



## 3 Months 2008/2009 at a glance

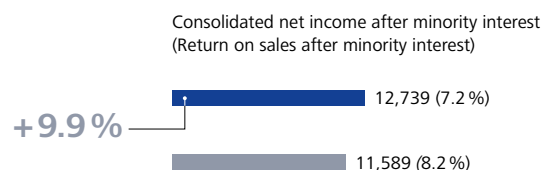
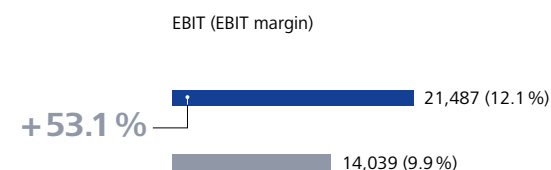
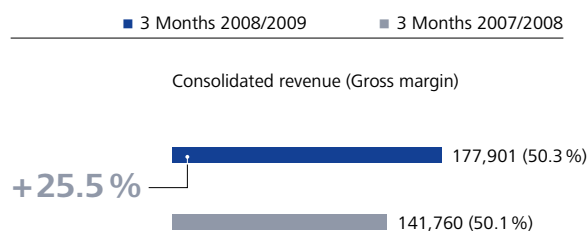
### Group highlights

- Successful start to FY 2008/2009: 25 % improvement of consolidated revenue over same period of previous year
- Short-term market development remains difficult to predict due to economic crisis in a number of markets
- Sound profitability trend: EBIT margin climbs to 12.1 %

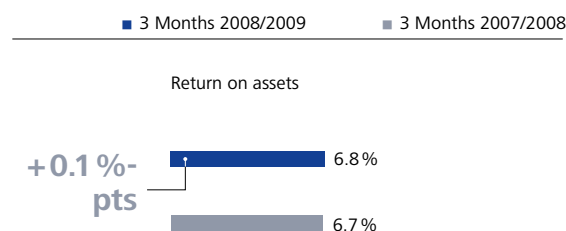
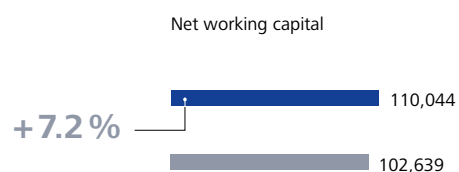
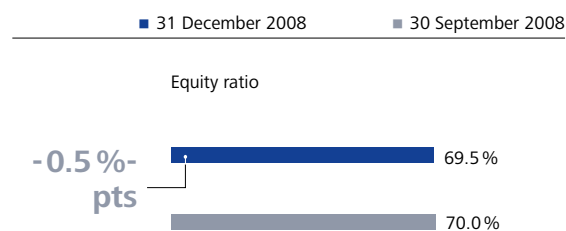
### Business development

(Unless specified otherwise, figures in € '000)

#### Revenue and net income



#### Key figures in balance sheet and cash flow statement



# Content

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

## Dear Shareholders, Ladies and Gentlemen,

The past few months were characterised for all of us by the crisis on the global financial markets and the effects of this on the real economy. We made a good start to the financial year, in spite of adverse general conditions, and have successfully counteracted the effects of the weaker economy in the first quarter of 2008/2009. Our consolidated revenue for the first three months of 2008/2009 totalled € 177.9 million, which corresponds to an increase of 25.5 % compared with the same period of the previous year. If compared on similar basis with the previous year, i. e., adjusted for all acquisitions and assuming a constant exchange rate, like-for-like revenue growth amounts to 18.4 %. Almost all of Carl Zeiss Meditec's reporting regions contributed to this revenue growth, with the strongest drivers being the „Americas“ and the „Asia/Pacific“ regions. It should, however, be noted that the comparative period of the previous year in the Americas region was influenced significantly by economic turbulence. Nevertheless, this highlights once again the advantage our Group has from having a wide range portfolio and a global orientation.

The first three months of financial year 2008/2009 have shown that solid earnings growth is possible, even in a difficult market environment. EBIT increased in the first quarter of 2008/2009 from € 14.0 million in the previous year to € 21.5 million. The EBIT margin was 12.1 %, compared with 9.9 % in the previous year. Consolidated net income after minority interest also increased, climbing to € 12.7 million in the first three months of 2008/2009, compared with € 11.6 million the previous year. Earnings per share after minority interest thus improved in the first quarter of 2008/2009 from € 0.14 to € 0.16.

Even with all these good results, however, we must not lose sight of the fact that the purchase decisions of our customers are driven by the need to improve the profitability of their technology investments, make their workflow management procedures more efficient, and to become more diversified. Our customers will now be giving very careful consideration to how and where they spend their money. The economic downturn will also have an effect on our customers. We are nevertheless in a good position to drive our business further forward. This is illustrated by our strong brand, our global presence and our innovative product portfolio.

We have also reacted inside our organisation to the difficult general economic situation. Our employees have been called upon to reduce costs, without jeopardising our growth projects and market development activities. This gives us additional entrepreneurial scope. I am confident that we will further



**President and Chief Executive Officer of Carl Zeiss Meditec AG**

Dr. Michael Kaschke

strengthen our competitive position again in 2009. 2009 will be a very difficult year. In this environment we are a stable and reliable partner for our customers; we are placing even more emphasis on the excellent quality of our products and on providing an outstanding service and customer support. We have to build on these strengths. These give us and shall continue to provide us with the crucial leverage we need to ensure our sustained growth. We shall systematically tackle the risks that present themselves and, at the same time, seize this crisis as an opportunity to ensure Carl Zeiss Meditec's success long term.

At the present time, however, it is very difficult to predict to what extent the current negative economic trends will affect our business in the short term. We therefore do not consider it responsible right now to make a concrete statement regarding the outlook for financial year 2008/2009; we will, however, continue to prove our innovative strength and market leadership in future by expanding our portfolio, even at this challenging time, with the launch of new products. Despite difficult general economic conditions, we plan to continue to invest wisely and further improve our profitability in the medium term.

I would like to take this opportunity to thank you for the interest you have shown in Carl Zeiss Meditec AG. We would be delighted if this interest would continue, even in these turbulent times.

Jena, February 2009

Yours sincerely,

A handwritten signature in blue ink, appearing to read "G. Kaschke".

