

9 Month Report 2010/2011

Q3



CARL ZEISS MEDITEC

9 Months 2010/2011 at a glance

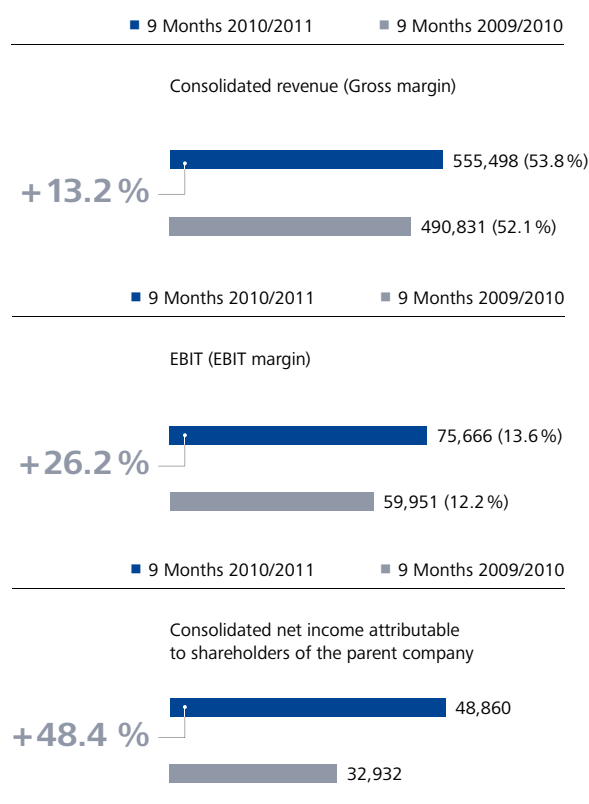
Highlights

- Revenue growth still significantly higher than previous year
- Profitability (EBIT margin) rises to 13.6%
- All business units and regions contributing to growth. No economic collapse in Japan

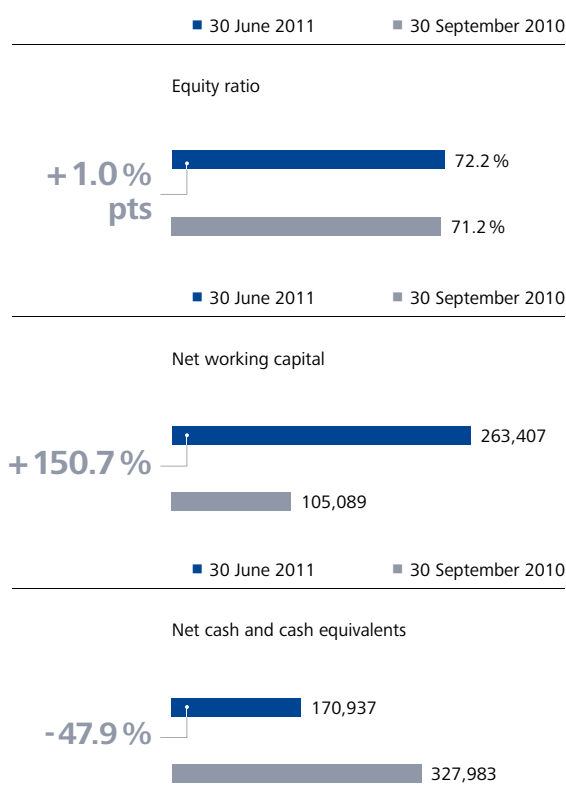
Business development

(Unless specified otherwise, figures in € '000)

Revenue and net income



Key ratios in the statement of financial position and statement of cash flows



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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 authorized 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.

Ladies and Gentlemen,
Dear Shareholders,

The first nine months of the current 2010/2011 financial year are behind us. Carl Zeiss Meditec successfully continued its growth course and achieved a significant increase in revenue compared with the same period of the previous year. After nine months of the current financial year, revenue increased by 13.2 % to € 555.5 million (previous year: € 490.8 million).

It is particularly encouraging that this strong growth in revenue also transferred to our results. EBIT increased after nine months of financial year 2010/2011, from € 60.0 million to € 75.7 million. The EBIT margin thus climbed in the reporting period, from 12.2 % in the same period of the previous year to 13.6 %. This takes us one step closer to achieving our goal of increasing our margin to 15 % by 2015.

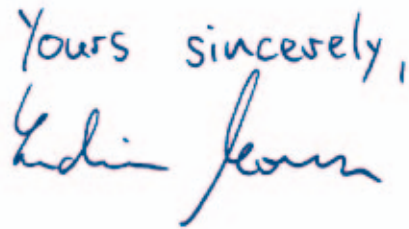
Consolidated net income attributable to shareholders of the parent company also increased. After nine months of the current financial year, this amounted to € 48.9 million (previous year: € 32.9 million). Earnings per share of the parent thus also improved in the reporting period from € 0.41 to € 0.60.

Dear Shareholders, today, we, Carl Zeiss Meditec AG, are represented in the key regions of the world as a reliable medical technology solutions provider. We have a broad business portfolio, ranging from ophthalmology, through microsurgery, to new applications in radiation therapy. We place the highest of demands on our products and solutions in terms of performance, usability and clinical benefit. This gives us a solid footing – something that is evident from our growth, which comes from all strategic business units and reporting regions:

- In the bustling APAC region, we increased our revenue by 23.9 % to € 174.2 million. Although China, India and Southeast Asia recorded the most growth, Japan also contributed significantly to this result. This is very notable, given the natural disaster there in spring 2011. Overall, we still regard the strong demand in the Asia/Pacific region as a growth driver.
- The Americas region also achieved double digit growth of 11.6 %, which increased revenue here to € 188.5 million. Even though these figures continue to be dominated by the USA, growth in the Central and South American region is encouraging.
- In the EMEA region, Carl Zeiss Meditec AG's strongest market in terms of volume sales, we increased our revenue by 6.3 %, selling products and solutions to a value of € 192.8 million.

