning on or after 1 January 2013	No
13 March 2012	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*	Clarification of the accounting treatment of government loans at a below-market rate of interest	Periods beginning on or after 1 January 2013	No
17 May 2012	Improvements to IFRS (2009 – 2011)	Amendments to IFRS 1 and IAS 1, 16, 32 and 34	Periods beginning on or after 1 January 2013	No
28 June 2012	Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	Additional transition guidance for IFRS 10, 11 and 12	Periods beginning on or after 1 January 2013	No
31 October 2012	Amendments to 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	No

The amendments and new standards and interpretations described are not expected to have any significant impact on the Carl Zeiss Group's net assets, financial position or results of operations.

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 the 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 2012 were authorized for issue to the Supervisory Board by the Executive Board on 23 November 2012.

The preparation of 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 Electronic German Federal Gazette (elektronischer Bundesanzeiger).

2 Basis of consolidation

Subsidiaries, associates 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 include 29 (prior year: 30) German entities (including Carl Zeiss AG) and 119 (prior year: 123) entities in other countries. The entities are included in the consolidated financial statements from the date on which control is obtained.

In addition, two entities outside Germany were accounted for using the equity method.

A special fund was included in the consolidated financial statements as a special purpose entity in accordance with SIC 12 as CZ 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 basis of consolidation changed as follows in the reporting period:

	Germany	Other countries	Total
1 October 2011	30	123	153
Additions in the reporting period	1	5	6
Disposals in the reporting period	2	9	11
30 September 2012	**29**	**119**	**148**

Additions to the basis of consolidation

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

» Helaba Invest – CZFS Spezialfonds, Frankfurt am Main (from 16 April 2012)
» Carl Zeiss Slovakia s.r.o., Bratislava (incorporated on 1 October 2011)
» Brock & Michelsen A/S, Birkerød (from 3 January 2012)
» Carl Zeiss SBE LLC, Thornwood (incorporated on 11 January 2012)
» Carl Zeiss Vision Middle East & North Africa FZE, Dubai (incorporated on 8 May 2012)
» Carl Zeiss No. 2 Pty. Ltd., North Ryde (from 1 October 2011)

The additions to the basis of consolidation did not have any significant impact on the net assets, financial position and results of operations of the Carl Zeiss Group.

Disposals from the basis of consolidation

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

» Carl Zeiss NTS GmbH, Oberkochen (merged into Carl Zeiss Microscopy GmbH, Jena, as of 1 October 2011)
» P.S.M.C S.à.r.l., Le Pecq (merged into Saphir 3D S.à.r.l., Sablé sur Sarthe, as of 29 May 2012)
» Carl Zeiss NTS S.A.S., Nanterre (liquidated as of 1 October 2011)
» ALIS Corporation, Peabody (merged into Carl Zeiss Microscopy LLC, Thornwood, as of 28 September 2012)
» Perfect Vision Clearwater LLC, Clearwater (since the sale of 2% of the shares as of 1 December 2011 accounted for using the equity method)
» Carl Zeiss Vision New Zealand Limited, New Lynn (merged into Carl Zeiss (N.Z.) Ltd., Auckland, as of 1 December 2011)
» 1132782 Ontario Inc., San Diego (liquidated as of 14 September 2012)
» American Optical Lens Company Ltd., San Diego (liquidated as of 17 September 2012)
» Carl Zeiss Vision Luxembourg S.A.R.L., Luxembourg
» Carl Zeiss Optronics GmbH, Oberkochen (sold as of 30 September 2012)
» Carl Zeiss Optronics (Pty.) Ltd., Irene (Centurion) (sold as of 30 September 2012)

The effects of deconsolidation of the Security and Defense Systems division on the net assets, financial position and results of operations of the Carl Zeiss Group are described below in note 3 "Discontinued operations".

The other disposals from the basis of consolidation in the reporting period did not have any significant impact on the net assets, financial position and results of operations of the Carl Zeiss Group.

3 Discontinued operations

Description of the transaction

By agreement dated 13 July 2012, the Group sold its interests in Carl Zeiss Optronics GmbH to EADS Deutschland GmbH. As of the end of the day on 30 September 2012, 75.1% of the interests in Carl Zeiss Optronics GmbH were transferred to EADS Deutschland GmbH. There are plans to transfer the remaining interests of 24.9% to EADS Deutschland GmbH in the medium term.

Due to the share transfer, the entity was deconsolidated on 30 September 2012. The profit/loss from the Security and Defense Systems division and the gain/loss on deconsolidation are therefore reported under profit/loss from discontinued operations in the reporting period. The relevant figures are presented below. The prior-year figures were restated in the income statement in accordance with IFRS 5.

	2011/12	2010/11
	EUR k	EUR k
Revenue	117,403	161,796
Expenses/income	122,373	154,732
Earnings before taxes from discontinued operations	**−4,970**	**7,064**
Income taxes	4,544	1,132
Earnings after taxes from discontinued operations	**−9,514**	**5,932**
Gain/loss from the disposal	33,373	0
Income taxes on the gain/loss from the disposal	0	0
Profit/loss from discontinued operations	**23,859**	**5,932**
» thereof profit/loss attributable to the stockholder of the parent company	23,271	4,293

Of the profit/loss from continuing operations EUR 199,162k (prior year: EUR 359,358k) is attributable to the stockholder of the parent company.

	2011/12	2010/11
	EUR k	EUR k
Cash flows from operating activities	38,499	10,238
Cash flows from investing activities	−7,666	−5,706
Cash flows from financing activities	0	0
Cash flows from discontinued operations	**30,833**	**4,532**

The Group received cash of EUR 98,214k in the past fiscal year.

4 Consolidation principles

The consolidated financial statements are based on the financial statements of the subsidiaries included in the Group as of 30 September 2012, which have been prepared according to uniform accounting policies.

The acquisition method pursuant to IFRS 3 *Business Combinations* is used for acquisition accounting of subsidiaries. In the course of initial measurement, all identifiable assets and liabilities are measured at their acquisition-date fair values. Consequently, non-controlling interests are carried at the amount of their proportionate share in the fair values of assets and liabilities. 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*, 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 are recognized within other reserves from currency translation.

Intercompany profits from intercompany transactions 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.

5 Currency translation

The consolidated financial statements are prepared in euros, which is both the functional currency and the presentation currency of the Group. 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 mean 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 2012 and 2011 were used for currency translation:

		Closing rate		Average rate	
	EUR 1 =	**30 Sep 12**	30 Sep 11	**2011/12**	2010/11
United Kingdom	GBP	0.7982	0.8658	0.8237	0.8686
Japan	JPY	100.3050	103.7250	102.3467	113.0160
USA	USD	1.2923	1.3500	1.2986	1.3952

6 Accounting policies

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

Some of the prior-year figures for fiscal year 2011/12 were restated on account of the discontinued Security and Defense Systems division and changes to the measurement method for pension provisions. Restated comparative figures from the prior year are indicated by (*).

Changes in accounting policies

IAS 19 *Employee Benefits* allows the option of either recognizing actuarial gains and losses from pension obligations directly in equity, using the corridor method, or recognizing them immediately through profit or loss. In the past Carl Zeiss exercised this option to use the corridor method, i. e., those actuarial gains and losses that exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at the end of the prior reporting period were recognized over the expected average remaining years of service of the beneficiaries.

As of 30 September 2012, the Group exercised the option by immediately recognizing actuarial gains and losses directly in equity in full in the period in which they arise. Compared to the previously used corridor method, this has the following effects: Actuarial gains and losses are included in full in the recognized benefit obligation, i. e., the pension provisions are reported at the amount of the actual defined benefit obligation (DBO) and there are no unrecognized gains and losses outside the statement of financial position (which was the case with the corridor method). The change in accounting policy was made in the interest of providing more information and transparency, especially in view of the fact that this method will be the sole treatment allowed as of 1 January 2013 when the amendment to IAS 19 *Employee Benefits* enters into effect.

The corresponding prior-year figures were restated with retrospective effect in accordance with IAS 8 in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and in the notes to the consolidated financial statements.

Changes to the consolidated financial statements arising from the new measurement method for pensions are presented below:

	2011/12	2010/11
	EUR k	EUR k
Cost of sales	3,313	4,476
Sales and marketing expenses	1,123	1,517
General administrative expenses	618	834
Research and development expenses	562	759
Consolidated profit/loss	**5,616**	**7,586**
Other comprehensive income	**−263,905**	**55,161**

	30 Sep 12	30 Sep 11	30 Sep 10
	EUR k	EUR k	EUR k
Other non-current financial assets	−25,093	−15,993	−13,166
Deferred taxes	103,742	31,811	44,906
Assets	**78,649**	**15,818**	**31,740**
Pension provisions	319,491	72,815	139,035
Other reserves	−247,295	−61,902	−103,507
Equity earned by the Group	12,971	7,355	0
Non-controlling interests	−6,518	−2,450	−3,788
Equity and liabilities	**78,649**	**15,818**	**31,740**

Due to the changes in the market for high-quality corporate bonds on which the discount rate for pension provisions is based, the portfolio was expanded in the course of the fiscal year. It now also includes bonds with an AA rating by at least one rating agency. In addition, the minimum volume for their inclusion was reduced to EUR 50m and information on corporate bonds with an A rating was also taken into account (after deducting the spread between AA and A). Since the discount rate is no longer derived from the existing underlying data, it is not possible to calculate the effect of this change as of the end of the reporting period. If the expanded underlying data had already been used as of the beginning of the fiscal year, the DBO would have been about 5% higher as of that date.