Dr. Michael Kaschke  
President and Chief Executive Officer

# Management report to the consolidated interim financial statements

## Business development

### 1. Summary

Carl Zeiss Meditec AG, Jena, Germany, is the parent company of the Carl Zeiss Meditec Group ("Carl Zeiss Meditec", the "Group"), which comprises additional subsidiaries.

In the first three months of 2008/2009 Carl Zeiss Meditec posted **consolidated revenue** of € 177.9 million, corresponding to an increase of 25.5 % year-on-year (previous year: € 141.8 million). If compared on a similar basis with the previous year, i. e., adjusted for all acquisitions and assuming a constant exchange rate, *like-for-like revenue growth* amounts to 18.4 %. Almost all reporting regions contributed to this revenue growth, although it should be noted that the Americas region was significantly affected in the year-ago period by the economic turbulence in the USA. Consolidated revenue in the reporting period was also positively influenced by currency effects, particularly the recovering strength of the US dollar and the Japanese yen.

Even in a difficult market environment Carl Zeiss Meditec has shown that it is still possible to achieve solid earnings growth.

**EBITDA** amounted to € 25.2 million in the reporting period (previous year: € 16.7 million). This corresponds to an increase of 51.1 %. The **EBITDA margin** was 14.2 %, after 11.8 % the previous year. Compared with the previous year **EBIT** climbed 53.1 % to € 21.5 million (previous year: € 14.0 million). The **EBIT margin** increased to 12.1 % (previous year: 9.9 %).

**Consolidated net income after minority interest** was up by 9.9 % year-on-year in the first three months of 2008/2009, amounting to € 12.7

million (previous year: € 11.6 million). **Earnings per share after minority interest** thus increased in the first three months of 2008/2009 to € 0.16 (previous year: € 0.14).

### 2. Structure of the financial statements

A number of minor changes were made to the Group's reporting entity and the structure of its financial statements in the first three months of 2008/2009.

At the beginning of financial year 2008/2009 the strategic business unit (SBU) "Neuro/ENT Surgery" was renamed the "Microsurgery" SBU. In addition to the innovative and reliable solutions in the field of neuro/ENT surgery, Carl Zeiss Meditec also offers solutions for ophthalmic surgery, the dental/ENT practice market, and radiotherapy. The new and more fitting name thus stands for a wide product range that serves the various microsurgical users. This did not result in any product reallocations.

With effect from 5 November 2008 Carl Zeiss Meditec acquired all assets associated with the production of two products for glaucoma diagnostics from its long-time OEM supplier, Welch Allyn. The acquired assets are mainly intellectual property rights, production and design know-how. (for more details see also the information in the Notes to these consolidated interim financial statements).

At the beginning of the financial year a change was made to how gains and losses on currency differences ("Foreign currency gains/(losses), net") are stated in the income statement. These effects recognised in income shall no longer be shown, as previously, within the operating result, but shall now be recognised within the financial result.

### 3. Revenue growth

#### a) Consolidated revenue by strategic business unit

In the first three months of 2008/2009 the strategic business unit “Ophthalmic Systems” accounted for half or 50.1 % (previous year: 45.0 %) of Carl Zeiss Meditec’s consolidated revenue. The “Surgical Ophthalmology” SBU’s share of consolidated revenue amounted to 10.9 % (previous year: 13.3 %). The “Microsurgery” SBU generated a share of 39.0 % (previous year: 41.7 %) of consolidated revenue.

Figure 1: Share of strategic business units in consolidated revenue in the first three months of financial year 2008/2009, in percent

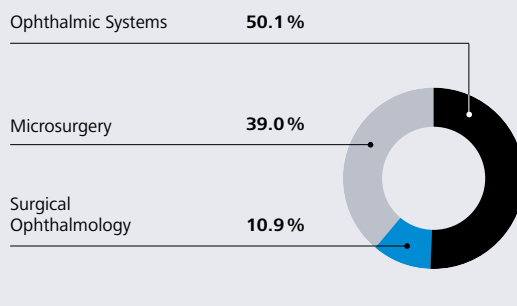
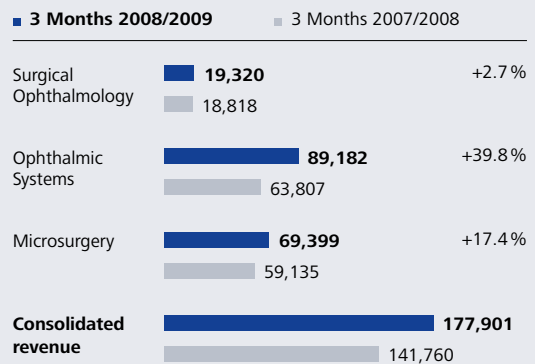


Figure 2: Consolidated revenue by strategic business unit (Figures in € '000)



The consolidated revenue generated by the “Surgical Ophthalmology” SBU was mainly characterised by the successful establishment of the products newly launched in the previous year – XL Stabi ZO<sup>®</sup>, Invent ZO<sup>®</sup> – and by the further expansion of distribution activities for the multifocal lens family, AcriLisa<sup>®</sup>.

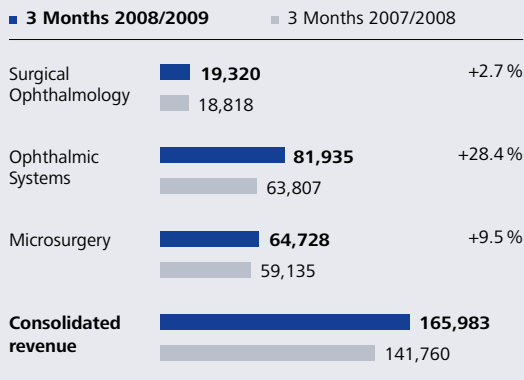
Primary sales drivers in the “Ophthalmic Systems” SBU were the diagnostic systems Cirrus<sup>™</sup> HD-OCT, IOLMaster<sup>®</sup>, Stratus OCT<sup>™</sup>, Humphrey<sup>®</sup> Field Analyzer, and the VISUCAM family of fundus cameras.

Consolidated revenue in this SBU was also influenced by currency effects in the period under review. The growing strength of the US dollar and the yen against the euro had a positive effect on revenue.

The sustained revenue growth in the "Microsurgery" SBU continues to be attributable to the innovative surgical microscopes. The sales drivers in this area were the OPMI® Pentero® and OPMI® Vario surgical microscopes, which are used in neuro and spinal surgery, and the OPMI Lumera® surgical microscope, which is used in ophthalmic surgery.