Dear Shareholders, our Company's very good operating performance and stable strategic presence in businesses and regions makes me optimistic about the longer-term development of our Company. Particularly in light of the current imponderables concerning the global economy, I consider Carl Zeiss Meditec AG to be optimally equipped for the challenges ahead.

Jena, August 2011



Yours sincerely,
Ludwin Monz

Dr. Ludwin Monz
President and Chief Executive Officer



Management report for 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", the "Company"), which comprises additional subsidiaries.

In the first nine months of 2010/2011, Carl Zeiss Surgical GmbH, Acri.Tec GmbH, Carl Zeiss Meditec Systems GmbH and Carl Zeiss Medical Software GmbH were merged retrospectively as of 1 October 2010 with the parent company, Carl Zeiss Meditec AG. This restructuring within the reporting entity has no structural effects on the consolidated financial statements.

2 Results of operations

2.1 Presentation of results of operations

Table 1: Summary of key ratios in the consolidated income statement (figures in € '000)

	9 Months 2009/2010	9 Months 2010/2011	Change
Revenue	490,831	555,498	+13.2 %
<i>Gross margin</i>	52.1 %	53.8 %	+1.7 % pts
EBITDA	72,585	89,794	+23.7 %
<i>EBITDA margin</i>	14.8 %	16.2 %	+1.4 % pts
EBIT	59,951	75,666	+26.2 %
<i>EBIT margin</i>	12.2 %	13.6 %	+1.4 % pts
Earnings before income taxes	54,057	77,892	+44.1 %
<i>Tax rate</i>	32.6 %	32.3 %	-0.3 % pts
Consolidated net income after non-controlling interests	32,932	48,860	+48.4 %
Earnings per share after non-controlling interests	€ 0.41	€ 0.60	+48.0 %

2.2 Revenue

In the first nine months of 2010/2011, Carl Zeiss Meditec generated consolidated revenue of € 555.5 million (previous year: € 490.8 million). The double-digit growth of 13.2 % compared with the same period of the previous year is in particular attributable to the Microsurgery business unit. Based on constant exchange rates, this equates to growth of 11.8 %.

a) Consolidated revenue by strategic business unit

Once again, the **Ophthalmic Systems** strategic business unit (SBU) was the strongest SBU in terms of revenue generation in the first nine months of financial year 2010/2011, accounting for € 250.9 million (previous year: € 231.7 million), which corresponds to 45.2% (previous year: 47.2%), of the Company's consolidated revenue. Revenue in the youngest strategic business unit, **Surgical Ophthalmology**, increased to € 70.1 million (previous year: € 65.1 million). The SBU's share of consolidated revenue decreased slightly, from 13.3% in the same period of the previous year to 12.6% in the current financial year. This decline is associated with the relative increase in the **Microsurgery** SBU. Revenue of this business unit rose to € 234.5 million (previous year: € 194.1 million), giving it a 42.2% share of consolidated revenue (previous year: 39.5%).

Figure 1: Consolidated revenue by strategic business unit in the first nine months of financial year 2010/2011, in percent

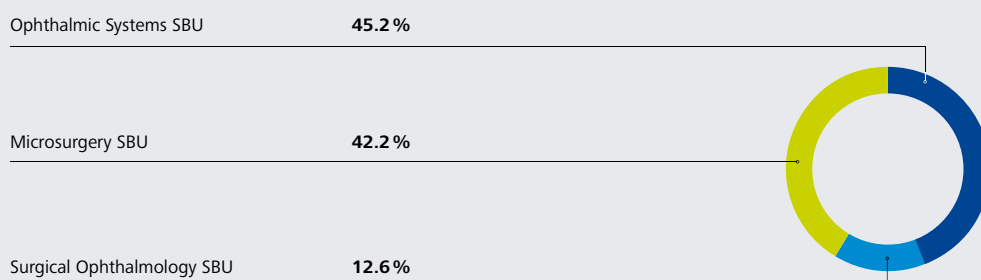


Figure 2: Consolidated revenue by strategic business unit (figures in € '000)

	9 Months 2010/2011	9 Months 2009/2010	
Surgical Ophthalmology SBU	70,062	65,039	+7.7%
Ophthalmic Systems SBU	250,933	231,660	+8.3%
Microsurgery SBU	234,503	194,132	+20.8%
Consolidated revenue	555,498	490,831	

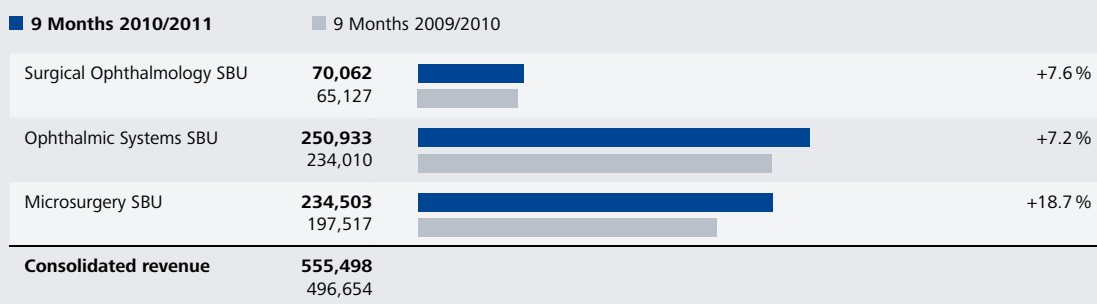
In the **Ophthalmic Systems** SBU, the broadness of the product range enables simple and continuous workflows to be realised. These generate efficiency in treatment and, due to the optimum interplay of the system components, they ideally also create an added clinical benefit. The product portfolio for ophthalmic diagnostics continued to be well received in the market in the first nine months of financial year 2010/2011.

The revenue increase in the **Surgical Ophthalmology SBU** is mainly attributable to the continuous expansion of sales and the growing demand for innovative, minimally invasive intraocular lenses and multifocal premium lenses.