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

Use of estimates

The preparation of financial statements in accordance with IFRSs requires management to make estimates that affect the measurement of assets and liabilities, the nature and scope of contingencies, the details reported of purchase commitments as of the reporting date and the reported amounts of income and expenses during the reporting period. The assumptions and estimates primarily relate to the determination of uniform useful lives and measurement parameters for impairment testing, in particular regarding goodwill. 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. Changes are recognized in profit or loss as and when better information is available. Any specific measurement risks are commented on together with the corresponding item of the statement of financial position.

Intangible assets

In accordance with IAS 38 *Intangible Assets*, acquired and 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.

These 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.

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 have been 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 Carl 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 are capitalized in the Carl 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 20 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. Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. 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 58 years
Technical equipment and machinery	2 to 21 years
Other equipment, furniture and fixtures	2 to 27 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. This risk-adjusted discount rate ranges between 6.3% and 10.4% in the Carl Zeiss Group, depending on the CGU. On a pre-tax basis, the risk-adjusted discount rate would range between 6.4% and 10.4%. The interest rates are calculated using the weighted average cost of capital (WACC) method. 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 without applying a growth factor. 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.

Assets leased under operating leases in which entities of the Carl Zeiss Group are the lessor are presented in non-current assets. Most of the operating leases relate to lease agreements for buildings.

Where entities in the Carl Zeiss Group are the lessors under finance leases, receivables are initially recognized at an amount equal to the net investment.

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 Carl 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 Carl 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, 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.

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 Carl Zeiss Group's risk management objectives and strategies for entering into 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 Carl 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 they relate to the effective portion of a hedge, changes in the fair value of a hedging instrument are recognized in 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 costs of conversion exceed the estimated net realizable value. All inventory, selling and income risks are taken into adequate consideration this way. If the reasons for a write-down no longer apply, it is reversed up 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 Carl Zeiss Group have various pension plans. In addition, some foreign subsidiaries have agreed to provide post-employment medical care benefits under certain circumstances.

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

Obligations from the defined benefit obligations are calculated 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 from 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.

Actuarial gains or losses resulting from changes in the composition of the plan and deviations of actual parameters from the assumptions made in the valuation are recognized directly in other reserves within equity.

Service cost is disclosed in earnings before interest and taxes, while the interest portion of additions to the provision and the return on plan assets are recorded in the financial result.

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 term to maturity of the receivables from the employer's pension liability insurance matches the term of the obligations to employees. They are presented on a net basis, and 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 dependant's 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 are necessarily entailed by the restructuring and 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 Carl Zeiss Group are the defendants. They are measured at the amount that the company would have to pay in the event of a negative outcome of the litigation and if it is more likely than not that the outcome will be negative. This amount includes the amounts payable by the company, such as damages and compensation payments as well as anticipated legal costs. In litigation where the company is the claimant, only the legal costs are provided for.

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.

No deferred tax liabilities are recognized for taxable temporary differences related to investments in subsidiaries if the timing of the reversal of the temporary differences can be controlled and it is not probable that the temporary differences will reverse in the foreseeable future.

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED INCOME STATEMENT

7 Revenue

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

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

Revenue by region breaks down as follows:

	2011/12		2010/11*	
	EUR k	%	EUR k	%
Germany	487,714	12	467,371	11
Europe (without Germany)	1,652,722	39	1,851,925	45
Americas	1,166,530	28	1,021,156	25
Asia	745,728	18	635,111	16
Other regions	110,293	3	108,497	3
	4,162,987	**100**	**4,084,060**	**100**

Of revenue, EUR 3,814m (prior year: EUR 3,790m) is attributable to the sale of goods, EUR 318m (prior year: EUR 244m) to the rendering of services and EUR 31m (prior year: EUR 50m) to the granting of licenses.

8 Other income

Other income breaks down as follows:

	2011/12	2010/11*
	EUR k	EUR k
Rental income	9,153	9,708
Commissions received	5,582	2,517
Gain on the disposal of non-current assets	1,283	1,529
Royalties	2,395	1,183
Sale of scrap	654	539
Reversal of provisions	51	504
Other operating income	15,802	4,102
	34,920	**20,082**

Other operating income mainly includes income from completed litigation.

9 Other expenses

Other expenses break down as follows:

	2011/12	2010/11*
	EUR k	EUR k
Rental expenses	8,495	9,052
Losses on the disposal of non-current assets	800	2,309
Other operating expenses	7,017	63
	16,312	**11,424**

10 Financial result

Interest result

	2011/12	2010/11*
	EUR k	EUR k
Interest and similar income	**15,669**	**26,850**
» thereof from affiliates	446	198
Interest and similar expenses	**113,170**	**139,206**
» thereof to affiliates	1,086	800
» thereof interest cost for pensions	75,854	71,436
	−97,501	**−112,356**

The interest cost for pensions must be considered together with the expected return on plan assets as described below and disclosed under other financial result. The balance of these two items of EUR 48,552k (prior year*: EUR 44,275k) is the Carl Zeiss Group's net financing cost for pensions.

Other financial result

	2011/12	2010/11*
	EUR k	EUR k
Income from investments	1,340	2,238
Income from profit transfer	391	494
Expenses for loss absorption	48	5,857
Investment result	**1,683**	**−3,125**
Income/expenses from exchange differences	−9,795	930
Income/expenses from changes in market value	−6,945	−2,730
Expected return on plan assets (pensions)	27,302	27,161
Reversal of impairment losses on financial assets	180	0
Gain/loss on the disposal of securities	29	134
Sundry other financial result	1,166	51,847
Other financial result	**13,620**	**74,217**

Income from investments includes income from affiliates of EUR 671k (prior year: EUR 1,647k).

The expenses from exchange differences and expenses from changes in market value relate to currency hedges and were more than compensated for in the reporting period by offsetting currency effects disclosed in the operating result.

The prior-year sundry other financial result contained income from a receivables waiver by banks of EUR 54,140k.

11 Income taxes

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

Income taxes break down as follows:

	2011/12	2010/11*
	EUR k	EUR k
Current tax expenses less tax refunds and reversal of tax provisions	132,055	168,682
Deferred tax income (prior year: expense)	−23,531	12,983
» thereof from temporary differences	15,407	−3,183
» thereof from changes in tax rates	2,270	527
» thereof from unused tax losses including any reductions	−41,208	15,639
	108,524	**181,665**

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 within the same range as in the prior year 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 6.0% and 42.1% (prior year: 10.0% and 42.1%).

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

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 12		30 Sep 11*	
	Assets	Liabilities	Assets	Liabilities
	EUR k	EUR k	EUR k	EUR k
Intangible assets	1,414	42,898	1,879	48,317
Property, plant and equipment	4,553	41,786	7,659	46,145
Other non-current assets	17,210	6,582	14,358	17,338
Inventories	43,994	6,462	38,947	5,992
Receivables and other current assets	5,120	10,874	6,569	13,129
Non-current liabilities	242,521	2,749	192,178	2,681
Current liabilities	61,958	9,601	89,255	10,228
Retained earnings	0	0	0	1,494
Unused tax losses	41,463	0	16,151	0
Total deferred taxes	**418,233**	**120,952**	**366,996**	**145,324**
Reduction	14,600	0	30,496	0
Offsetting	47,068	47,068	70,193	70,193
Deferred taxes, net	**356,565**	**73,884**	**266,307**	**75,131**

As of the reporting date, the Carl Zeiss Group has unused tax losses that are available for offsetting against future profit. Deferred tax assets of EUR 41,463k (prior year: EUR 16,151k) were recognized on unused tax losses as of the reporting date.

Apart from Germany, the following countries also recognized deferred tax assets on unused tax losses: Belgium, Denmark, France, Austria, Spain, Brazil, the US and Japan (prior year: Belgium, France, Austria, Spain, the US and Japan).

The unused tax losses for which no deferred taxes were recognized amount to EUR 545,102k (prior year: EUR 598,440k). 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. The decrease is primarily due to the recognition of deferred tax assets on unused tax losses for the first time.

Consolidation measures gave rise to deferred tax assets of EUR 28,458k (prior year: EUR 40,780k) and deferred tax liabilities of EUR 46,135k (prior year: EUR 56,148k).

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 104,180k (prior year*: EUR 177,115k) – to the current tax expense reported in the consolidated income statement is as follows:

	2011/12	2010/11*
	EUR k	EUR k
Earnings before taxes (EBT)	334,983	569,501
Expected income tax expense (= 31.1% x EBT; prior year: = 31.1% x EBT)	104,180	177,115
Differences from diverging tax rates	−2,581	−12,624
Effect of changes in tax rates	2,270	527
Effects from the share of profit/loss from investments accounted for using the equity method	0	−25
Effect of non-deductible expenses	5,796	2,638
Effect of tax-free income	−3,423	−1,529
Effects relating to other periods	6,286	18,695
Other	−4,004	−3,132
Current income tax expense	**108,524**	**181,665**

FINANCIALS

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

12 Intangible assets

The goodwill amounting to EUR 476,149k (prior year: EUR 467,045k) 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 without a growth factor. The discount rates are based on an after-tax cost of capital (WACC) of between 6.3% and 10.4% (between 6.4% and 10.4% before tax) 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 Carl Zeiss Group. The latter is made up of business groups, which in turn are divided into divisions. The divisions correspond to the cash-generating units.