The chart below shows consolidated revenue by strategic business unit based on constant exchange rates.

Figure 3: Consolidated revenue by strategic business unit on the basis of constant exchange rates (Figures in € '000)



**b) Consolidated revenue by region**

Figure 4: Consolidated revenue by region (Figures in € '000)



The share of consolidated revenue generated in the "Asia/Pacific" region increased in the first three months of 2008/2009 from 20.0% in the same period of the previous year to 25.7%. The Japanese market was the main contributor to this trend. Significant revenues were generated in this region with the OPMI® VISU, OPMI® Pentero® and OPMI Lumera® surgical microscopes and the Humphrey® Field Analyzer, Cirrus™ HD-OCT and IOLMaster® diagnostic systems.

The "Americas" region was once again the strongest generator of sales in the first three

months of 2008/2009. Primary sales drivers in this region were the diagnostic systems Cirrus™ HD-OCT, Stratus OCT™, IOLMaster®, the Humphrey® Field Analyzer and the OPMI® Pentero® and OPMI Lumera® surgical microscopes.

The positive development of consolidated revenue in the first three months of 2008/2009 in the “Americas” region is also attributable in part to the recovering strength of the US dollar against the euro. The region’s share of consolidated revenue remained almost constant at 36.9 %, compared with 36.5 % the previous year.

The main sales drivers in the “Europe, Middle East and Africa” (EMEA) region were the diagnostic systems Cirrus™ HD-OCT, IOLMaster®, Humphrey® Field Analyzer, the Excimer Laser MEL 80™, as well as the OPMI® Pentero®, OPMI® Vario and OPMI Lumera® surgical microscopes. The proportion of consolidated revenue generated by this region decreased from 34.3 % to 30.3 % year-on-year.

The share of consolidated revenue generated by Germany as a regional market decreased compared with the same period of the previous year from 9.2 % to 7.1 %.

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

Figure 5: Consolidated revenue by region based on constant exchange rates (Figures in € '000)

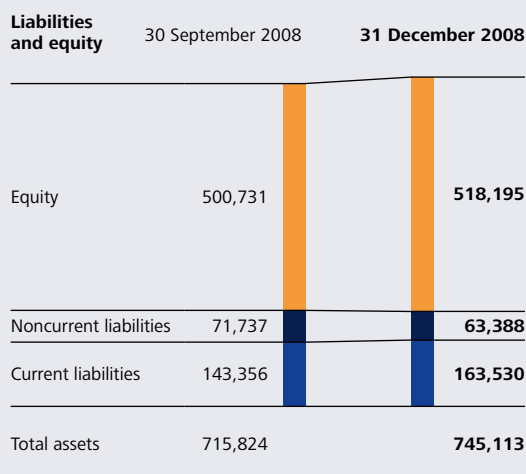
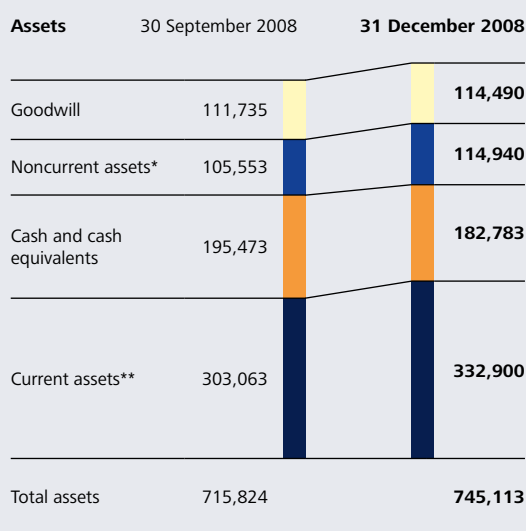


#### 4. Net asset position

##### a) Statement of net asset position

The following chart summarises the development of key items in the consolidated balance sheet:

Figure 6: Structure of the consolidated balance sheet



\* excluding goodwill

\*\* excluding cash and cash equivalents

## ASSETS

### Goodwill

As of 31 December 2008 goodwill amounted to € 114.5 million (30 September 2008: € 111.7 million). This increase is mainly attributable to the acquisition of the assets of OEM supplier Welch Allyn on 5 November 2008. (For more details on this see also the information in the accompanying Notes to these interim financial statements.)

### Other intangible assets

As of 31 December 2008 this item totalled € 40.3 million. Compared with 30 September 2008 (€ 32.9 million), this increase of 22.6% is mainly the result of the preliminary purchase price allocation for the assets of OEM supplier Welch Allyn.

### Inventories

Compared with 30 September 2008 this balance sheet item increased by 3.3% from € 119.3 million to € 123.2 million. This is mainly due to the wider distribution of demo equipment.

### Trade receivables

"Trade receivables" increased by 10.2% compared with 30 September 2008, from € 93.2 million to € 102.7 million as of 31 December 2008 due to the positive development of business in the first three months of 2008/2009.

### Accounts receivable from related parties

As of 31 December 2008 this balance sheet item totalled € 24.4 million (30 September 2008: € 20.3 million).

### Cash and cash equivalents

This balance sheet item decreased by 6.5% compared with 30 September 2008 (€ 195.5 million) to € 182.8 million. This is mainly attributable to the acquisition of the assets of OEM supplier Welch Allyn. Cash and cash equivalents which the Carl Zeiss Meditec Group does not directly require for its business operations are lodged with the Group treasury of Carl Zeiss AG at normal market conditions. This balance sheet item increased to € 64.8 million (30 September 2008: € 61.8 million)

## LIABILITIES AND EQUITY

### Equity

Equity increased to € 518.2 million as of 31 December 2008 (30 September 2008: € 500.7 million). This is attributable to the positive development Carl Zeiss Meditec's business in the first three months of 2008/2009.

### Provisions for pensions and similar commitments

This balance sheet item decreased slightly to € 11.4 million as of 31 December 2008 (30 September 2008: € 12.0 million).

**Noncurrent financial liabilities**

This balance sheet item decreased to € 9.6 million as of 31 December 2008 (30 September 2007: € 18.8 million). The US subsidiary Carl Zeiss Meditec Inc. took out a low-interest US dollar loan of US\$ 26.0 million (€ 19.6 million based on the rate of exchange at the date of acquisition) with Carl Zeiss AG's Group treasury to help finance the acquisition of the US company Laser Diagnostic Technologies ("LDT"). As the remaining portion of this loan will fall due in November 2009, there was a reclassification under the balance sheet item "Current portion of noncurrent financial liabilities".