The remarkable growth of the **Microsurgery SBU** was made possible by the consistently high demand for the innovative microscopes OPMI® Pentero®, OPMI® VARIO and OPMI LUMERA®. The new models, in particular, were also in high demand. In addition, encouraging growth in revenue was achieved in the field of intraoperative radiation therapy, by the INTRABEAM® device.

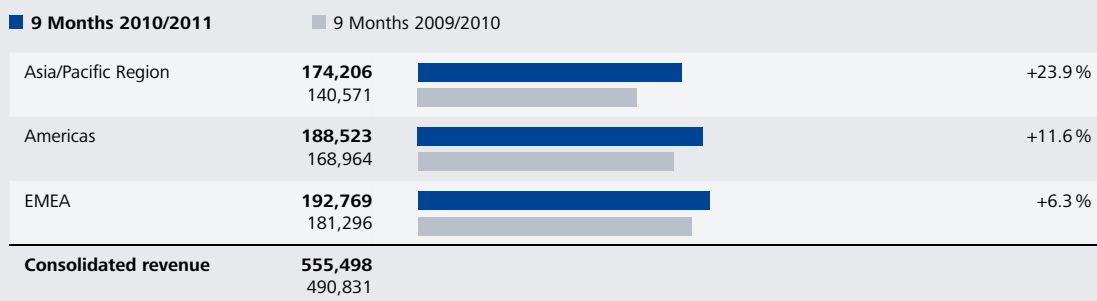
The chart below shows consolidated revenue by strategic business unit based on constant exchange rates.

Figure 3: Consolidated revenue by strategic business unit based on constant exchange rates (figures in € '000)



b) Consolidated revenue by region

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



In the review of revenue by region, Carl Zeiss Meditec moved another step closer to its objective of achieving a balance among its three regions.

As in the previous quarters, the highest growth was observed, as expected, in the **Asia/Pacific (APAC)** region. Thanks to its operating efforts and strategic orientation, Carl Zeiss Meditec increased revenue in this region by 23.9% compared with the same period the previous year, selling products to a value of € 174.2 million (previous year: € 140.6 million).

After nine months of the current financial year, double-digit growth of 11.6% was achieved in the **Americas** region year-on-year. Accordingly, revenue increased from € 169.0 million to € 188.5 million. Although these figures remained dominated by the USA, development in Central and South America is encouraging. Revenue growth is attributable, among other things, to the Cirrus™ HD-OCT, Humphrey® Field Analyzer (HFA II-i) and the IOLMaster®, as well as the series of successful surgical microscopes, the OPMI® Pentero® and OPMI LUMERA®.

Positive growth was also achieved in the **Europe, Middle East and Africa (EMEA)** region. This growth is attributable to the entire product portfolio. Overall, revenue in this region increased from € 181.3 million in the same period of the previous year to € 192.8 million. The EMEA region continued to be the strongest regional market, accounting for a 34.7% share of consolidated revenue.

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)

	9 Months 2010/2011	9 Months 2009/2010	
Asia/Pacific Region	174,206 147,415		+18.2%
Americas	188,523 167,877		+12.3%
EMEA	192,769 181,362		+6.3%
Consolidated revenue	555,498 496,654		

2.3 Gross profit

Gross profit in the first nine months of financial year 2010/2011 amounted to € 298.9 million (previous year: € 255.5 million). The gross margin increased year-on-year from 52.1% to 53.8%. This is mainly attributable to cuts in manufacturing costs and economies of scale.

2.4 Functional costs

After nine months of the current financial year, functional costs amount to € 223.2 million (previous year: € 195.6 million). This results in an almost stable ratio of 40.2% (previous year: 39.9%) of consolidated revenue. This increase of € 27.6 million compared with the same period of the previous year is due, on the one hand, to a rise in volume-related costs, but also to strategic initiatives relating to the expansion of a number of business areas, as well as further investments in the future.

- **Selling and marketing expenses:** Selling and marketing expenses increased in the first nine months of 2010/2011 compared with the previous year, from € 116.9 million to € 134.8 million. The ratio as a proportion of consolidated revenue thus increased from 23.8% to 24.3%. This is attributable, among other things, to the higher freight and commission costs in line with the rise in volume sales. Marketing costs also increased, including in IORT and Service.
- **General and administrative expenses:** In the first nine months of 2010/2011, these expenses amounted to € 29.9 million (previous year: € 26.2 million). At 5.4% (previous year: 5.3%), this ratio is almost the same as the previous year. This development is mainly attributable to costs that arose in connection with the merger of the legal entities in Germany.
- **Research and development expenses:** In order to retain and consolidate its role as a leading global medical technology provider in future, Carl Zeiss Meditec AG invested € 58.5 million (previous year: € 52.6 million) in research and development in the past nine months of the current financial year. Our research and development cost ratio remained stable at 10.5% (previous year: 10.7%).

2.5 Development of earnings

As a result of the sound development of revenue, Carl Zeiss Meditec also increased its earnings significantly after nine months of financial year 2010/2011.

EBITDA amounted to € 89.8 million in the reporting period (previous year: € 72.6 million). The **EBITDA margin** increased year-on-year, from 14.8% to 16.2%. Growing by 26.2% year-on-year in the past nine months, **EBIT** grew at a significantly higher rate than revenue, and amounted to € 75.7 million (previous year: € 60.0 million). As a result, the **EBIT margin** rose from 12.2% in the previous year to 13.6% in the current reporting period.

The **tax rate** was 32.3% and was thus slightly lower than in the previous year (32.6%).

Consolidated net income attributable to the parent company in the reporting period amounted to € 48.9 million. This corresponds to an increase of 48.4% compared with the same period of the previous year (previous year: € 32.9 million).

The **share of net income attributable to non-controlling interests** amounted to € 3.9 million (previous year: € 3.5 million) after nine months of the current financial year.

Basic¹ earnings per share increased in the reporting period, from € 0.41 in the same period of the previous year, to € 0.60.

