CeramTec Holding GmbH (former Faenza Germany GmbH), Plochingen

Condensed Interim Consolidated Financial Statements for the period 15 July 2013 until 30 September 2013

CeramTec Holding GmbH, Plochingen

Condensed Interim Consolidated Financial Statements for the period 15 July 2013 until 30 September 2013

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CeramTec Holding, Plochingen

Interim Consolidated Income Statement

in EUR thousand	**Notes**	**15 July to 30 September 2013**
Net sales		**38,653**
Costs of products sold		31,925
Gross profit on sales		**6,728**
Selling costs		5,715
General administration costs		1,818
Other income		85
Other expenses	(8)	19,730
Loss from operations		**(20,450)**
Financial income	(9)	2,012
Financial expense	(9)	9,786
Earnings before taxes		**(28,224)**
Taxes on income		3,913
Net loss		**(24,311)**

CeramTec Holding, Plochingen

Interim Consolidated Other Comprehensive Income

in EUR thousand	**Notes**	**15 July to 30 September 2013**
Net loss		**(24,311)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Currency translation differences		(734)
Gains/losses from market valuation of hedges	(20)	(5,107)
Income tax effect		1,462
		(3,645)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		**(4,379)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurement of defined benefit plans		(34)
Income tax effect		9
		(25)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**(25)**
Other comprehensive income		**(4,404)**
Total comprehensive income		**(28,715)**

CeramTec Holding, Plochingen

Interim Consolidated Balance Sheet

Interim Consolidated Balance Sheet as of 30 September 2013
in EUR thousand

Assets	**Notes**	**30 September 2013**	**14 July 2013**	**Equity and liabilities**	**Notes**	**30 September 2013**	**14 July 2013**
Non-Current Assets		**1,556,349**	**0**	**Equity**		**349,447**	**14**
Goodwill	(5)	546,066	0	Subscribed capital	(17)	25	25
Intangible Assets	(11), (5)	699,475	0	Capital reserve	(17)	378,148	0
Property, plant and equipment	(12), (5)	303,936	0	Retained earnings	(18)	(24,322)	(11)
Deferred tax assets		2,291	0	Other comprehensive income		(4,404)	0
Other financial assets	(19)	2,530	0				
Other assets	(13)	2,051	0	**Non-current liabilities**		**1,297,495**	**2**
				Pension and other post-employment benefit plans		61,402	0
Current Assets		**206,884**	**75**	Provisions		4,185	2
Inventories	(14)	83,714	0	Financial liabilities	(19)	1,040,473	0
Trade receivables	(19)	52,376	0	Deferred tax liabilities		190,938	0
Other financial assets	(19)	2,657	0	Other liabilities		497	0
Other assets	(13)	4,235	0				
Cash and cash equivalents	(16)	63,902	75	**Current liabilities**		**116,291**	**60**
				Provisions		14,284	0
				Financial liabilities	(19)	20,253	0
				Income tax payables		302	0
				Trade payables	(19)	36,350	0
				Other liabilities		45,102	60
Total assets		**1,763,233**	**75**	**Total equity and liabilities**		**1,763,233**	**75**

CeramTec Holding, Plochingen

Interim Consolidated Statement of Changes in Equity

	Statement of changes in consolidated equity						
				Accumulated other comprehensive income			
	Subscribed capital	**Capital reserve**	**Retained earnings**	**Currency translation differences**	**Cash flow hedge reserve**	**Remeasurement gains (losses) on defined benefit plans**	**Equity**
Notes	**(17)**	**(17)**	**(18)**				
in EUR thousand							
14 July 2013	**25**	**-**	**(11)**	**-**	**-**	**-**	**14**
Net loss	-	-	(24,311)	-	-	-	(24,311)
Other comprehensive income	-	-	-	(734)	(3,645)	(25)	(4,404)
Total comprehensive income	-	-	*(24,311)*	*(734)*	*(3,645)*	*(25)*	*(28,715)*
Capital contribution	-	378,148	-	-	-	-	378,148
30 September 2013	**25**	**378,148**	**(24,322)**	**(734)**	**(3,645)**	**(25)**	**349,447**

CeramTec Holding, Plochingen

Interim Consolidated Cash Flow Statement

in EUR thousand	Notes	15 July to 30 September 2013
Net loss		(24,311)
Taxes on income		3,913
Profit (loss) before taxes		(28,224)
Depreciation and amortization on non-current assets		11,290
Gains / Losses from disposal of non-current assets		11
Increase in provisions		11,884
Financial income	(9)	(2,012)
Interest expenses	(9)	8,449
Other Financial Expenses		1,337
Change in fair value measurement of financial instruments		(3,970)
Increase (-) / decrease in inventories		5,386
Increase (-) / decrease in trade receivables		(3,015)
Increase (-) / decrease in other accounts receivable		(3,528)
Increase/ decrease (-) in trade accounts payable		2,191
Increase/ decrease (-) in other accounts payable		1,301
Cash flow from operating activities		**1,099**
Cash inflow from disposal of property, plant and equipment		12
Cash outflow for capital investments in property, plant and equipment		(3,048)
Acquisitions of businesses		(1,359,615)
Cash flow from investing activities		**(1,362,651)**
Cash inflow from capital contribution from shareholder	(17)	378,148
Cash inflow from issue of bonds		299,941
Proceeds from borrowings		627,687
Cash inflow from shareholder loan	(23)	120,000
Cash flow from financing activities		**1,425,776**
Change in cash and cash equivalents		**64,224**
Cash and cash equivalents at the beginning of the period		**75**
Exchange rate-related changes in cash and cash equivalents		(397)
Cash and cash equivalents at the end of the period		**63,902**

CeramTec Holding, Plochingen

Selected explanatory Notes to the Condensed Interim Consolidated Financial Statements

1. General Information

(1) Corporate Information

CeramTec Holding GmbH (former Faenza Germany GmbH and in the following “CeramTec Holding”) based in Plochingen, Germany is an unlisted company, which is registered in the commercial register of Stuttgart local court under HRB 776625.