**Current provisions**

At € 29.2 million, this balance sheet item was up slightly as of 31 December 2008, compared with 30 September 2008 (€ 28.1 million).

**Current portion of noncurrent financial liabilities**

This balance sheet item increased to € 9.9 million as of 31 December 2008 (30 September 2008: € 0.9 million). This considerable increase was significantly influenced by the reclassification of the US dollar loan referred to under "Noncurrent financial liabilities".

**Trade payables**

"Trade payables" decreased by 11.7 % from € 27.4 million as of 30 September 2008 to € 24.2 million as of 31 December 2008.

**Other current liabilities**

Due mainly to deferred income this balance sheet item amounted to € 27.0 million as of 31 December 2008 (30 September 2008: € 23.0 million).

**b) Key ratios relating to net assets**

Table 1: Key ratios relating to net assets

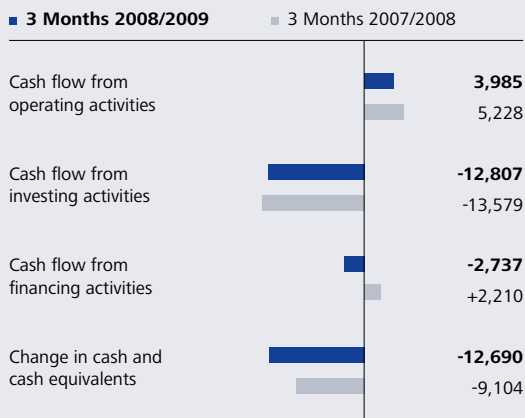
Key ratio	Definition	30 September 2008	31 December 2008	Change
Equity ratio	$\frac{\text{Equity}}{\text{Total assets}}$	70.0%	69.5%	-0.5%-pts
Rate of inventory turnover	$\frac{\text{Cost of goods sold (annualised)}}{\text{Average inventories}}$	2.7	2.9	+7.6 %
Days of sales outstanding (DSO)	$\frac{\text{Trade receivables including receivables from related parties}}{\text{Consolidated revenue (annualised)}} \times 360 \text{ days}$	68.0 days	64.3 days	-5.4 %

## 5. Financial position

The cash flow statement, which forms the basis for the presentation of the financial position, is used to adjust all items for effects of the expansion of the reporting entity. Therefore, the only changes included are those made to individual items in the income statement and balance sheet after the respective date of first-time consolidation. In contrast, the consolidated balance sheet presents the figures as they stood on 31 December 2008. As a result, the statements in the analysis of the financial position may differ from the presentation of net asset position based on the consolidated balance sheet.

### a) Presentation of financial position

Figure 7: Summary of key ratios in the consolidated cash flow statement (Figures in € '000)



### Cash flow from operating activities

Cash flow from operating activities amounted to € 4.0 million in the first three months 2008/2009 (previous year: € 5.2 million). This development is mainly attributable to the significant year-on-year increase in receivables, which results from the positive sales trend in the first quarter of 2008/2009 and the payment of trade payables. The good consolidated net income had positive effects on cash flow from operating activities.

### Cash flow from investing activities

The negative cash flow from investing activities decreased in the reporting period from € -13.6 million to € -12.8 million. Cash flow was above all influenced by one investment: the payment of the first instalment for the acquisition of the assets of Welch Allyn, amounting to € 7.7 million.

### Cash flow from financing activities

Cash flow from financing activities amounted to €- 2.7 million in the first quarter of 2008/2009 (previous year: € 2.2 million).

## b) Key ratios relating to financial position

Table 2: Key ratios relating to financial position (Figures in € '000)

Key ratio	Definition	30 September 2008	31 December 2008	Change
Cash and cash equivalents	Cash-in-hand and bank balances	195,473	182,783	-6.5%
Net cash	Cash-in-hand and bank balances + Treasury receivables from Group treasury of Carl Zeiss AG ./. Treasury payables to Group treasury of Carl Zeiss AG ./. Interest-bearing liabilities	210,398	202,847	-3.6%
Net working capital	Current assets ./. Cash and cash equivalents ./. Treasury receivables from Group treasury of Carl Zeiss AG ./. Current liabilities excl. treasury payables to Group treasury of Carl Zeiss AG	105,511	110,044	+4.3%
Working capital	Current assets ./. Current liabilities	355,180	352,153	-0.9%

Table 3: Key ratios relating to financial position

Key ratio	Definition	3 Months 2007/2008	3 Months 2008/2009	Change
Cash flow per share	Cash flow from operating activities  Weighted average number of shares outstanding	€ 0.06	€ 0.05	-16.7%
Capex ratio	Investment in property, plant and equipment  Consolidated revenue	1.2 %	1.1 %	-0.1%-pts

## 6. Results of operations

### a) Presentation of results of operations

Table 4: Summary of key ratios in the consolidated income statement (Figures in € '000)

	3 Months 2007/2008	3 Months 2008/2009	Change
Revenue	141,760	177,901	25.5 %
<i>Gross margin</i>	50.1 %	50.3 %	0.2 %-pts
EBITDA	16,686	25,205	51.1 %
<i>EBITDA margin</i>	11.8 %	14.2 %	2.4 %-pts
EBIT	14,039	21,487	53.1 %
<i>EBIT margin</i>	9.9 %	12.1 %	2.2 %-pts
Earnings before income taxes	17,681	22,083	24.9 %
<i>Tax rate</i>	32.7 %	37.0 %	-4.3 %-pts
Consolidated net income after minority interest	11,589	12,739	+ 9.9 %
Earnings per share after minority interest	€ 0.14	€ 0.16	+14.3 %

#### Revenue

In the first three months of 2008/2009, Carl Zeiss Meditec's consolidated revenue increased by 25.5 % from € 141.8 million to € 177.9 million.

#### Gross profit

Gross profit amounted to € 89.5 million in the first three months of 2008/2009 (previous year: € 71.0 million). This corresponds to an increase of 26.1 %. The gross margin increased slightly compared with the first quarter of the previous year from 50.1 % to 50.3 % in the first three months of 2008/2009. A positive effect was had by the programmes to optimise manufacturing costs and by the development of exchange rates.