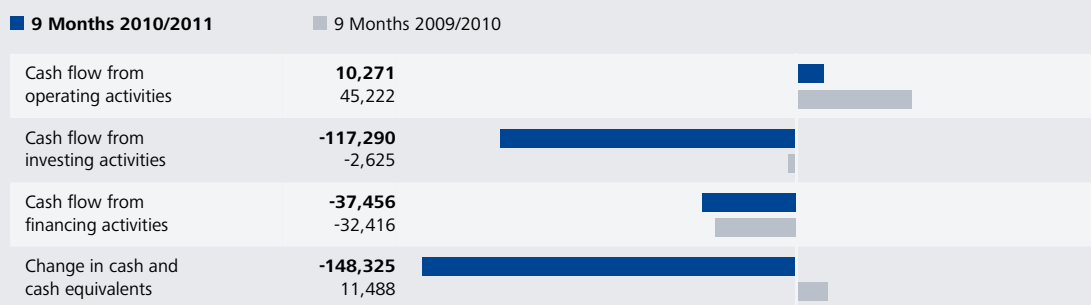
¹ Attributable to shareholders of the parent company

3 Financial situation

3.1 Statement of cash flows

The Carl Zeiss Meditec Group's statement of cash flows shows the origin and utilisation of the cash flows during the current financial year. A distinction is made between cash flows from operating activities and cash flows from investing and financing activities. The statement of cash flows merely records the changes in individual items in the income statement and the statement of financial position that occurred after the respective date of first-time consolidation. In contrast, the consolidated statement of financial position presents the figures as they stood at the end of the reporting period, 30 June 2011. As a result, the statements in the analysis of the financial position may differ from the presentation of net assets based on the consolidated statement of financial position.

Figure 6: Summary of key ratios in the consolidated statement of cash flows (figures in € '000)



Cash flow from operating activities

In the first nine months of the reporting period, cash flow from operating activities amounted to € 10.3 million (previous year: € 45.2 million). A positive effect was had here by our significantly increased consolidated net income. Cash flow was reduced in particular by the stockpiling of inventories, which was necessary to serve the growth in sales. Furthermore, increased trade receivables had a negative effect.

Cash flow from investing activities

Cash flow from investing activities decreased from € -2.6 million in the previous year's period to € -117.3 million. One key reason for this significant decline is the fixed-term deposit of € 110.0 million.

Cash flow from financing activities

Cash flow from financing activities in the first nine months of 2010/2011 amounted to € -37.5 million (previous year: € -32.4 million). This is mainly attributable to the distribution of the dividend to the shareholders of Carl Zeiss Meditec AG for financial year 2009/2010 following the Annual General Meeting 2011 (€ 44.7 million).

3.2 Key ratios relating to financial position

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

Key ratio	Definition	30 September 2010	30 June 2011	Change
Cash and cash equivalents	Cash-in-hand and bank balances	313,516	165,191	-47.3 %
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	327,983	170,937	-47.9 %
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	105,089	263,407	+150.7 %
Working capital	Current assets ./. Current liabilities	433,072	434,344	+0.3 %

Table 3: Key ratios relating to financial position

Key ratio	Definition	9 Months 2009/2010	9 Months 2010/2011	Change
Cash flow per share	Cash flow from operating activities Weighted average number of shares outstanding	€ 0.56	€ 0.13	-77.3 %
Capex ratio	Investment in property, plant and equipment Consolidated revenue	0.7 %	0.7 %	±0.0 % pts

4 Net assets

4.1 Presentation of net assets

The following chart summarises the development of key items in the consolidated statement of financial position:

Figure 7: Structure of the consolidated statement of financial position (figures in € '000)

Assets	30 September 2010	30 June 2011
Goodwill	113,068	112,336
Noncurrent assets*	120,752	114,301
Cash and cash equivalents	313,516	165,191
Current assets**	293,867	436,041
Consolidated total assets	841,203	827,869
Liabilities and equity	30 September 2010	30 June 2011
Equity	598,982	597,811
Noncurrent liabilities	67,910	63,170
Current liabilities	174,311	166,888
Consolidated total liabilities	841,203	827,869

* excluding goodwill
 ** excluding cash and cash equivalents

ASSETS

Inventories

The item "Inventories" in the statement of financial position increased by 16.3% as of 30 June 2011 to € 138.7 million, from € 119.2 million at 30 September 2010. The increase in inventories is due to the objective to continue quickly meeting the demand for Carl Zeiss Meditec products.

Trade receivables, incl. receivables from related parties

In the first nine months of financial year 2010/2011, this item in the statement of financial position increased by 15.8% to € 155.0 million (previous year: € 133.9 million), mainly as a result of the very good development of revenue.

Cash and cash equivalents

This item in the statement of financial position amounted to € 165.2 million (30 September 2010: € 313.5 million). The substantial decrease in this item is mainly due to the investment in medium-term fixed deposits amounting to € 110.0 million. As this amount is due in less than one year, it is carried under other current financial assets. This item is furthermore reduced by the dividend distributed in the third quarter (€ 44.7 million).

LIABILITIES AND EQUITY

Equity

Carl Zeiss Meditec AG's equity decreased slightly in the first nine months of financial year 2010/2011, to € 597.8 million (30 September 2010: € 599.0 million). In spite of the dividend payment in the third quarter, this item remained almost constant.

Trade payables

Due in particular to the payment of outstanding liabilities, "Trade payables" decreased by 24.9% in the first nine months of financial year 2010/2011, from € 28.7 million (30 September 2010) to € 21.6 million.

4.2 Key ratios relating to net assets

Table 4: Key ratios relating to net assets

Key ratio	Definition	30 September 2010	30 June 2011	Change
Equity ratio	Shareholders' equity Total assets	71.2 %	72.2 %	+1.0 % pts
Rate of inventory turnover	Cost of goods sold (annualized) Average inventories	2.9	2.7	-6.9 %
Days of sales outstanding (DSO)	Trade receivables including receivables from related parties Consolidated revenue (annualized) x 360 days	71.2 days	75.3 days	+5.8 %

5 Orders on hand

As of 30 June 2011, orders on hand amounted to € 91.7 million (previous year: € 80.7 million). It is still the Group's belief, in the first nine months of the current financial year, that the trend for placing orders at short notice for devices and systems for ophthalmology and microsurgery will continue.