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

	30 Sep 12	30 Sep 11
	EUR k	EUR k
Vision Care	331,143	332,416
Surgical Ophthalmology	62,720	54,472
Semiconductor Metrology Systems	39,902	38,605
Ophthalmic Systems	23,551	23,129
BioSciences	9,499	9,499
Service and Solutions	9,334	8,924

The change in the Surgical Ophthalmology cash-generating unit is largely due to the asset deal performed with a service provider in the Spanish and Portuguese medical sector. As part of the asset deal, assets were acquired and employees transferred in connection with the distribution and support of intraocular lenses and viscoelastics. The identified goodwill from the acquisition of the assets and liabilities is mainly attributable to the expected synergy effects from integrating the distribution and support business into the existing Surgical Ophthalmology business. The changes in the other cash-generating units result principally from foreign currency translation in accordance with IAS 21.47.

Apart from the legally protected trademarks with a carrying amount of EUR 928k (prior year: EUR 889k), which were recognized in the course of the purchase price allocation of LDT Inc. and are included in the Ophthalmic Systems cash-generating unit, the Group does not report any other intangible assets with indefinite useful lives. Until better information becomes available, the asset is expected to be used permanently and its useful life was therefore defined as indefinite. The impairment tests performed in the reporting period did not give rise to the need to recognize impairment losses on goodwill.

In the reporting period, a total of EUR 390m (prior year*: EUR 343m) was spent on research and development. An amount of EUR 13,158k (prior year: EUR 10,741k) thereof was capitalized as own development work in accordance with IAS 38.

	Patents, industrial rights, licenses, software	Goodwill	Develop-ment costs	Other intangible assets	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
Cost					
1 October 2010	**219,687**	**174,538**	**63,490**	**33,791**	**491,506**
Change in the basis of consolidation	54,355	374,833	58,266	59,362	546,816
Additions	10,174	462	10,741	12,654	34,031
Disposals	323	0	221	1,444	1,988
Reclassifications	1,251	0	0	−1,187	64
Exchange differences	473	1,076	43	223	1,815
30 September 2011	**285,617**	**550,909**	**132,319**	**103,399**	**1,072,244**
Amortization / impairment					
1 October 2010	**147,343**	**40,248**	**48,003**	**18,845**	**254,439**
Change in the basis of consolidation	24,884	42,879	561	6,086	74,410
Additions	32,452	0	14,095	18,771	65,318
Disposals	267	0	36	1,757	2,060
Reversal of impairment losses	14	0	1,385	0	1,399
Reclassifications	642	0	0	−651	−9
Exchange differences	379	737	27	−192	951
30 September 2011	**205,419**	**83,864**	**61,265**	**41,102**	**391,650**
Carrying amounts as of 30 September 2011	**80,198**	**467,045**	**71,054**	**62,297**	**680,594**
Cost					
1 October 2011	**285,617**	**550,909**	**132,319**	**103,399**	**1,072,244**
Change in the basis of consolidation	−425	8,661	−9,336	6,538	5,438
Additions	14,125	0	13,158	2,904	30,187
Disposals	4,835	1,826	2,138	8,205	17,004
Reclassifications	2,434	0	561	−1,634	1,361
Exchange differences	2,936	4,892	134	1,140	9,102
30 September 2012	**299,852**	**562,636**	**134,698**	**104,142**	**1,101,328**
Amortization / impairment					
1 October 2011	**205,419**	**83,864**	**61,265**	**41,102**	**391,650**
Change in the basis of consolidation	−594	0	−5,813	0	−6,407
Additions	30,387	0	15,423	11,244	57,054
Disposals	4,623	367	2,138	7,674	14,802
Reversal of impairment losses	131	0	0	0	131
Reclassifications	628	0	561	−425	764
Exchange differences	1,934	2,990	70	723	5,717
30 September 2012	**233,020**	**86,487**	**69,368**	**44,970**	**433,845**
Carrying amounts as of 30 September 2012	**66,832**	**476,149**	**65,330**	**59,172**	**667,483**

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

	2011/12		2010/11	
	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	0	0
Sales and marketing expenses	0	0	7,750	0
General administrative expenses	0	0	0	0
Research and development expenses	2,620	0	31	1,399
Other expenses	0	0	0	0
Other income	0	0	0	0
	2,620	**131**	**7,781**	**1,399**

The impairment losses in the reporting period mostly pertain to capitalized development costs.

13 Property, plant and equipment

	Land and buildings including buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Assets under construc-tion	**Total**
	EUR k	EUR k	EUR k	EUR k	EUR k
Cost					
1 October 2010	**443,080**	**459,381**	**641,098**	**21,141**	**1,564,700**
Change in the basis of consolidation	73,492	222,381	66,090	−1,522	360,441
Additions	13,321	42,040	50,429	58,437	164,227
Disposals	3,361	36,373	25,383	1,407	66,524
Reclassifications	−18,692	17,168	15,982	−14,522	−64
Exchange differences	2,290	1,862	97	199	4,448
30 September 2011	**510,130**	**706,459**	**748,313**	**62,326**	**2,027,228**
Depreciation / impairment					
1 October 2010	**185,687**	**350,380**	**533,041**	**0**	**1,069,108**
Change in the basis of consolidation	19,262	78,417	48,652	0	146,331
Additions	15,023	53,797	53,542	0	122,362
Disposals	2,454	35,218	23,463	0	61,135
Reversal of impairment losses	0	260	1,730	0	1,990
Reclassifications	−2,075	−2,290	4,374	0	9
Exchange differences	1,096	829	−81	0	1,844
30 September 2011	**216,539**	**445,655**	**614,335**	**0**	**1,276,529**
Carrying amounts as of 30 September 2011	**293,591**	**260,804**	**133,978**	**62,326**	**750,699**
Cost					
1 October 2011	**510,130**	**706,459**	**748,313**	**62,326**	**2,027,228**
Change in the basis of consolidation	−1,402	−7,386	−29,271	−2,619	−40,678
Additions	27,305	46,819	64,051	156,215	294,390
Disposals	3,331	28,531	28,270	4,665	64,797
Reclassifications	6,753	21,037	12,449	−41,600	−1,361
Exchange differences	5,103	11,209	4,220	650	21,182
30 September 2012	**544,558**	**749,607**	**771,492**	**170,307**	**2,235,964**
Depreciation / impairment					
1 October 2011	**216,539**	**445,655**	**614,335**	**0**	**1,276,529**
Change in the basis of consolidation	−1,231	−3,014	−20,887	0	−25,132
Additions	16,252	66,426	55,710	0	138,388
Disposals	2,198	25,265	25,588	0	53,051
Reversal of impairment losses	0	40	0	0	40
Reclassifications	137	−1,152	251	0	−764
Exchange differences	2,578	4,570	2,929	0	10,077
30 September 2012	**232,077**	**487,180**	**626,750**	**0**	**1,346,007**
Carrying amounts as of 30 September 2012	**312,481**	**262,427**	**144,742**	**170,307**	**889,957**

Borrowing costs of EUR 1,220k (prior year: EUR 0k) were capitalized in the reporting year; the underlying interest rates were 2.9% and 4.2% respectively.

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

	2011/12		2010/11	
	Impairment losses	Reversal of impairment losses	Impairment losses	Reversal of impairment losses
	EUR k	EUR k	EUR k	EUR k
Cost of sales	2,934	40	105	1,940
Sales and marketing expenses	2,859	0	40	0
General administrative expenses	0	0	48	0
Research and development expenses	0	0	0	50
Other expenses	0	0	0	0
Other income	0	0	0	0
	5,793	**40**	**193**	**1,990**

The impairment losses essentially pertain to technical equipment and machinery. Property, plant and equipment with a net carrying amount of EUR 4,434k (prior year: EUR 198k) are subject to restrictions on disposal or serve as collateral for liabilities. Contractual purchase commitments for property, plant and equipment total EUR 19,523k as of the reporting date (prior year: EUR 31,003k).

14 Investments accounted for using the equity method

Effective 1 December 2011, 2% of the interests in Perfect Vision LLC, Clearwater (USA), which had previously been consolidated in full, were sold for USD 1,000. Perfect Vision LLC is a partner business (prescription lab) with one Vision Care customer in the United States. Following the sale of the interests, Perfect Vision LLC is accounted for using the equity method in accordance with the alternative allowed in IAS 31.38. In addition, one associate is accounted for using the equity method.

		30 Sep 12	30 Sep 11
	Country	Interest	Interest
		%	%
Perfect Vision LLC, Clearwater	USA	49.0	51.0
Perfect Optics LLC, Vista	USA	21.3	21.3

The share in the loss of the above-mentioned entities attributable to the Carl Zeiss Group is reported in the consolidated income statement in the share of profit/loss from investments accounted for using the equity method.

Aggregated financial information on the investments accounted for using the equity method (basis 100%; 30 September):

	2011/12	2010/11
	EUR m	EUR m
Assets	15.0	–
Liabilities	8.7	–
Equity	6.3	–
Revenue	9.1	–
EBIT	−3.0	–
Profit/loss for the period	−3.2	–

15 Other non-current financial assets

	30 Sep 12	30 Sep 11*
	EUR k	EUR k
Shares in affiliates	8,624	9,506
Loans to affiliates	1,253	2,722
Other loans	5,859	4,436
Investments	33,490	8,217
Securities	58,582	109,272
Derivatives	147	1,029
Sundry other non-current financial assets	47,353	11,477
	155,308	**146,659**

The EUR 882k decrease in shares in affiliates is mainly attributable to the disposal of an investment in connection with the deconsolidation of Carl Zeiss Optronics GmbH.