#### Functional costs

Functional costs increased in absolute terms, compared with the same period of the previous

year, from € 57.1 million to € 68.3 million in the first quarter of 2008/2009. In relation to consolidated revenue, however, there were no significant changes year-on-year.

- **Marketing and selling expenses:** Compared with the first quarter of 2007/2008 marketing and selling expenses increased from € 34.0 million to € 41.8 million in the first three months of 2008/2009. The increase in absolute figures is thus due particularly to the growth of Carl Zeiss Meditec's sales. This corresponds to 23.5 % of consolidated revenue (previous year: 24.0 %).
- **General and administrative expenses:** Expenses in this area increased by € 1.0 million year-on-year to € 9.1 million (previous year: € 8.2 million). This corresponds to 5.1 % of consolidated revenue (previous year: 5.8 %).

- **Research and development expenses:** Expenses in the area of research and development (R&D) amounted to € 17.4 million in the first three months of 2008/2009 (previous year: € 14.9 million), corresponding to an increase of 16.4% year-on-year. This increase is attributable to the expedition of important research and development projects. Research and development expenses thus accounted for 9.8% of consolidated revenue in the period under review (previous year: 10.5%).

#### Development of earnings

The first three months of financial year 2008/2009 have shown that solid earnings growth can be achieved even in a difficult market environment.

**EBITDA** amounted to € 25.2 million in the reporting period (previous year: € 16.7 million). This corresponds to an increase of 51.1%. The **EBITDA margin** was 14.2% after 11.8% the previous year. Compared with the previous year, **EBIT** climbed 53.1% to € 21.5 million (previous year: € 14.0 million), and thus increased to a greater extent than revenue. The **EBIT margin** increased to 12.1% (previous year: 9.9%).

**Interest income/expenses (net)** amounted, as in the previous year, to € 1.3 million in the first quarter of 2008/2009. **Foreign currency gains/(losses), net**, amounting to € 1.0 million in the first three months of 2008/2009 are no longer recognised, as previously, within the operating result, but are shown in the financial result. The **tax rate** in the first three months of 2008/2009 was 37.0% and was thus higher than in the previous year (32.7%). This increase is due in particular to the development of consolidated revenue in Japan and the absence of one-off effects in the previous year.

Minority interest increased **year-on-year** from € 0.3 million to € 1.2 million. This significant increase compared with the previous year is attributable to the positive development of business at the Japanese subsidiary, Carl Zeiss Meditec Co. Ltd. **Consolidated net income after minority interest** amounted to € 12.7 million in the first three months of 2008/2009, corresponding to an increase of 9.9% year-on-year (€ 11.6 million). **Earnings per share after minority interest** thus increased in the first three months of 2008/2009 to € 0.16 (previous year: € 0.14).

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

The year-on-year development of key ratios relating to the results of operations largely reflects the continuous growth in the profitability of the Company's capital and assets.

Figure 8: Development of key ratios relating to results of operations



\* Consolidated net income after minority interest/consolidated revenue  
 \*\* Consolidated net income after minority interest/equity  
 \*\*\* RoA, consolidated net income after minority interest/total assets  
 \*\*\*\* ROCE, EBIT/average capital employed

## 7. Research and development

Carl Zeiss Meditec invested a total of € 17.4 million (previous year: € 14.9 million) in research and development in the first three months of financial year 2008/2009.

As of 31 December 2008, there were 350 research and development employees Group-wide (previous year: 333). This represents a share of 16.2 % (previous year: 16.0 %) of the total workforce of the Carl Zeiss Meditec Group.

Research and development at Carl Zeiss Meditec mainly focuses on:

- Examining new technological concepts to determine their clinical relevance and effectiveness
- The continuous development of the existing product portfolio
- The development of new products and product platforms based on available basic technologies and
- Networking systems and devices.

Table 5: Focus of research and development activities in the first three months 2008/2009

Focal point	Activities
<b>Continuous development of the existing product portfolio</b>	<ul style="list-style-type: none"> <li>• Expansion of the portfolio in the area of fundus imaging</li> <li>• Expansion of the VISUPAC systems for integrating new camera types</li> <li>• Further development of femtosecond laser technology and extension of scope</li> <li>• Further development of surgical microscope hardware</li> <li>• Further development of the OCT platforms Cirrus and Stratus</li> </ul>
<b>Development of new products and combination of diagnosis and treatment</b>	<ul style="list-style-type: none"> <li>• Extension of the ophthalmic surgery product range with innovative IOL designs to improve eyesight</li> <li>• Development of the yellow IOLs (including market launch of a yellow minimally-invasive implantable lens), which filter violet light</li> <li>• Expansion of the range of implantation systems for modern micro-incision cataract surgery and pre-loaded injection systems</li> <li>• Further development of software platform for networking video, imaging and treatment data in ophthalmic practices</li> </ul>
<b>Basic research</b>	<ul style="list-style-type: none"> <li>• Ongoing investigation and evaluation of new technologies for application in medical technology</li> <li>• Activities to develop new applications for molecular imaging</li> <li>• Cooperation with external research partners, e. g. universities and institutes</li> </ul>

## 8. Events of particular significance

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

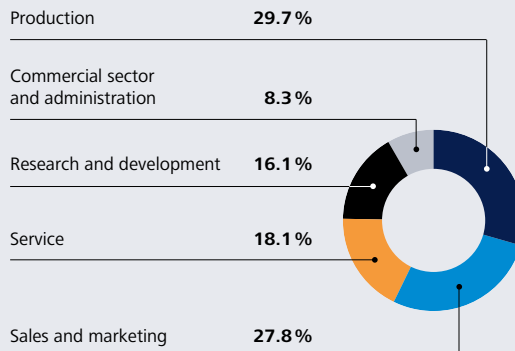
## 9. Orders on hand

As of 31 December 2008 the Group's orders on hand totalled € 60.6 million (previous year: € 66.2 million). It is the Group's general opinion that the trend observed in previous years of customers placing orders at short notice will continue, particularly with respect to systems and equipment for ophthalmology.

## 10. Employees

As of 31 December 2008 the Carl Zeiss Meditec Group employed a worldwide workforce of 2,167 (previous year: 2,087).