6 Events of particular significance

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

7 Employees

As of 30 June 2011, the Carl Zeiss Meditec Group had 2,287 employees worldwide (previous year: 2,165 employees).

8 Research & development

Carl Zeiss Meditec's expenditure for research and development in the first nine months of financial year 2010/2011 totalled € 58.5 million (previous year: € 52.6 million).

As of 30 June 2011, there were 355 research and development employees Group-wide (previous year: 360). This corresponds to 15.5 % (previous year: 16.6 %) of the Carl Zeiss Meditec Group's total workforce.

Research and development at Carl Zeiss Meditec mainly focuses on:

- examining new technological concepts in terms of their clinical relevance and efficacy. The concept of "evidence-based medicine" plays a major role in this, i. e., proving the efficacy of the developed diagnostic and treatment methods is very important to us;
- the continuous development of the existing product portfolio;
- the development of new products and product platforms based on the available basic technologies and
- the networking of systems and devices to increase efficiency.

9 Outlook

After the end of the first nine months of financial year 2010/2011 we are looking forward with optimism to the fourth quarter and shall remain on our present course. We feel confident that we will achieve our revenue target of € 720–750 million. The corresponding growth for the financial year as a whole, of 6–11 %, would therefore reach a very encouraging level. Naturally, this will require general economic conditions to continue developing normally. Factors such as the debt crises in the USA and Europe also pose a certain risk for our Company. Regional crises and unforeseeable emergencies, such as the recent natural disaster in Japan in March of this year, could also have an adverse effect.

Nevertheless, we are benefiting from our broad business model and global presence, particularly in the growth regions around the world. Often, this enables us to compensate for setbacks in individual countries with other regions.

We continue to see major opportunities for our future growth in the Asia/Pacific region, in particular. Over the past few years, we have developed an excellent market position in this region and have built up a successful and efficient network there. In India, for example, where this year we began constructing an application and research centre, we expect to achieve further success in the rapidly growing medical technology markets, which hold enormous potential.

Carl Zeiss Meditec AG has set itself ambitious growth targets for the future. The specific steps, actions and milestones for realising these ambitions are described in our MEGA 2015 programme (MEGA = Meditec Excellence and Growth Agenda). This Agenda defines mission-critical fields of action to ensure sustainable growth of Carl Zeiss Meditec and further increase profitability. Specifically, the programme focuses the Company on the mission-critical areas of innovation, customer orientation, expansion into new markets, a strong team and process excellence. As well as achieving excellence in these areas, we are also striving to exploit growth opportunities in the areas of innovation, customer orientation and new markets.

Directors' holdings and directors' dealings

1 Directors' holdings – shareholdings of members of the executive bodies of Carl Zeiss Meditec AG

Table 5: Directors' holdings – number of Carl Zeiss Meditec shares held by members of the Company's executive bodies

		Number of Carl Zeiss Meditec shares (30 June 2011)
Management Board		
Dr. Ludwin Monz	Shares	1,000
Dr. Christian Müller	Shares	2,000
Thomas Simmerer	Shares	–
Supervisory Board		
Dr. Michael Kaschke	Shares	6,000
Dr. Markus Guthoff	Shares	1,900
Dr. Wolfgang Reim	Shares	10,000
Thomas Spitzenpfeil	Shares	–
Wilhelm Burmeister	Shares	1,419
Franz-Jörg Stündel	Shares	839
Company		
Carl Zeiss Meditec AG	Shares	–

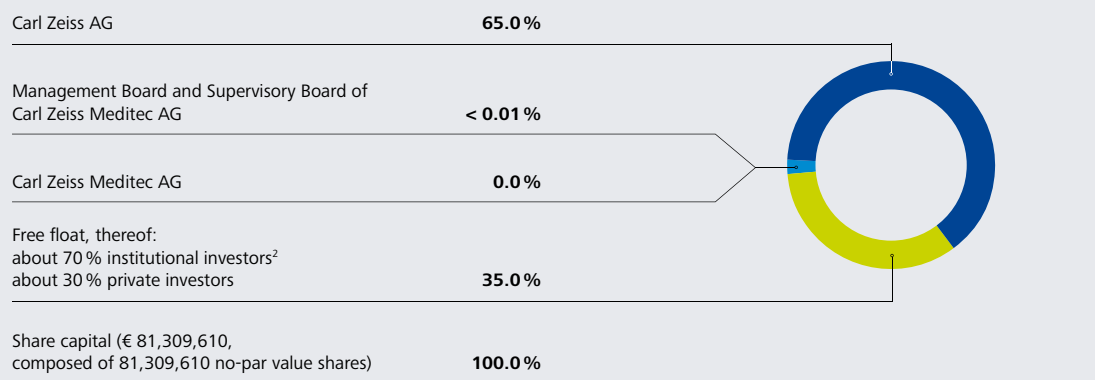
2 Directors' dealings – notifiable securities transactions by members of the executive bodies of Carl Zeiss Meditec AG in the first nine months of 2010/2011

In the first nine months of 2010/2011, 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 executed 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 | **Corporate Governance | Directors' Dealings** in accordance with the prevailing legal requirements of Section 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 8: Shareholder structure of Carl Zeiss Meditec AG (as of 30 June 2011)



² Source: LionShares and own research

Consolidated income statement (IFRS) for the period from 1 October 2010 to 30 June 2011