The change in the investments is due above all to measurement of the remaining 24.9% interests held in Carl Zeiss Optronics GmbH at fair value.

The smaller securities portfolio of EUR 58,582k (prior year: EUR 109,272k) is a result of the reclassification to current assets.

The sundry other non-current financial assets consist of the assets of entities within and outside Germany in connection with financing or securing obligations towards employees and rent deposit accounts with remaining terms of more than one year. The increase is primarily due to the fact that flextime credits were secured via a contractual trust arrangement (CTA) for the first time in the fiscal year 2011/12.

16 Inventories

	30 Sep 12	30 Sep 11
	EUR k	EUR k
Materials and supplies	245,361	248,297
Work in progress	385,612	360,130
Finished goods and merchandise	356,551	329,649
Advances	11,116	10,049
	998,640	**948,125**

The carrying amounts contain write-downs of EUR 142,177k (prior year: EUR 171,111k). Of the total, an amount of EUR 390,947k (prior year: EUR 456,028k) was recognized at net realizable value below cost.

The write-downs recorded on inventories, which were recognized under cost of sales in the consolidated income statement, amounted to EUR 27,147k in the reporting period (prior year: EUR 39,116k). Write-downs of EUR 12,429k (prior year: EUR 13,596k) were reversed through profit or loss.

Cost of materials amounted to EUR 1,375m in the reporting period (prior year*: EUR 1,279m).

17 Trade and other receivables

	30 Sep 12	30 Sep 11
	EUR k	EUR k
Trade and other receivables (gross)	**803,154**	**796,913**
Portfolio-based allowances	25,507	29,451
Allowances for exchange differences	−423	904
Trade and other receivables (net)	**777,224**	**768,366**
» thereof due in more than one year	9,259	8,929

As of 30 September 2012, trade and other receivables include receivables of EUR 10,133k (prior year: EUR 6,066k) from construction contracts billed according to the percentage-of-completion method and finance lease receivables of EUR 5,116k (prior year: EUR 3,574k).

Advances received of EUR 2,516k (prior year: EUR 0k) have already been taken into account in the settlement of construction contracts. Revenue of EUR 24,313k (prior year: EUR 2,745k) was recognized from construction contracts in the reporting period.

The aggregate revenue from current projects as of the reporting date totals EUR 24,313k (prior year: EUR 6,043k). As of 30 September 2012 the retentions by customers for construction contracts amounted to EUR 4,405k (prior year: EUR 0k).

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

	2011/12	2010/11
	EUR k	EUR k
1 October	**29,451**	**15,681**
Change in the basis of consolidation	−605	14,434
Utilization	−6,021	−5,033
Reversal	−5,717	−3,532
Additions, including reclassifications	7,920	8,505
Exchange rate effects	479	−604
30 September	**25,507**	**29,451**

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

	30 Sep 12	30 Sep 11
	EUR k	EUR k
Trade and other receivables (net)	**777,224**	**768,366**
thereof neither impaired nor past due as of the reporting date	553,124	545,428
thereof not impaired as of reporting date but past due by the following time periods:		
» up to 30 days	93,119	83,463
» 31 to 90 days	39,975	39,615
» 91 to 180 days	17,132	22,634
» 181 to 365 days	9,897	7,429
» 366 days and more	6,870	8,297

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

18 Other current financial assets

	30 Sep 12	thereof due in more than one year	30 Sep 11	thereof due in more than one year
	EUR k	EUR k	EUR k	EUR k
Receivables from affiliates	23,141	1,041	17,894	651
Receivables from investments	4,068	0	1,925	0
Derivatives	4,770	0	4,666	0
Sundry other current financial assets	232,475	0	245,468	0
	264,454	**1,041**	**269,953**	**651**

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 increase in receivables from investments was caused principally by the deconsolidation of Carl Zeiss Optronics GmbH as of 30 September 2012 and its reclassification as an investment.

Sundry other current financial assets primarily include time deposits with a term of more than 90 days.

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

	30 Sep 12	30 Sep 11
	EUR k	EUR k
Receivables from affiliates	23,141	17,894
Receivables from investments	4,068	1,925
	27,209	**19,819**
thereof neither impaired nor past due as of the reporting date	20,580	12,437
thereof not impaired as of reporting date but past due by the following time periods:		
» up to 30 days	690	4,332
» 31 to 90 days	953	1,051
» 91 to 180 days	1,802	656
» 181 to 365 days	2,193	466
» 366 days and more	991	867

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

19 Other current non-financial assets

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

20 Securities

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

21 Cash and cash equivalents

	30 Sep 12	30 Sep 11
	EUR k	EUR k
Cash	379,292	380,150
Securities due in less than 90 days of their acquisition date	5,777	82,744
	385,069	**462,894**

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 0.10% and 0.70% (prior year: 0.30% and 1.40%).

22 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 shares at nominal value, all of which are held by the Carl Zeiss Foundation (Carl Zeiss Stiftung). A dividend of EUR 24,941k was distributed in the reporting period (prior year: EUR 18,597k). The dividend per share amounted to EUR 0.21 (prior year: EUR 0.15).

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 −207,300k (prior year: EUR −48,217k) developed as follows:

	Currency translation	Actuarial gains/losses	Available-for-sale financial assets	Cash flow hedges	Investments accounted for using the equity method	**Total**
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
1 October 2010	**1,278**	**−106,303**	**7,083**	**−697**	**−555**	**−99,194**
Recognized in equity	16,115	55,161	−266	−11,045	0	59,965
Reclassified to the income statement	0	0	0	0	555	555
Deferred income tax	0	−13,095	120	3,432	0	−9,543
30 September 2011	**17,393**	**−64,237**	**6,937**	**−8,310**	**0**	**−48,217**
1 October 2011	**17,393**	**−64,237**	**6,937**	**−8,310**	**0**	**−48,217**
Recognized in equity	41,758	−263,905	−1,976	−9,074	0	−233,197
Reclassified to the income statement	0	0	0	0	0	0
Deferred income tax	0	68,858	2,434	2,822	0	74,114
30 September 2012	**59,151**	**−259,284**	**7,395**	**−14,562**	**0**	**−207,300**

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*.

23 Provisions for pensions

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 Carl 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 55,049k in the reporting period (prior year: EUR 54,393k).

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 Carl Zeiss Group, defined benefit plans are partly financed via provisions and partly funded via external funds.

A contractual trust arrangement (CTA) was introduced in Germany in the 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. These assets satisfy the criteria set forth in IAS 19.7 for plan assets and are therefore 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.

Actuarial assumptions are essential for all defined benefit plans. Besides life expectancy, which in Germany is determined based on the 2005 G mortality tables from Prof. Dr. Klaus Heubeck, the following assumptions were made for the purposes of the actuarial calculations:

	Germany		Other countries	
	2011/12	2010/11	**2011/12**	2010/11
	%	%	%	%
Interest rate	4.07	5.2	0.8–7.0	1.0–7.75
Future salary increases	3.0	3.0	2.54–5.0	2.0–5.0
Future pension increases	2.0	2.0	2.0–5.0	0.7–5.0
Future medical cost increases	0.0	0.0	3.5	3.5
Expected return on plan assets	4.5	4.5	3.55–7.5	3.65–7.5

The expected return on plan assets is derived from the portfolio structure of plan assets together with the available market returns on comparable investments.

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

	Germany		Other countries	
	30 Sep 12	30 Sep 11	**30 Sep 12**	30 Sep 11
	EUR k	EUR k	EUR k	EUR k
Present value of unfunded obligations	869,136	785,526	33,113	28,888
Present value of benefit obligations from plans that are wholly or partly funded	677,613	543,858	274,871	250,580
Total present value of the defined benefit obligations	**1,546,749**	**1,329,384**	**307,984**	**279,468**
Plan assets at fair value*	563,532	436,753	197,170	179,359
Unrecognized past service cost	0	0	−127	−110
Other	74	0	−332	0
Pension provisions*	**983,291**	**892,631**	**110,355**	**99,999**

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

	Germany		Other countries	
	2011/12	2010/11	**2011/12**	2010/11
	EUR k	EUR k	EUR k	EUR k
Current service cost	30,350	34,526	4,841	5,160
Interest cost*	63,913	59,171	11,941	12,265
Expected return on plan assets*	−17,506	−17,369	−9,796	−9,792
Past service cost	0	889	−609	−110
Income/expense from plan amendments	0	0	−1,456	−516
Other	0	−494	−269	−163
Net benefit cost of the fiscal year*	**76,757**	**76,723**	**4,652**	**6,844**