Figure 9: Personnel structure of the Carl Zeiss Meditec Group as of 31 December 2008



## 11. Outlook

Carl Zeiss Meditec made a good start to the financial year in a difficult environment and has managed to defy the effects of the weak economy in the first quarter of 2008/2009.

The combination of a strong brand, a global presence and innovative products ensures a good market position.

Combined with our sound financial position, this gives us an excellent starting point for supporting our customers on their way into an efficient and successful future. To do this, we are focusing on developing innovative technologies that give people a high quality of life, even in old

age. The best possible eyesight, mental health and mobility are a prerequisite for being able to actively participate in society.

We also plan to work consistently on realising our strategic objectives with the help of our RACE 2010 company programme, which we launched in September. This programme contains targeted activities that incorporate our five strategic priorities: acceleration of innovation, focused entry into new and developing markets, a stronger customer focus, global process excellence, and employee support and development.

In spite of the challenges we are facing, we shall secure and further consolidate our current market position in the coming years and invest accordingly. We hope to achieve even better market penetration with our products. Another focus will be on distribution. We intend to cooperate even more closely with our customers in this area and also plan to market our products in our new markets.

Carl Zeiss Meditec shall continue, as it has in the past, to analyse in detail the developments on the global financial markets and the global economy and their effects on the Company.

How and to what extent these negative economic trends will affect our business in the rest of 2009, however, cannot be predicted at the present time.

As a result, we do not feel able right now to make a concrete statement regarding the outlook for financial year 2008/2009; however, we shall continue to prove our innovative strength in future by expanding our portfolio, even at this challenging time, with the launch of new products, and shall continue to invest wisely, despite difficult general economic conditions, and further improve the profitability of our Company in the medium term.

## Directors' Holdings and Directors' Dealings

### 1. Directors' Holdings – shareholdings of members of the executive bodies of Carl Zeiss Meditec AG

Table 6: Directors' Holdings – Number of Carl Zeiss Meditec shares held by members of the Company's executive bodies

		Number of Carl Zeiss Meditec shares (31 December 2008)
<b>Management Board</b>		
Dr. Michael Kaschke	Shares	9,000
Bernd Hirsch	Shares	6,500
Ulrich Krauss	Shares	1,650
Dr. Ludwin Monz	Shares	1,000
<b>Supervisory Board</b>		
Dr. Markus Guthoff	Shares	1,900
Dr. Wolfgang Reim	Shares	10,000
Dr. Dieter Kurz	Shares	–
Wilhelm Burmeister	Shares	1,267
Franz-Jörg Stündel	Shares	787
<b>Company</b>		
Carl Zeiss Meditec AG	Shares	–

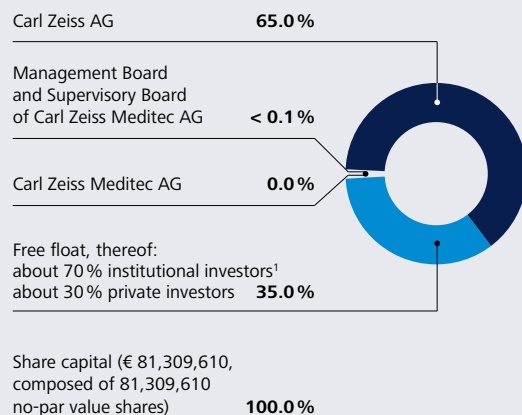
## 2. Directors' Dealings – notifiable securities transactions by members of the executive bodies of Carl Zeiss Meditec AG in the first three months 2008/2009

In the first three months of 2008/2009 members of the Management Board and Supervisory Board did not execute any notifiable securities transactions pursuant to Section 15a of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*).

The details of all securities transactions conducted by members of the Management Board and Supervisory Board are published immediately after their disclosure on the Company's website at [www.meditec.zeiss.com/ir](http://www.meditec.zeiss.com/ir) | **Corporate Governance | Directors' Dealings** in accordance with the prevailing legal requirements of Art. 15b WpHG. The publication documents and the relevant disclosures are forwarded to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin*).

## Shareholder structure

Figure 10: Shareholder structure of Carl Zeiss Meditec AG (as of 31 December 2008)



<sup>1</sup> Source: Lion Shares and own research

## Consolidated income statement (IFRS) for the period from 1 October 2008 to 31 December 2008

(Figures in € '000)	<b>Financial year 2008/2009</b> 1 October 2008 – 31 December 2008	<b>Financial year 2007/2008</b> 1 October 2007 – 31 December 2007
<b>Revenue</b>	<b>177,901</b>	<b>141,760</b>
Cost of goods sold	(88,357)	(70,729)
<b>Gross profit</b>	<b>89,544</b>	<b>71,031</b>
Selling and marketing expenses	(41,775)	(34,040)
General and administrative expenses	(9,148)	(8,157)
Research and development expenses	(17,399)	(14,949)
Other income	297	434
Other expense	(32)	(280)
<i>Earnings before interests, income taxes, depreciation and amortisation</i>	<i>25,205</i>	<i>16,686</i>
<i>Depreciation and amortisation</i>	<i>3,718</i>	<i>2,647</i>
<b>Earnings before interests and income taxes</b>	<b>21,487</b>	<b>14,039</b>
Results from investments accounted for using the equity method	(11)	–
Interest income	2,539	2,621
Interest expense	(1,238)	(1,297)
Foreign currency gains/(losses), net	(1,057)	429
Other financial result	363	1,889
<b>Earnings before income taxes</b>	<b>22,083</b>	<b>17,681</b>
Income tax expense	(8,176)	(5,785)
<b>Net income</b>	<b>13,907</b>	<b>11,896</b>
Attributable to:		
Shareholders of the parent company	12,739	11,589
Minority interest	1,168	307
<b>Profit/(loss) per share, attributable to the shareholders of the parent company in the current financial year (€):</b>		
– Basic/diluted	<b>0.16</b>	<b>0.14</b>

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

## Consolidated balance sheet (IFRS) as of 31 December 2008

(Figures in € '000)	31 December 2008	30 September 2008
<b>ASSETS</b>		
Goodwill	114,490	111,735
Intangible assets	40,281	32,859
Property, plant and equipment	38,811	38,410
Investments accounted for using the equity method	128	139
Investments	371	368
Deferred tax assets	32,250	30,286
Noncurrent trade receivables	2,235	2,604
Other noncurrent assets	864	887
<b>Total noncurrent assets</b>	<b>229,430</b>	<b>217,288</b>
Inventories	123,204	119,300
Trade receivables	100,460	90,577
Accounts receivable from related parties	24,446	20,271
Treasury receivables	64,764	61,839
Tax refund claims	8,624	3,677
Other current assets	11,363	7,370
Securities	39	29
Cash and cash equivalents	182,783	195,473
<b>Total current assets</b>	<b>515,683</b>	<b>498,536</b>
<b>Total assets</b>	<b>745,113</b>	<b>715,824</b>