(Figures in € '000)	3 rd quarter 2010/2011 1 April 2011 – 30 June 2011	3 rd quarter 2009/2010 1 April 2010 – 30 June 2010	Financial year 2010/2011 1 October 2010 – 30 June 2011	Financial year 2009/2010 1 October 2009 – 30 June 2010
Revenue	179,454	169,687	555,498	490,831
Cost of goods sold	(81,885)	(80,205)	(256,635)	(235,315)
Gross profit	97,569	89,482	298,863	255,516
Selling and marketing expenses	(44,133)	(41,042)	(134,797)	(116,881)
General and administrative expenses	(9,429)	(9,232)	(29,947)	(26,222)
Research and development expenses	(19,420)	(18,611)	(58,530)	(52,598)
Other income	(56)	238	276	425
Other expense	(187)	(162)	(199)	(289)
<i>Earnings before interests, income taxes, depreciation and amortisation</i>	<i>28,546</i>	<i>25,172</i>	<i>89,794</i>	<i>72,585</i>
<i>Depreciation and amortisation</i>	<i>4,202</i>	<i>4,499</i>	<i>14,128</i>	<i>12,634</i>
Earnings before interests and income taxes	24,344	20,673	75,666	59,951
Results from investments accounted for using the equity method	–	(9)	(19)	(27)
Interest income	905	740	2,832	1,770
Interest expense	(1,326)	(1,321)	(4,141)	(3,848)
Foreign currency gains/(losses), net	542	(3,830)	1,606	(5,396)
Other financial result	566	517	1,948	1,607
Earnings before income taxes	25,031	16,770	77,892	54,057
Income tax expense	(8,168)	(5,428)	(25,170)	(17,602)
Net income	16,863	11,342	52,722	36,455
Attributable to:				
Shareholders of the parent company	16,116	10,769	48,860	32,932
Non-controlling interest	747	573	3,862	3,523
Profit/(loss) per share, attributable to the shareholders of the parent company in the current financial year (€):				
– Basic/diluted	0.20	0.13	0.60	0.41

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

Consolidated statement of comprehensive income (IFRS) for the period from 1 October 2010 to 30 June 2011

(Figures in € '000)	3rd quarter 2010/2011 1 April 2011 – 30 June 2011	3rd quarter 2009/2010 1 April 2010 – 30 June 2010	Financial year 2010/2011 1 October 2010 – 30 June 2011	Financial year 2009/2010 1 October 2009 – 30 June 2010
Net income	16,863	11,342	52,722	36,455
Fair value measurement of available-for-sale financial assets				
Recognised directly in Equity	–	33	(89)	(18)
Changes in equity from investments accounted for using the equity method	–	–	1	–
Foreign currency translation	(1,742)	19,118	(9,085)	29,846
Other comprehensive income	(1,742)	19,151	(9,173)	29,828
Comprehensive income	15,121	30,493	43,549	66,283
Attributable to:				
Shareholders of the parent company	14,038	26,590	40,361	58,590
Non-controlling interest	1,083	3,903	3,188	7,693

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

Consolidated statement of financial position (IFRS) for the period ended 30 June 2011

(Figures in € '000)	30 June 2011	30 September 2010
ASSETS		
Goodwill	112,336	113,068
Intangible assets	25,717	33,942
Property, plant and equipment	36,948	39,906
Investments accounted for using the equity method	0	68
Investments	364	364
Deferred tax assets	46,607	41,568
Noncurrent trade receivables	3,229	3,673
Other noncurrent assets	1,436	1,231
Total noncurrent assets	226,637	233,820
Inventories	138,680	119,216
Trade receivables	107,920	98,113
Accounts receivable from related parties	43,866	32,069
Treasury receivables	15,785	24,727
Tax refund claims	4,388	8,751
Other current financial assets	114,912	2,329
Other current non-financial assets	10,490	8,571
Securities	0	91
Cash and cash equivalents	165,191	313,516
Total current assets	601,232	607,383
Total assets	827,869	841,203

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

(Figures in € '000)	30 June 2011	30 September 2010
LIABILITIES AND EQUITY		
Share capital	81,310	81,310
Capital reserve	313,863	313,863
Retained earnings	195,786	191,646
Gains and losses recognized directly in equity	(23,035)	(14,536)
Equity before non-controlling interest	567,924	572,283
Non-controlling interest	29,887	26,699
Total equity	597,811	598,982
Provisions for pensions and similar commitments	13,685	14,093
Other noncurrent provisions	14,270	15,001
Noncurrent financial liabilities	8,867	9,069
Noncurrent leasing liabilities	14,757	16,681
Other noncurrent liabilities	5,928	6,536
Deferred tax liabilities	5,663	6,530
Total noncurrent liabilities	63,170	67,910
Current provisions	40,157	36,306
Current accrued liabilities	51,000	46,936
Current financial liabilities	2,629	3,385
Current portion of noncurrent financial liabilities	301	288
Current portion of noncurrent leasing liabilities	1,491	1,513
Trade payables	21,553	28,685
Current income tax liabilities	3,267	12,377
Accounts payable to related parties	11,037	10,899
Treasury payables	10,039	10,260
Other current liabilities	25,414	23,662
Total current liabilities	166,888	174,311
Total liabilities	827,869	841,203

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

Consolidated statement of cash flows (IFRS) for the period from 1 October 2010 to 30 June 2011