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

	Germany		Other countries	
	2011/12	2010/11	**2011/12**	2010/11
	EUR k	EUR k	EUR k	EUR k
Defined benefit obligation (DBO) as of 1 October	**1,329,384**	**1,288,941**	**279,468**	**193,874**
Exchange differences	0	0	12,952	2,782
Change in the basis of consolidation	−26,330	87,332	0	77,948
Current service cost	30,350	34,526	4,841	5,160
Interest cost*	63,913	59,171	11,941	12,265
Benefits paid	−67,191	−68,447	−12,067	−10,173
Actuarial gains/losses	237,755	−77,222	26,205	−1,854
Past service cost	0	766	557	−18
Employee contributions	0	1,295	0	0
Income/expense from plan amendments	0	0	−5,869	−516
Plan settlements	0	0	−12,120	0
Adjustment for discontinued operations*	0	3,022	0	0
Other	−21,132	0	2,076	0
Defined benefit obligation (DBO) as of 30 September	**1,546,749**	**1,329,384**	**307,984**	**279,468**

Plan assets developed as follows:

	Germany		Other countries	
	2011/12	2010/11	**2011/12**	2010/11
	EUR k	EUR k	EUR k	EUR k
Plan assets as of 1 October	**436,753**	**387,937**	**179,359**	**112,273**
Exchange differences	0	0	8,826	392
Change in the basis of consolidation	−24,579	1,393	0	46,404
Expected return on plan assets*	17,506	17,369	9,796	9,792
Actuarial gains/losses	3,702	−23,805	9,501	−7,898
Employer contributions	158,046	36,513	5,640	6,011
Employee contributions	0	1,295	369	452
Benefits paid	−6,764	−6,292	−9,264	−9,063
Effect of changes in components that cannot be netted*	0	1,432	930	20,996
Plan settlements	0	0	−8,392	0
Adjustment for discontinued operations*	0	1,664	0	0
Other	−21,132	19,247	405	0
Plan assets as of 30 September*	**563,532**	**436,753**	**197,170**	**179,359**

The other changes in the DBO and plan assets in Germany are attributable to the obligation for deferred compensation being classified as a defined contribution obligation for the first time in the reporting period. The plan settlement of the DBO and plan assets relate above all to the termination of a foreign pension plan.

In addition, there are assets amounting to EUR 5,271k (prior year*: EUR 3,034k) that can be used only to settle the benefit obligations and exceed the underlying secured pension claims or cannot be classified as plan assets as defined by IAS 19 *Employee Benefits*. This amount is therefore reported in non-current financial assets instead of plan assets. The portion that is attributable to employer contributions made in the reporting period is shown in the statement of cash flows in purchases of financial assets instead of under amounts allocated to the contractual trust arrangement and other plan assets outside Germany.

Employer contributions to plan assets for the fiscal year 2012/13 are expected to amount to EUR 6,404k (prior year: EUR 6,822k).

The portfolio of plan assets consists of the following components:

	Germany		Other countries	
	30 Sep 12	30 Sep 11*	**30 Sep 12**	30 Sep 11*
	EUR k	EUR k	EUR k	EUR k
Stocks	98,377	89,938	89,861	74,477
Fixed-interest securities	204,164	206,153	83,104	75,057
Real estate	9,334	0	6,830	8,875
Cash	214,623	40,040	5,370	9,609
Other	37,034	100,622	12,005	11,341
	563,532	**436,753**	**197,170**	**179,359**

Experience adjustments developed as follows:

	30 Sep 12	30 Sep 11*	30 Sep 10	30 Sep 09	30 Sep 08
	EUR k	EUR k	EUR k	EUR k	EUR k
Present value of the defined benefit obligation	1,854,733	1,608,852	1,482,815	1,230,082	1,127,076
Fair value of plan assets	760,702	616,112	500,210	463,665	427,021
Plan deficit	**−1,094,031**	**−992,740**	**−982,605**	**−766,417**	**−700,055**
Experience adjustments of plan liabilities as of the reporting date	263,960	−79,076	218,356	93,508	−126,495
Experience adjustments of plan assets as of the reporting date	13,203	−31,703	−4,114	−879	−68,233

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

	2011/12		2010/11	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
	EUR k	EUR k	EUR k	EUR k
The aggregate of the current service cost and interest cost components of net periodic post-employment medical costs	620	−475	669	−515
Accumulated post-employment benefit obligation for medical costs	8,828	−6,824	8,071	−6,303

24 Other provisions

	30 Sep 12		30 Sep 11	
		thereof due within one year		thereof due within one year
	EUR k	EUR k	EUR k	EUR k
Provisions for income taxes	55,772	55,772	24,795	24,795
Provisions for personnel-related obligations	129,284	79,637	158,070	68,710
Provisions for sales-related obligations	105,430	105,430	143,339	143,339
Sundry other provisions	228,300	117,505	197,468	60,950
	518,786	**358,344**	**523,672**	**297,794**

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

Provisions for personnel-related obligations mainly relate to 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, services still to be rendered and onerous contracts. Sundry other provisions include provisions for environmental risks, legal costs, restructuring and anti-trust proceedings.

	1 Oct 11	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 12
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Provisions for income taxes	24,795	0	2,966	900	34,724	0	119	55,772
Provisions for personnel-related obligations	158,070	−4,955	85,972	17,239	77,085	1,856	439	129,284
Provisions for sales-related obligations	143,339	−31,352	57,378	25,915	73,747	826	2,163	105,430
Sundry other provisions	197,468	2,823	37,984	16,048	76,611	5,515	−85	228,300
	523,672	**−33,484**	**184,300**	**60,102**	**262,167**	**8,197**	**2,636**	**518,786**

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25 Financial liabilities

	30 Sep 12			30 Sep 11		
		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	323,114	18,007	45,730	382,968	182,226	86,617
Lease liabilities	20,879	3,712	5,261	23,613	4,865	8,563
Other financial liabilities	207,657	96,889	0	165,583	64,122	0
» thereof profit participation capital	12,602	3,731	0	9,114	1,849	0
» thereof liabilities to affiliates	54,133	54,133	0	39,247	39,247	0
	551,650	**118,608**	**50,991**	**572,164**	**251,213**	**95,180**

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

Profit participation capital

The profit participation rights comprise participation certificates of the 2007-D, 2008-D, 2010-D and 2011-D series, each with a term of five years and a nominal volume totaling EUR 10,680k. 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 Carl Zeiss Group's return on sales.

In the reporting period the 2006-D series participation certificates amounting to EUR 1,849k 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.

Promissory note loans

By agreement dated 4 May 2009, Carl Zeiss AG issued two promissory note loans of EUR 160m in total, one amounting to EUR 128.5m and fixed interest bearing and the other totaling EUR 31.5m and subject to floating interest rates. An interest rate hedge has been concluded for the latter. Both loans will fall due for repayment at nominal value on 12 May 2014.

A promissory note loan of EUR 170m issued by agreement dated 16 June 2005 was repaid upon maturity on 25 June 2012.

An amount of EUR 102.5m of these promissory note loans (prior year: EUR 270m) is included in liabilities to banks. A further amount of EUR 57.5m (prior year: EUR 60m) is included in other financial liabilities because the lenders are insurance companies or financial services providers.

Liabilities to banks

Bank loans of EUR 110m were repaid as scheduled in the reporting period.

By agreement dated 12 August 2011, Carl Zeiss AG and a syndicate of banks negotiated a revolving credit facility with a volume not exceeding EUR 400m with floating interest rates and a term to maturity ending on 12 August 2016. The credit facility serves as a strategic liquidity reserve for the Carl Zeiss Group and had not been drawn on 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 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. This loan is subject to fixed interest rates and repayable by 30 December 2021 with repayments starting on 31 March 2014.

The finance lease liabilities are detailed in note 32 “Leases.”

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

26 Trade payables

Trade payables of EUR 0k (prior year: EUR 107k) are due in more than one year. As of the reporting date this item contains obligations arising from construction contracts of EUR 0k (prior year: EUR 1,231k).

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

27 Other non-financial liabilities

	30 Sep 12		30 Sep 11	
		thereof due within one year		thereof due within one year
	EUR k	EUR k	EUR k	EUR k
Advances received on account of orders	321,961	321,961	255,475	235,202
Accruals for sales-related obligations	290,182	290,182	238,027	238,027
Accruals for personnel-related obligations	169,336	169,336	159,099	159,099
Other accruals	39,093	39,093	36,396	36,396
Deferred income	95,078	63,733	86,130	55,007
Tax liabilities (other than income taxes)	29,198	29,198	29,859	29,859
Withheld wage tax	13,033	13,033	10,866	10,866
Liabilities relating to social security	8,418	8,418	9,375	9,375
Sundry other non-financial liabilities	41,071	17,062	13,764	13,400
	1,007,370	**952,016**	**838,991**	**787,231**

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

OTHER NOTES

28 Notes to the statement of cash flows

The consolidated statement of cash flows shows how the cash of the Carl 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 1,715k (prior year: EUR 11,646k) is subject to restrictions on disposal. Further restrictions on disposal within the Group can arise from national restrictions on capital transfer.

29 Contingent liabilities and assets

	30 Sep 12	30 Sep 11
	EUR k	EUR k
Liabilities from guarantees	77,853	4,093
Other contingent liabilities	2,709	1,136

The increase in liabilities from guarantees is attributable to the removal of the Security and Defense Systems division from the basis of consolidation.

The other contingent liabilities were not recognized as provisions because the probability of claims being made is considered remote.

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30 Average headcount for the year

	2011/12	2010/11*
	Number	Number
Germany	9,781	9,003
Europe (without Germany)	3,645	3,676
Americas	6,097	6,378
Asia	3,550	2,878
Other regions	663	684
	23,736	**22,619**
Trainees	402	429
Total	**24,138**	**23,048**

Part-time employees and temporary employees are included proportionately.