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

(Figures in € '000)	31 December 2008	30 September 2008
<b>LIABILITIES AND EQUITY</b>		
Share capital	81,310	81,310
Capital reserve	313,863	313,863
Retained earnings	128,228	115,489
Gains and losses recognised directly in equity	(21,342)	(22,672)
Equity before minority interest	502,059	487,990
Minority interest	16,136	12,741
<b>Total equity</b>	<b>518,195</b>	<b>500,731</b>
Provisions for pensions and similar commitments	11,393	11,995
Other noncurrent provisions	7,103	6,936
Noncurrent financial liabilities	9,569	18,760
Noncurrent leasing liabilities	18,700	18,546
Other noncurrent liabilities	4,604	4,092
Deferred tax liabilities	12,019	11,408
<b>Total noncurrent liabilities</b>	<b>63,388</b>	<b>71,737</b>
Current provisions	29,186	28,137
Current accrued liabilities	43,760	40,130
Current financial liabilities	9,155	2,140
Current portion of noncurrent financial liabilities	9,856	913
Current portion of noncurrent leasing liabilities	1,137	1,052
Trade payables	24,186	27,402
Current income tax liabilities	7,426	3,674
Accounts payable to related parties	6,422	9,227
Treasury payables	5,438	7,643
Other current liabilities	26,964	23,038
<b>Total current liabilities</b>	<b>163,530</b>	<b>143,356</b>
<b>Total liabilities and equity</b>	<b>745,113</b>	<b>715,824</b>

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

## Consolidated cash flow statement (IFRS) for the period from 1 October 2008 to 31 December 2008

(Figures in € '000)	Financial year 2008/2009 1 October 2008 – 31 December 2008	Financial year 2007/2008 1 October 2007 – 31 December 2007
<b>Cash flows from operating activities:</b>		
<b>Net income</b>	<b>13,907</b>	<b>11,896</b>
Adjustments to reconcile net income to net cash provided by/(used in) operating activities		
Income tax expenses	8,176	5,785
Interest income/expenses	(1,301)	(1,324)
Results from investments accounted for using the equity method	11	–
Depreciation and amortisation	3,718	2,647
Gains/losses on disposal of fixed assets	49	–
Interest received	1,248	1,564
Interest paid	(1,139)	(1,517)
Income tax reimbursement	889	140
Income taxes paid	(10,698)	(8,723)
Changes in working capital:		
Trade receivables	(10,745)	11,054
Inventories	435	(7,945)
Other assets	(3,411)	(617)
Trade payables	(8,229)	(7,232)
Provisions and financial liabilities	7,358	(4,613)
Other liabilities	3,717	4,113
Total adjustments	(9,922)	(6,668)
<b>Net cash provided by operating activities</b>	<b>3,985</b>	<b>5,228</b>
<b>Cash flows from investing activities:</b>		
Investment in property, plant and equipment	(1,583)	(1,444)
Investment in intangible assets	(1,162)	(756)
Investment in plan assets pension fund	(2,382)	(2,308)
Proceeds from sale of property, plant and equipment	55	320
Repayment of loans	–	14
Investment in interests	(3)	(2)
Sale of securities	–	4,933
Acquisition of consolidated companies, net of cash acquired (2008/2009: Welch Allyn: € 7,732 thsd., 2007/2008: Acri.Tec: € 20,449 thsd.)	(7,732)	(20,449)
Cash receipts from repayment of loans made to a former shareholder (Acri.Tec)	–	6,113
<b>Net cash used in investing activities</b>	<b>(12,807)</b>	<b>(13,579)</b>
<b>Cash flows from financing activities:</b>		
Repayments of short-term debt	(96)	(1,571)
Repayments of noncurrent financial liabilities	(142)	(474)
Repayments from noncurrent loans from related parties	–	(8,823)
(Increase)/decrease in treasury receivables	(40)	12,001
Increase/(decrease) in treasury payables	(2,212)	1,331
Change of leasing liabilities	(247)	(254)
<b>Net cash provided by financing activities</b>	<b>(2,737)</b>	<b>2,210</b>
Effect of exchange rate fluctuation on cash and cash equivalents	(1,131)	(2,963)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(12,690)</b>	<b>(9,104)</b>
Cash and cash equivalents, beginning of reporting period	195,473	217,921
<b>Cash and cash equivalents, end of reporting period</b>	<b>182,783</b>	<b>208,817</b>

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

## Consolidated statement of changes in equity (IFRS)

(Figures in € '000)	Share capital	Capital reserve	Retained earnings	Gains and losses recognised directly in equity	Equity before minority interest	Minority interest	Total equity
<b>As of 1 October 2007</b>	<b>81,310</b>	<b>313,863</b>	<b>96,404</b>	<b>(19,971)</b>	<b>471,606</b>	<b>9,644</b>	<b>481,250</b>
Sale of available-for-sale financial assets	–	–	–	(1,557)	(1,557)	–	(1,557)
Fair value measurement of available-for-sale financial assets	–	–	–	(104)	(104)	–	(104)
Foreign currency translation	–	–	–	(1,040)	(1,040)	904	(136)
<b>Changes in value recognised directly in equity</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2,701)</b>	<b>(2,701)</b>	<b>904</b>	<b>(1,797)</b>
Net income	–	–	54,048	–	54,048	2,193	56,241
<b>Sum of net income and changes in value recognised directly in equity</b>	<b>–</b>	<b>–</b>	<b>54,048</b>	<b>(2,701)</b>	<b>51,347</b>	<b>3,097</b>	<b>54,444</b>
Dividend payments	–	–	(34,963)	–	(34,963)	–	(34,963)
<b>As of 30 September 2008</b>	<b>81,310</b>	<b>313,863</b>	<b>115,489</b>	<b>(22,672)</b>	<b>487,990</b>	<b>12,741</b>	<b>500,731</b>
Fair value measurement of available-for-sale financial assets	–	–	–	9	9	–	9
Foreign currency translation	–	–	–	1,321	1,321	2,227	3,548
<b>Changes in value recognised directly in equity</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,330</b>	<b>1,330</b>	<b>2,227</b>	<b>3,557</b>
Net income	–	–	12,739	–	12,739	1,168	13,907
<b>Sum of net income and changes in value recognised directly in equity</b>	<b>–</b>	<b>–</b>	<b>12,739</b>	<b>1,330</b>	<b>14,069</b>	<b>3,395</b>	<b>17,464</b>
<b>As of 31 December 2008</b>	<b>81,310</b>	<b>313,863</b>	<b>128,228</b>	<b>(21,342)</b>	<b>502,059</b>	<b>16,136</b>	<b>518,195</b>