(Figures in € '000)	Financial year 2010/2011 1 October 2010 – 30 June 2011	Financial year 2009/2010 1 October 2009 – 30 June 2010
Cash flows from operating activities:		
Net income	52,722	36,455
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Income tax expenses	25,170	17,602
Interest income/expenses	1,309	2,078
Results from investments accounted for using the equity method	19	27
Depreciation and amortisation	14,128	12,634
Gains/losses on disposal of fixed assets/financial assets	301	221
Interest received	2,036	1,283
Interest paid	(2,413)	(2,178)
Income tax reimbursement	5,605	2,552
Income taxes paid	(42,047)	(28,205)
Changes in working capital:		
Trade receivables	(24,232)	(4,263)
Inventories	(24,019)	(13,567)
Other assets	(4,271)	1,344
Trade payables	(5,625)	967
Provisions and financial liabilities	9,668	17,873
Other liabilities	1,920	399
Total adjustments	(42,451)	8,767
Net cash provided by operating activities	10,271	45,222
Cash flows from investing activities:		
Investment in property, plant and equipment	(3,207)	(3,009)
Investment in intangible assets	(446)	(2,819)
Investment in plan assets pension fund	(3,957)	(1,242)
Proceeds from fixed assets	271	305
Repayment of loans	(110,000)	–
Received initial payment from the intended sale of the pharma business	–	4,200
Reduction of the share capital of investments accounted for using the equity method	49	–
Acquisition of consolidated companies/business, net of cash acquired (2009/2010: Carl Zeiss Meditec S.A.S.: € 60 thsd.)	–	(60)
Net cash provided by/(used in) operating activities	(117,290)	(2,625)
Cash flows from financing activities:		
Repayments of short-term debt	(6)	(4)
Repayments of noncurrent financial liabilities	(214)	(292)
Repayments from noncurrent loans from related parties	–	(8,648)
(Increase)/decrease in treasury receivables	8,768	(13,278)
Increase/(decrease) in treasury payables	(221)	5,291
Change of leasing liabilities	(1,063)	(849)
Dividend payments to shareholders of Carl Zeiss Meditec AG	(44,720)	(14,636)
Net cash provided by/(used in) financing activities	(37,456)	(32,416)
Effect of exchange rate fluctuation on cash and cash equivalents	(3,850)	1,307
Net increase/(decrease) in cash and cash equivalents	(148,325)	11,488
Cash and cash equivalents, beginning of reporting period	313,516	199,995
Cash and cash equivalents, end of reporting period	165,191	211,483

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 recognized directly in Equity		Equity before non-controlling interest	Non-controlling interest	Total equity
				Reserves from currency conversion	Fair value reserve for afs financial instruments			
As of 1 October 2009	81,310	313,863	151,397	(25,568)	(156)	520,846	18,926	539,772
Fair value measurement of available-for-sale financial assets	-	-	-	-	(12)	(12)	-	(12)
Foreign currency translation	-	-	-	11,199	-	11,199	3,082	14,281
Changes in equity from investments accounted for using the equity method	-	-	-	-	1	1	-	1
Changes in value recognised directly in equity	-	-	-	11,199	(11)	11,188	3,082	14,270
Net income	-	-	54,889	-	-	54,889	4,747	59,636
Sum of comprehensive income for the period	-	-	54,889	11,199	(11)	66,077	7,829	73,906
Dividend payments	-	-	(14,636)	-	-	(14,636)	-	(14,636)
Acquisition of non-controlling interests	-	-	(4)	-	-	(4)	(56)	(60)
As of 30 September 2010	81,310	313,863	191,646	(14,369)	(167)	572,283	26,699	598,982
Fair value measurement of available-for-sale financial assets	-	-	-	-	(89)	(89)	-	(89)
Foreign currency translation	-	-	-	(8,411)	-	(8,411)	(674)	(9,085)
Changes in equity from investments accounted for using the equity method	-	-	-	-	1	1	-	1
Changes in value recognised directly in equity	-	-	-	(8,411)	(88)	(8,499)	(674)	(9,173)
Net income	-	-	48,860	-	-	48,860	3,862	52,722
Sum of comprehensive income for the period	-	-	48,860	(8,411)	(88)	40,361	3,188	43,549
Dividend payments	-	-	(44,720)	-	-	(44,720)	-	(44,720)
As of 30 June 2011	81,310	313,863	195,786	(22,780)	(255)	567,924	29,887	597,811

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 2010 in accordance with the International Financial Reporting Standards (IFRSs) 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 Financial Reporting".

Accounting and valuation principles

The accounting and valuation principles applied for the interim financial statements as of 30 June 2011 correspond to those applied for the consolidated financial statements for financial year 2009/2010 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 2010.

Recent pronouncements on accounting principles

The Group was obliged to apply the following standards and interpretations for the first time at the beginning of this financial year:

Date of issue	Standard/Interpretation	Amendment/New statutory regulation
3 July 2008	IFRIC 15 "Agreements for the Construction of Real Estate"	Essentially guidelines for deciding when an agreement falls under IAS 11 or IAS 18
27 November 2008	IFRIC 17 "Distributions of Non-cash Assets to Owners"	Measurement of non-cash assets
29 January 2009	IFRIC 18 "Transfer of Assets from Customers"	Accounting treatment of transferred assets, particularly in the energy sector
16 April 2009	Improvements to IFRSs (2009)	15 different amendments to 12 existing standards and interpretations
18 June 2009	Amendment to IFRS 2 "Share-based Payment"	Presentation of cash-settled share-based payments
9 October 2009	Amendment to IAS 32 "Financial Instruments: Presentation"	Classification of rights issues
26 November 2009	IFRIC 19 "Redemption of Financial Liabilities through Equity Instruments"	Comments on the redemption of financial liabilities through equity instruments
28 January 2010	Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards"	Exemption of first-time IFRS users from the obligation to make additional disclosures concerning financial instruments resulting from IFRS 7

In the reporting period, the Group applied as mandatory the amendments arising from the “Improvements to IFRSs” (2009) for the first time. The option for early application of the amendment to IFRS 8 was already made use of in the consolidated financial statements for financial year 2009/2010. As a result, the segment assets are not stated per business segment, as this information is not reported internally to the CEO, who is also Chief Operating Decision Maker. This amendment therefore has no effect on the presentation of the financial statements.

For all other standards and interpretations applied for the first time there were no significant changes to the accounting and valuation methods, nor are such changes expected.