Personnel expenses amounted to EUR 1,418m in the reporting period (prior year*: EUR 1,285m).

31 Financial instruments and risk management

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

Carrying amounts by measurement category

The table below presents the carrying amounts by measurement category:

	30 Sep 12	30 Sep 11*
	EUR k	EUR k
Loans and receivables	1,091,373	1,052,288
Assets at fair value through profit or loss	4,917	5,695
Available-for-sale financial assets	199,122	168,032
Financial instruments other than those defined by IAS 39	385,069	462,894
Financial assets	**1,680,481**	**1,688,909**
Financial liabilities at amortized cost	732,429	778,724
Liabilities at fair value through profit or loss	36,061	21,271
Financial instruments other than those defined by IAS 39	20,879	23,613
Financial liabilities	**789,369**	**823,608**

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 12		30 Sep 11*	
	Carrying amount	Fair value	Carrying amount	Fair value
	EUR k	EUR k	EUR k	EUR k
Available-for-sale financial assets				
» Shares in affiliates	8,624	8,624	9,506	9,506
» Investments	26,283	26,283	6,733	6,733
Loans and receivables				
» Trade and other receivables	777,224	777,224	768,366	768,366
» Receivables from affiliates	23,141	23,141	17,894	17,894
» Receivables from investments	4,068	4,068	1,925	1,925
» Loans to affiliates and other loans	12,184	12,184	9,543	9,543
» Sundry other non-current financial assets	47,353	47,353	11,477	11,477
» Sundry other current financial assets	227,403	227,403	243,084	243,084
Cash and cash equivalents	385,069	385,069	462,894	462,894
Financial assets	**1,511,349**	**1,511,349**	**1,531,422**	**1,531,422**
Financial liabilities at amortized cost				
» Liabilities to banks	323,114	331,855	382,968	386,124
» Trade payables	237,719	237,719	251,444	251,444
» Other financial liabilities	171,596	176,441	144,312	144,731
Finance lease liabilities	20,879	20,879	23,613	23,613
Financial liabilities	**753,308**	**766,894**	**802,337**	**805,912**

Cash and cash equivalents as well as trade receivables mostly have short terms to maturity. Consequently, their carrying amounts as of the reporting date approximate their fair value.

Trade payables generally have short terms to maturity; their carrying amounts therefore approximate fair value.

The fair values of the liabilities to banks and other financial liabilities are calculated as the present value of the payments associated with the liabilities, based on the applicable term structure of interest rates.

Shares in affiliates and investments whose fair value cannot be determined reliably are measured at amortized cost.

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 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 12	Level 1	Level 2	Level 3	Total
	EUR k	EUR k	EUR k	EUR k
Available-for-sale financial assets				
» Investments	2,361	0	4,846	7,207
» Securities	157,007	0	0	157,007
Assets at fair value through profit or loss				
» Other financial assets				
» Derivatives	0	4,917	0	4,917
Financial assets	**159,368**	**4,917**	**4,846**	**169,131**
Liabilities at fair value through profit or loss				
» Other financial liabilities				
» Derivatives	0	36,061	0	36,061
Financial liabilities	**0**	**36,061**	**0**	**36,061**

30 Sep 11	Level 1	Level 2	Level 3	Total
	EUR k	EUR k	EUR k	EUR k
Available-for-sale financial assets				
» Investments	1,484	0	3,940	5,424
» Securities	150,308	0	0	150,308
Assets at fair value through profit or loss				
» Other financial assets				
» Derivatives	0	5,695	0	5,695
Financial assets	**151,792**	**5,695**	**3,940**	**161,427**
Liabilities at fair value through profit or loss				
» Other financial liabilities				
» Derivatives	0	21,271	0	21,271
Financial liabilities	**0**	**21,271**	**0**	**21,271**

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

	Investments	
	2011/12	2010/11
	EUR k	EUR k
1 October	**3,940**	**5,260**
Additions	46	18
Changes in fair value recognized in profit or loss	0	0
Changes in fair value recognized in equity	807	1,479
Disposals	122	2,876
Exchange rate effects	175	59
30 September	**4,846**	**3,940**
Fair value changes recognized in profit or loss for the financial instruments as of the reporting date	0	0

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*:

	2011/12			
				thereof
		from interest	from subsequent measurement	from disposals
	EUR k	EUR k	EUR k	EUR k
Loans and receivables	**−3,043**	5,206	−8,249	0
Available-for-sale financial assets	**4,967**	4,993	−55	29
Financial assets and liabilities at fair value through profit or loss	**−8,702**	0	−6,962	−1,740
Financial liabilities measured at amortized cost	**−34,559**	−24,209	−10,350	0

	2010/11			
				thereof
		from interest	from subsequent measurement	from disposals
	EUR k	EUR k	EUR k	EUR k
Loans and receivables	**6,859**	10,667	−3,808	0
Available-for-sale financial assets	**2,572**	5,399	−2,961	134
Financial assets and liabilities at fair value through profit or loss	**5,355**	0	−10,388	15,743
Financial liabilities measured at amortized cost	**−1,609**	−39,901	38,292	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 five 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. Two loans borrowed in fiscal year 2008/09 and 2011/12 were designated as hedged items. 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 12	30 Sep 11
	EUR k	EUR k
Nominal values	181,500	181,500
Fair values of hedging instruments	−17,516	−7,936
Effective portion	−9,569	−6,879
Ineffective portion	−11	−5

To hedge the currency exposure from forecast revenue in the project business of USD 54m, the Group has entered into forward exchange contracts with matching remaining terms to maturity of between three and 24 months. These forward exchange contracts were designated as cash flow hedges in compliance with the requirements for hedge accounting.

	30 Sep 12	30 Sep 11
	EUR k	EUR k
Fair values of hedging instruments	−3,275	−4,168
Effective portion	−2,331	−4,166
Ineffective portion	0	−2
Reclassification to revenue	−3,499	0

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.

Capital management

The primary objective of the Carl 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 scope, 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 first and foremost the EVA® (Economic Value Added).

General information about financial risks and risk management

The operations of the Carl 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 Carl Zeiss Group as of the end of the reporting period is equivalent to the carrying amount of the financial instruments disclosed as financial assets.

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 Carl 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 through a range of different means, including country-specific options. The most frequent form is the retention of title.

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

Derivative financial instruments

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

Liquidity risk

The liquidity risk of the Carl 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 Carl 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 2010/11.

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

The table below shows the contractually agreed undiscounted cash outflows for non-derivative financial liabilities and for derivative financial instruments with a negative market value.

	Carrying amount 30 Sep 12	Undiscounted cash flows					**Total 30 Sep 12**
		up to 30 days	31 to 90 days	91 to 180 days	181 to 365 days	more than 365 days	
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Liabilities to banks	**323,114**	10,133	2,880	10,707	9,162	317,902	**350,784**
Lease liabilities	**20,879**	448	901	1,316	2,581	20,769	**26,015**
Trade payables	**237,719**	160,291	56,953	16,060	4,307	194	**237,805**
Other financial liabilities	**207,657**	35,484	6,887	26,021	17,833	127,363	**213,588**
» thereof liabilities to affiliates	**54,133**	20,146	389	17,143	0	17,361	**55,039**
» thereof liabilities to investments	**10,536**	10,362	138	12	24	0	**10,536**
» thereof derivative financial instruments with a negative market value	**36,061**	1,931	6,318	4,972	8,486	14,470	**36,177**
» thereof profit participation capital	**12,602**	0	0	3,731	0	8,871	**12,602**

	Carrying amount 30 Sep 11	Undiscounted cash flows					Total 30 Sep 11
		up to 30 days	31 to 90 days	91 to 180 days	181 to 365 days	more than 365 days	
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Liabilities to banks	**382,968**	7,502	49	829	181,246	213,795	**403,421**
Lease liabilities	**23,613**	578	1,031	1,518	2,982	23,460	**29,569**
Trade payables	**251,444**	131,923	100,610	14,593	4,219	379	**251,724**
Other financial liabilities	**165,583**	13,742	1,921	5,444	14,618	148,584	**184,309**
» thereof liabilities to affiliates	**39,247**	11,448	1,130	0	1,100	33,458	**47,136**
» thereof liabilities to investments	**431**	309	122	0	0	0	**431**
» thereof derivative financial instruments with a negative market value	**21,271**	1,572	647	2,095	4,587	12,370	**21,271**
» thereof profit participation capital	**9,114**	0	0	3,159	0	7,265	**10,424**

The available liquidity as well as the revolving credit facility give the Carl Zeiss Group adequate flexibility to cover the Group's refinancing needs. The Carl 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 Carl 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 Carl Zeiss Group refers to value-at-risk analyses. These analyses are used to regularly assess the risk position from changes in exchange rates and interest 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 Carl 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 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 2012 (prior year: EUR 4.2m).

Interest rate risk

Interest rate risk generally arises from any fluctuations in the value of financial instruments as a result of changes in market interest rates.

The Carl 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. In the main, this is attributable to short-term investments.

The Carl Zeiss Group's interest rate risk is analyzed and managed centrally by Carl Zeiss Financial Services GmbH. The Carl 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: Assuming a change of +/−100 base points, the floating-rate instruments held by the Carl Zeiss Group would have had an effect of +/− EUR 5.7m on profit or loss (prior year: +/− EUR 6.8m).