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

# Notes to the consolidated interim financial statements

## 1. General information

### Accounting under International Financial Reporting Standards (IFRS)

Carl Zeiss Meditec AG prepared its consolidated financial statements as of 30 September 2008 in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, as applicable in the EU as of that date. Accordingly, this interim report has been prepared in accordance with IAS 34 "Interim Reporting".

### Accounting and valuation principles

The accounting and valuation principles applied for the interim financial statements as of 31 December 2008 correspond to those applied for the consolidated financial statements for financial year 2007/2008, with the exceptions described below. A detailed description of these methods was published in the Notes to the consolidated financial statements as of 30 September 2008.

### Changes to the statement of foreign currency gains and losses

At the beginning of the financial year the statement of gains and losses on currency differences ("Foreign currency gains/(losses), net") in the income statement was changed. These effects recognised in income shall no longer be shown, as previously, within the operating result, but shall instead be shown in the financial result. This voluntary amendment of the accounting method is the result of efforts to harmonise the presentation of these effects in the income statement with that of the parent company of

Carl Zeiss Meditec AG – Carl Zeiss AG. The presentation for the same period of the previous year was adjusted accordingly.

### Amendments to IAS 39 "Financial instruments: recognition and measurement" and IFRS 7

The IASB published amendments to IAS 39 and IFRS 7 on 13 October 2008. These amendments permit companies, in extraordinary circumstances, to reclassify financial instruments from the fair-value-through-profit-and-loss category (FVTPL) to other categories where instruments are valued at amortised cost less impairment. In order to provide affected companies with some short-term relief, given the current market situation, this amendment was applied retroactively as of 1 July 2008. The application of these amended standards has not led to any changes to the accounting and valuation principles applied within the Group, nor are such changes expected in the future.

### Explanatory guidelines for measuring "fair values"

On 31 October 2008 the IASB published a set of explanatory guidelines for measuring fair values. These guidelines provide assistance with the measurement of the fair value of financial instruments in cases where financial market disruptions have meant that market prices can no longer be reliably observed. The guidelines present the current "best practice" for measuring fair value and the associated information to be included in the notes to the financial statements. The Group does not expect any changes in its accounting and valuation methods as a result of the application of these guidelines.

### Changes in the reporting entity

#### Carl Zeiss Meditec Inc., Dublin, USA

On 5 November 2008 Carl Zeiss Meditec Inc. Dublin, USA and the OEM supplier Welch Allyn, Inc. New York, USA concluded a purchase agreement which provides for the acquisition of all assets associated with the manufacture of two products for glaucoma diagnostics. The acquired assets are mainly intellectual property rights, production rights and design know-how. The

acquisition costs totalled € 11,565 thousand, although payment of the purchase price is tied to the fulfilment of contractually fixed milestones. At the date of publication of this report a total of € 7,732 thousand in cash had already been paid. The acquisition costs include incidental acquisition costs of € 100 thousand. The preliminary fair values of the identified assets and liabilities at the date of acquisition and the corresponding book values directly prior to the date of acquisition are as follows:

Table 1 (Figures in € '000)

	Carl Zeiss Meditec Inc.	
	Fair value	Book value
Noncurrent assets	9,044	–
Current assets	65	–
Noncurrent liabilities	(104)	(104)
Current liabilities	(129)	–
<b>Net assets</b>	<b>8,876</b>	<b>(104)</b>
Goodwill from acquisition	2,689	
<b>Total costs of acquisition</b>	<b>11,565</b>	
Current financial liabilities	(3,833)	
Cash outflow due to purchase price payment	(7,732)	
<b>Net capital outflow</b>	<b>(7,732)</b>	

The identified goodwill from the acquisition of the assets is mainly attributable to the anticipated synergy effects of the integration of the production lines into the existing business of the "Ophthalmic Systems" SBU.

## 2. Notes to the consolidated income statement

### Segment reporting

The segment reporting for the reporting period is as follows:

Table 2 (Figures in € '000)

Revenue	3 Months 2008/2009	3 Months 2007/2008
Germany	108,498	100,762
USA	75,383	55,509
Japan	27,320	12,847
Rest of Europe	27,186	25,648
Elimination	(60,486)	(53,006)
<b>Consolidated</b>	<b>177,901</b>	<b>141,760</b>

Table 3 (Figures in € '000)

Earnings before interest and taxes	3 Months 2008/2009	3 Months 2007/2008
Germany	10,696	12,681
USA	7,306	2,356
Japan	5,389	1,208
Rest of Europe	736	702
Elimination	(2,640)	(2,908)
<b>Consolidated</b>	<b>21,487</b>	<b>14,039</b>

Revenues and operating income/losses are allocated according to the location of the subsidiary that generates the revenues or operating income/loss.

#### **Related party disclosures**

Revenue amounting to € 33,812 thousand (previous year: € 28,688 thousand) resulted from

relations with related parties in the reporting period 2008/2009. The term "related parties" refers here to Carl Zeiss AG and its subsidiaries.

#### **3. Events after the end of the interim reporting period**

There were no events of particular significance post balance sheet date 31 December 2008.

## Financial calendar 2008/2009

Date	Financial year 2008/2009
14 May 2009	6 Month Report
14 May 2009	Telephone conference
19 May 2009	Annual General Meeting
13 August 2009	9 Month Report
13 August 2009	Telephone conference
14 December 2009	Annual Financial Statements 2008/2009
14 December 2009	Analysts' Conference, Frankfurt am Main

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

[www.meditec.zeiss.com/ir](http://www.meditec.zeiss.com/ir)



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