The IASB and IFRIC also issued the following standards, interpretations and revisions of existing standards after the end of the reporting period of the consolidated financial statements 2009/2010; however, application of these is not yet mandatory for Carl Zeiss Meditec. The Company did not opt to apply these standards early:

Date of issue	Standard/Interpretation	Amendment/New statutory regulation	Date of first mandatory application	Adopted by the EU
7 October 2010	Amendment IFRS 7 “Financial Instruments: Notes”	Extended disclosure obligations concerning transfer of financial assets	Financial years beginning on or after 1 July 2011	No
28 October 2010	Amendment to IFRS 9 “Financial Instruments”	Additional requirements for the accounting of financial liabilities	Financial years beginning on or after 1 January 2013	No
20 December 2010	Amendment IFRS 12 “Income Taxes”	Practical solution for problem of recognition at carrying amount through utilisation or disposal	Financial years beginning on or after 1 January 2012	No
20 December 2010	Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards”	Guidelines for the presentation of IFRS-compliant financial statements where functional currency is subject to severe hyperinflation, and restatement	Financial years beginning on or after 1 July 2011	No
12 May 2011	IFRS 10 “Consolidated Financial Statements”	Accounting principles for presenting consolidated financial statements, as well as notes on the principle of control	Financial years beginning on or after 1 January 2013	No
12 May 2011	IFRS 11 “Joint Arrangements”	Expansion of principles for joint arrangements and their accounting	Financial years beginning on or after 1 January 2013	No
12 May 2011	IFRS 12 “Disclosure of Interests in Other Entities”	Extended disclosure obligations for interests in other entities	Financial years beginning on or after 1 January 2013	No
12 May 2011	IFRS 13 “Fair Value Measurement”	Guidance on measurement and disclosures on the measurement of fair value	Financial years beginning on or after 1 January 2013	No
12 May 2011	IAS 27 “Separate Financial Statements”	Guidelines for accounting treatment of investments in subsidiaries, associates and joint ventures in separate financial statements	Financial years beginning on or after 1 January 2013	No
12 May 2011	IAS 28 “Accounting for Investments in Associates and Joint Ventures”	Guidelines for accounting treatment of associates and principles for applying the equity method	Financial years beginning on or after 1 January 2013	No
16 June 2011	Amendment IAS 1 “Presentation of Financial Statements”	Presentation of items of other comprehensive income	Financial years beginning on or after 1 July 2012	No
16 June 2011	Amendment IAS 19 “Employee Benefits”	Extended disclosure obligations for defined benefit plans	Financial years beginning on or after 1 January 2013	No

All of the standards listed above shall not be applied by Carl Zeiss Meditec until financial year 2011/2012 or later. We do not anticipate the future application of these standards to have any material effect on the presentation of the financial statements. The specific effects are still being reviewed.

Changes in the reporting entity:

Carl Zeiss Meditec AG, Jena, Germany

In the reporting period 2010/2011, Carl Zeiss Surgical GmbH, Acri.Tec GmbH, Carl Zeiss Meditec Systems GmbH and Carl Zeiss Medical Software GmbH were merged retrospectively as of 1 October 2010 with the parent company, Carl Zeiss Meditec AG. This restructuring within the reporting entity has no structural effects on the consolidated financial statements.

In addition, in the reporting period 2010/2011, the Company dissolved its at-equity investment in Advanced Research Institute GmbH, domiciled in Hennigsdorf – a joint venture pursuant to IAS 31 with a 49% share of the voting rights. This impacted earnings by € -14 thousand.

2. Notes to the consolidated income statement

Operating segments

The Group has three operating segments, which are simultaneously the Group's strategic business units (SBUs). The **Ophthalmic Systems** and **Surgical Ophthalmology** SBUs comprise Carl Zeiss Meditec's activities in the ophthalmic market. Ophthalmic Systems include medical laser and diagnostic systems. The Surgical Ophthalmology segment combines the Company's activities in the field of intraocular lenses and consumables. The activities in the field of neuro, ear, nose and throat surgery are presented in the **Microsurgery** segment (the former Neuro/ENT surgery SBU). Surgical visualisation solutions and activities in the area of intraoperative radiation are allocated to this SBU. Internal management reports are evaluated by the CEO at least every quarter for each of the strategic business units.

The operating segments for the reporting period are as follows:

(in € '000)	Ophthalmic Systems		Surgical Ophthalmology		Microsurgery		Total	
	9 Months 2010/2011	9 Months 2009/2010	9 Months 2010/2011	9 Months 2009/2010	9 Months 2010/2011	9 Months 2009/2010	9 Months 2010/2011	9 Months 2009/2010
External revenue	250,933	231,660	70,062	65,039	234,503	194,132	555,498	490,831
EBIT	23,661	21,656	7,967	7,796	44,038	30,499	75,666	59,951
Reconciliation of segments' comprehensive income to the Group's period-end result:								
Comprehensive income of the segments							75,666	59,951
Consolidated earnings before interest and taxes (EBIT)							75,666	59,951
Financial result							2,226	(5,894)
Consolidated earnings before income taxes							77,892	54,057
Income tax expense							(25,170)	(17,602)
Consolidated net income							52,722	36,455

There were generally no inter-segment sales between the segments.

The segment assets have not changed materially compared with the disclosures in the notes to the last consolidated annual financial statements. Nor is this the subject of internal management reports.

Related party disclosures

Revenue amounting to € 141,341 thousand (previous year: € 106,603 thousand) resulted from relations with related parties during the reporting period 2010/2011. The term "related parties" refers here to Carl Zeiss AG and its subsidiaries.

3. Notes to the statement of financial position

Cash and cash equivalents

Cash and cash equivalents decreased in the reporting period to € 165,191 thousand (30 September 2010: € 313,516 thousand). This is mainly attributable to the dividend distribution of € 44,720 thousand (€ 0.55 per share) and the investment in medium-term fixed deposits in the amount of € 110,000 thousand, which, due to their remaining term of less than one year, are carried under other current financial assets.

4. Events after the end of the interim reporting period

There were no events of particular significance after the end of the reporting period, 30 June 2011.

Important financial dates

Date	Financial year 2010/2011
8 December 2011	Annual Financial Statements 2010/2011
8 December 2011	Analysts' Conference, Frankfurt am Main

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