Fair value risk: Assuming a change of +/−100 base points, the fixed-rate instruments held by the Carl Zeiss Group as available-for-sale financial instruments would have had an effect of +/−EUR 11.8m on equity (prior year: +/−EUR 10.8m).

Other price risks

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

32 Leases

Operating leases – the Group as the lessee

The Group leases office space and office equipment. The contracts have terms of between one and 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:

	2011/12	2010/11
	EUR k	EUR k
Minimum lease payments	43,706	35,770
Contingent rent	818	1,407
Sublease payments	49	187
	44,573	**37,364**

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

	30 Sep 12	30 Sep 11
Term to maturity	EUR k	EUR k
Less than 1 year	33,954	25,829
Between 1 and 5 years	65,655	43,081
More than 5 years	20,455	9,202

Operating leases – the Group as the lessor

The Group has entered into lease agreements for office space with future minimum lease payments receivable from non-cancellable operating leases with the following terms:

	30 Sep 12	30 Sep 11
Term to maturity	EUR k	EUR k
Less than 1 year	10,303	6,248
Between 1 and 5 years	1,164	1,070
More than 5 years	11	47

Income from contingent rent, lease and similar payments amounted to EUR 0k in the reporting period (prior year: EUR 6k).

Finance leases – the Group as the lessee

The Carl Zeiss Group has entered into finance leases for various fixed assets, including buildings as well as technical equipment and machinery.

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

	30 Sep 12	30 Sep 11
	EUR k	EUR k
Land and buildings	8,065	8,633
Technical equipment and machinery	2,118	2,256
Other equipment, furniture and fixtures	628	534

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 5,833k (prior year: EUR 6,264k) continue to be carried and depreciated by the lessee.

Technical equipment includes assets of EUR 2,112k (prior year: EUR 2,236k) from sale-and-leaseback transactions.

Finance lease liabilities are due as follows:

				30 Sep 12
		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	26,222	4,991	15,373	5,858
Interest portion / future finance costs	5,344	1,279	3,467	598
Present value of future minimum lease payments	**20,878**	**3,712**	**11,906**	**5,260**

				30 Sep 11
		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	29,785	6,218	13,863	9,704
Interest portion / future finance costs	6,179	1,353	3,685	1,141
Present value of future minimum lease payments	**23,606**	**4,865**	**10,178**	**8,563**

Some of the finance leases for technical equipment and machinery and of the sale-and-leaseback transactions allow the lease term to be extended or the assets to be purchased at the end of the term.

Future minimum lease payments under non-cancellable subleases amount to EUR 782k (prior year: EUR 1,284k).

Finance leases – the Group as the lessor

Technical equipment is leased out under finance lease agreements. The finance lease receivables total EUR 5,116k as of the reporting date (prior year: EUR 3,574k).

	30 Sep 12			30 Sep 11		
	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	2,546	189	2,357	1,729	189	1,540
Between 1 and 5 years	2,910	151	2,759	2,214	180	2,034
More than 5 years	0	0	0	0	0	0

33 Government grants

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

	2011/12	2010/11
	EUR k	EUR k
Research and development grants	10,228	15,031
Grants related to assets	1,200	366
Other grants related to expenses	48	786
	11,476	**16,183**

34 Related party disclosures

Related parties (entities) as defined by IAS 24 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 39,800k and with short remaining 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.

35 German Corporate Governance Code

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

36 Auditor's fees

The Supervisory Board of Carl Zeiss AG engaged KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, to audit the consolidated financial statements. The audit fees disclosed relate to the group auditor KPMG AG, Germany.

	30 Sep 12	30 Sep 11
	EUR k	EUR k
Audit services	1,715	1,567
Other attestation services	33	17
Tax advisory services	3	0
Other services	51	222

37 Subsequent events

Carl Zeiss Meditec AG dividend

The Management Board and Supervisory Board of Carl Zeiss Meditec AG have proposed 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 Carl Zeiss Group's equity accordingly. The corresponding resolution has yet to be adopted by the Annual General Meeting for the fiscal year 2012/13.

38 Remuneration of the Executive Board and the Supervisory Board

The short-term benefits paid to members of the Executive Board amounted to EUR 6,537k in the fiscal year 2011/12 (prior year: EUR 5,941k). Expenses for post-employment benefits came to EUR 458k (prior year: EUR 889k).

The members of the Supervisory Board received compensation of EUR 535k for their services in the reporting period (prior year: EUR 563k).

As of the reporting date there are benefit obligations to former members of the Executive Board or their surviving dependants totaling EUR 31,172k (prior year: EUR 28,188k). They received post-employment benefits amounting to EUR 2,094k in the reporting period (prior year: EUR 1,787k).

List of shareholdings of the Group

in accordance with Sec. 315a (1) in conjunction with Sec. 313 (2) German Commercial Code (HGB)
30 September 2012

Country	City	Name of entity		Share in capital acc. to Sec. 285 Sentence 1 No. 11 HGB %	Beneficial interest %
1. Fully consolidated subsidiaries					
Germany	Essingen	Carl Zeiss 3D Automation GmbH		51.1	51.1
Germany	Ostfildern	Carl Zeiss 3D Metrology Services GmbH Stuttgart		92.0	92.0
Germany	Oberkochen	Carl Zeiss Beteiligungs-GmbH	[1]	100.0	100.0
Germany	Oberkochen	Carl Zeiss Financial Services GmbH	[2]	100.0	100.0
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	48.4 [3]
Germany	Aalen	Carl Zeiss Vision Grundstücks GmbH & Co. KG	[1]	100.0	48.4 [3]
Germany	Aalen	Carl Zeiss Vision Holding GmbH		48.0 [3]	48.4 [3]
Germany	Aalen	Carl Zeiss Vision International GmbH		100.0	48.4 [3]
Germany	Aalen	Carl Zeiss Vision Investment GmbH		100.0	48.4 [3]
Germany	Frankfurt	Helaba Invest – CZFS Spezialfonds		100.0	100.0
Germany	Wetzlar	Hensoldt Grundstücks GmbH & Co. KG	[1]	100.0	100.0
Germany	Tholey	Junker & Partner GmbH		75.1	75.1
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	48.4 [3]
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
Belgium	Zaventem	Carl Zeiss N.V.-S.A.		100.0	100.0

Country	City	Name of entity	Share in capital acc. to Sec. 285 Sentence 1 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	48.4[3]
Brazil	Sao Paulo	Carl Zeiss do Brasil Ltda.	100.0	100.0
Brazil	Petrópolis	Carl Zeiss Vision Brazil Industria Optica Ltda.	100.0	48.4[3]
Brazil	Petrópolis	MeisterHaus Laboratorio Optico Ltda.	100.0	48.4[3]
Brazil	Sao Paulo	Quality Lab Laboratorio e Comercio de Produtos Optics Ltda.	100.0	48.4[3]
Brazil	Manaus	SAMO - Sociedade Amazonense de Óculos Ltda.	100.0	48.4[3]
British Virgin Islands	Road Town, Tortola	Carl Zeiss Vision China (BVI) Ltd.	100.0	48.4[3]
China/Hong Kong	Kowloon, Hong Kong	Carl Zeiss Far East Co. Ltd.	100.0	100.0
China/Hong Kong	Hong Kong Shatin, N.T.	Carl Zeiss Vision Sunlens Asia Pacific Ltd.	100.0	48.4[3]
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	48.4[3]
China	Guangzhou	Carl Zeiss Vision Guangzhou Ltd.	100.0	48.4[3]
China	Guangzhou	Carl Zeiss Vision Sunlens China Ltd.	100.0	48.4[3]
China	Guangdong	Carl Zeiss Vision Technical Services (Guangzhou) Ltd.	100.0	48.4[3]
China	Guangzhou	Carl Zeiss Vision Technologies (Guangzhou) Ltd.	100.0	48.4[3]
Denmark	Birkerød	Brock & Michelsen A/S	100.0	100.0
Denmark	Birkerød	Carl Zeiss Vision Danmark A/S	100.0	48.4[3]
Finland	Tuusula	Carl Zeiss Oy	100.0	100.0
France	La Rochelle, Perigny	Atlantic SAS	100.0	65.1
France	Le Pecq	Carl Zeiss Meditec France S.A.S.	100.0	65.1
France	La Rochelle, Perigny	Carl Zeiss Meditec SAS	100.0	65.1
France	Le Pecq	Carl Zeiss S.A.S.	100.0	100.0
France	Fougères	Carl Zeiss Vision France Holding S.A.S.	100.0	48.4[3]
France	Fougères	Carl Zeiss Vision France S.A.S.	100.0	48.4[3]
France	Aubergenville	Carl Zeiss Vision GVLAB S.A.S.	100.0	48.4[3]
France	Paris	France Chirurgie Instrumentation (F.C.I.) SAS	100.0	65.1
France	St. Louis	Optiswiss France SARL	100.0	48.4[3]
France	Sablé sur Sarthe	Saphir 3D S.à.r.l.	100.0	100.0
France	Fougères	Sola Industrie Optique S.A.S.	100.0	48.4[3]
United Kingdom	Birmingham	American Optical UK Ltd.	100.0	48.4[3]
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	48.4[3]
United Kingdom	Livingston	HYALTECH Ltd.	100.0	65.1
United Kingdom	Birmingham	SILS Limited	100.0	48.4[3]

FINANCIALS

Country	City	Name of entity	Share in capital acc. to Sec. 285 Sentence 1 No. 11 HGB	Beneficial interest
			%	%
1. Fully consolidated subsidiaries				
India	Bangalore	Carl Zeiss India (Bangalore) Private Ltd., Bangalore	100.0	100.0
India	Mumbai	Sola Optical Lens Marketing Pvt. Ltd.	100.0	48.4 [3]
Ireland	Wexford	Carl Zeiss Vision Ireland Ltd.	100.0	48.4 [3]
Ireland	Wexford	Sola Holdings Ireland Limited	100.0	48.4 [3]
Ireland	Wexford	Sola Ophthalmic Products Limited	100.0	48.4 [3]
Ireland	Wexford	Sola RDC Limited	100.0	48.4 [3]
Israel	Karmiel	Carl Zeiss SMS Ltd.	100.0	100.0
Italy	Novara	Carl Zeiss Quality Services S.r.l.	100.0	100.0
Italy	Arese (Milan)	Carl Zeiss S.p.A.	100.0	100.0
Italy	Varese	Carl Zeiss Vision Italia S.p.A.	100.0	48.4 [3]
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	48.4 [3]
Japan	Tokyo	Carl Zeiss Vision Rinku K.K. Ltd.	100.0	48.4 [3]
Canada	Toronto	Carl Zeiss Canada Ltd.	100.0	100.0
Canada	Toronto	Carl Zeiss Vision Canada Inc.	100.0	48.4 [3]
Columbia	Bogotá	Carl Zeiss Vision Colombia Ltda.	100.0	48.4 [3]
Korea, South	Seoul	Carl Zeiss Co., Ltd.	100.0	100.0
Korea, South	Seoul	Carl Zeiss Vision Korea Co., Ltd.	100.0	48.4 [3]
Malaysia	Kuala Lumpur	Carl Zeiss Sdn. Bhd.	100.0	100.0
Malaysia	Ampang (Taman Cahaya)	Carl Zeiss Vision (Malaysia) Sdn. Bhd.	100.0	48.4 [3]
Mauritius	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	48.4 [3]
Mexico	Naucalpan	Carl Zeiss Vision Mexico S. de R.L. de C.V.	100.0	48.4 [3]
New Zealand	Auckland	Carl Zeiss (N.Z.) Ltd.	100.0	100.0
Netherlands	Sliedrecht	Carl Zeiss B.V.	100.0	100.0
Netherlands	Sliedrecht	Carl Zeiss Vision Netherland B.V.	100.0	48.4 [3]
Norway	Oslo	Carl Zeiss AS	100.0	100.0
Norway	Oslo	Carl Zeiss Vision Norway AS	100.0	48.4 [3]
Austria	Vienna	Carl Zeiss GmbH	100.0	100.0
Austria	Graz	Carl Zeiss Industrielle Messtechnik Austria GmbH	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	48.4 [3]
Sweden	Stockholm	Carl Zeiss AB	100.0	100.0

Country	City	Name of entity	Share in capital acc. to Sec. 285 Sentence 1 No. 11 HGB	Beneficial interest
			%	%
Sweden	Malmö	Carl Zeiss Vision AB	100.0	48.4 [3]
Switzerland	Feldbach	Carl Zeiss AG	100.0	100.0
Switzerland	Feldbach	Carl Zeiss Vision Swiss AG	100.0	48.4 [3]
Switzerland	Basle	Optiswiss AG	100.0	48.4 [3]
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	48.4 [3]
Slovakia	Bratislava	Carl Zeiss Slovakia, s.r.o.	100.0	100.0
Spain	Tres Cantos	Carl Zeiss IMT Iberia S.L.U.	100.0	100.0
Spain	Tres Cantos	Carl Zeiss Meditec Iberia SA	100.0	65.1
Spain	Sant Just Desvern – Barcelona	Carl Zeiss Microscopy, S.L.	100.0	100.0
Spain	Madrid	Carl Zeiss Vision España, S.L.	100.0	48.4 [3]
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 Ltd.	100.0	48.4 [3]
Taiwan	Taipei	Sola Optical Taiwan Ltd.	100.0	48.4 [3]
Thailand	Bangkok	Carl Zeiss Co. Ltd.	49.0 [3]	49.0 [3]
Czech Republic	Prague	Carl Zeiss spol. s r.o.	100.0	100.0
Hungary	Mátészalka	Carl Zeiss Sport Optikai Hungaria Kft.	100.0	100.0
Hungary	Mátészalka	Carl Zeiss Vision Hungary Optikai Kft.	100.0	48.4 [3]
USA	San Diego	American Optical IP Corporation	100.0	48.4 [3]
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	Peabody	Carl Zeiss NTS, 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	48.4 [3]
USA	San Diego	Carl Zeiss Vision Holdings Mexico LLC	100.0	48.4 [3]
USA	San Diego	Carl Zeiss Vision Inc.	100.0	48.4 [3]
USA	Pembroke	FCI Ophthalmics Inc	100.0	65.1
USA	San Diego	Sola Optical Holdings Aus. Ltd.	100.0	48.4 [3]
Venezuela	San Diego	Carl Zeiss Vision Venezuela Industria Optica C.A.	100.0	48.4 [3]
United Arab Emirates	Dubai	Carl Zeiss Vision Middle East & North Africa FZE	100.0	48.4 [3]

Country	City	Name of entity	Share in capital acc. to Sec. 285 Sentence 1 No. 11 HGB	Beneficial interest
			%	%
2. Associates accounted for using the equity method				
USA	Vista	Perfect Optics LLC	21.3	10.3
USA	Clearwater	Perfect Vision LLC	49.0	23.7
3. 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	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 Dresden	51.0	51.0
Germany	Oberkochen	Carl Zeiss Neunte Vorratsgesellschaft mbH	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	48.4 [3]
Germany	Oberkochen	Carl Zeiss Vision Management Equity Participation Verwaltungs 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	Cologne	RAM RETROFIT AND MORE GmbH	100.0	100.0
Argentina	Buenos Aires	Carl Zeiss Argentina S.A.	100.0	100.0
Brazil	Sao Paulo	Anschuetz do Brasil Ltda.	100.0	100.0
Brazil	Petrópolis	Carl Zeiss Vision Brasil Industria e Comercio Ltda.	100.0	48.4 [3]
China	Changchun City	Carl Zeiss Fixture Systems (Changchun) Co., Ltd.	51.0	51.0
Denmark	Birkerød	Brock & Michelsen Invest A/S	100.0	100.0
United Kingdom	Birmingham	Sero Ltd.	100.0	48.4 [3]
United Kingdom	Birmingham	UKO International Limited	100.0	48.4 [3]
United Kingdom	Birmingham	UKO International (Overseas Holdings) Limited	100.0	48.4 [3]
Croatia	Zagreb	Carl Zeiss d.o.o.	100.0	100.0
Luxembourg	Luxembourg	Carl Zeiss Vision Luxembourg S.A.R.L.	100.0	48.4 [3]
Poland	Poznan	Carl Zeiss Shared Services sp. zz o.o.	100.0	100.0
Romania	Bucharest	Carl Zeiss Instruments s.r.l.	100.0	100.0
Sweden	Stockholm	Carl Zeiss Geo AB	100.0	100.0

Country	City	Name of entity	Share in capital acc. to Sec. 285 Sentence 1 No. 11 HGB	Beneficial interest
			%	%
Zimbabwe	Harare	Carl Zeiss (Pvt.) Ltd., (Zimbabwe)	100.0	100.0
Slovenia	Ljubljana	Carl Zeiss d.o.o.	100.0	100.0
Taiwan	Hsinchu City	Carl Zeiss NTS Pte. Ltd.	100.0	100.0
Turkey	Istanbul	Carl Zeiss Ölçüm Cihazlari Ticaret Limited Sirketi	100.0	100.0
Hungary	Budapest	Carl Zeiss Technika Kft.	100.0	100.0
Belarus	Minsk	Zeiss-BelOMO OOO	60.0	60.0
4. Associates not accounted for using the equity method				
Germany	Oberkochen	Carl Zeiss Optronics GmbH	24.9	24.9
Germany	Oberkochen	Carl Zeiss Vision MEP Beteiligungs GmbH	50.0	50.0
Germany	Jena	JENAER BILDUNGSZENTRUM gGmbH SCHOTT CARL ZEISS JENOPTIK	33.3	33.3
Germany	Jena	MAZeT GmbH	22.6	22.6
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	Noerresundby	3D-CT A/S	49.0	49.0
Japan	Fukui	Carl Zeiss Ono Co., Ltd.	50.0	50.0

[1] In accordance with Sec. 264 (3) HGB or Sec. 264b HGB, these entities are exempted from the duty to prepare, audit and publish their financial statements.
[2] In accordance with Sec. 264 (3) HGB, these entities are exempted from the duty to publish their financial statements.
[3] 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 business year from 1 October 2011 to 30 September 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to §315a Abs. 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 §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 by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

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

Stuttgart, 23 November 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Gewehr
Wirtschaftsprüfer

Stratmann
Wirtschaftsprüfer

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Should the mentioned or other factors occur or if the assumptions on which the future-related information is based prove to be incorrect, the actual results may differ from the expectations described in the Annual Report. Carl Zeiss will not correct or update the future-related information in order to adapt it to current developments and events occurring after the reporting date.

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The annual report can be found on the Internet at www.zeiss.de/annualreport. The English text is a translation of the German original. If the texts differ, the German report shall take precedence.

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