CeramTec Holding and its subsidiaries (collectively referred to as “CeramTec Holding Group”) are leading global producers of high performance ceramic materials and products serving five principal end markets: automotive, electronic applications, energy and environment, equipment and mechanical engineering and medical technology.

Ceram Tec Holding Group compiles the consolidated income statement using the cost of sales method. Because of rounding and presentation in thousands of Euro, it is possible that certain figures in the CeramTec Holding Group Condensed Interim Consolidated Financial Statements do not add up exactly to the total amount shown and that percentages shown do not precisely reflect the absolute data to which they relate to.

CeramTec Holding was established on 3 June 2013. The first financial year covered the stub-period from 3 June 2013 to 14 July 2013. The second financial year is also a stub-period from 15 July to 31 December 2013. From 2014 onwards the financial year corresponds to the calendar year.

(2) Basis for preparation

Based on the Sale and Purchase Agreement (SPA) signed on 15 June 2013 and with effectiveness on 31 August 2013 / 1 September 2013, 24:00 h CEST, Rockwood Specialties Group sold and transferred via several subsidiaries the Advanced Ceramics Business to CeramTec Service GmbH, Plochingen (former Faenza Acquisition GmbH, Frankfurt am Main and in the following “CeramTec Service”), the indirect subsidiary of CeramTec Holding, which prepares this Pro-Forma Consolidated Financial Information. The Advanced Ceramics Business comprises the following entities:

- CeramTec GmbH, Plochingen, Germany (in the following “CeramTec Germany”) including its subsidiaries
- Press and Sinter Technics de Mexico S.A. de C.V., Puebla, Mexico (in the following “PST Mexico)
- Press+Sintertechnik Sp.z.o.o., Gorzyce, Poland (in the following „PST Poland”)
- CeramTec North America Corporation, Laurens, US (in the following “CeramTec NA”)

The acquisition was financed by equity contributions and the granting of a shareholder loan of 120 million EUR on 29 August 2013 of the shareholder of CeramTec Holding, Faenza Luxembourg S.à.r.l., Luxembourg (in the following “Faenza Luxembourg”), as well as the issuance of an unsecured bond (307 million EUR) and senior secured credit facilities (647 million EUR credit facilities used and revolving credit facilities of additional 100 million EUR unused).

The consideration transferred to obtain control amounts to 1,544 million EUR and includes the purchase price for the acquisition of the shares (1,525 million EUR) and the purchase price for the acquisition of loan receivables against the Advanced Ceramics Business (19 million EUR). The fair value of the assets acquired and the liabilities assumed amounts to 998 million EUR. Taking into account the consideration transferred the goodwill resulting from the acquisition of the Advanced Ceramics Business amounts to 546 million EUR.

Based on the described acquisition CeramTec Holding indirectly obtained control of the operating Advanced Ceramics Business resulting in a business combination to be accounted for in accordance with IFRS 3 as from the acquisition date 1 September 2013. Due to that, the income and expenses from the Advanced Ceramics Business are included in the historical financial information of CeramTec Holding Group from 1 September 2013.

CeramTec Germany prepared combined financial statements in accordance with IFRS as adopted by the EU for the period ending 31 December 2012. The combined financial statements cover the Advanced Ceramic Business and includes CeramTec Germany incl. its subsidiaries, PST Mexico, CeramTec NA and PST Poland.

The Condensed Interim Financial Statements at hand represent the first-time Condensed Interim Financial Statements of the CeramTec Holding Group. As no recent financial statements are available, on which these Condensed Interim Financial Statements could be based on, the Condensed Interim Financial Statements contain additional disclosures, which exceed the requirements of IAS 34, to ensure a better understanding of the Condensed Interim Financial Statements and especially the transaction described above.

As the business of the advanced ceramics is unchanged compared to 31 December 2012 and not influenced by the transaction, the notes prepared for the combined financial statements as of 31 December 2012 are an appropriate basis for the notes of these Condensed Interim Financial Statements in respect of the operating business.

The effects of the business combination itself on the Condensed Interim Financial Statements are described in detail in section 5 of the notes of the Condensed Interim Financial Statements. Furthermore, in respect of the financing, which is independent from the operating business and the subsequent measurement of the purchase price allocation, the notes to these Condensed Interim Financial Statements contain all the disclosures, which would be required under IFRS 7 and IFRS 13 and not only those, which IAS 34 requires for Condensed Interim Financial Statements.

These first-time Condensed Interim Financial Statements for the period from 15 July 2013 through 30 September 2013 (hereafter "interim reporting period") were prepared in accordance with IAS 34 and comply with the requirements of this standard.

As the CeramTec Holding Group has not existed prior to the formation of CeramTec Holding as of 3 June 2013, no comparative information for the income statement, the statement of other comprehensive income as well as the statement of cash flow could be presented.

(3) Adoption of new or amended IFRS accounting regulations

The Interim Consolidated Financial Statements of the CeramTec Holding Group were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable for the interim reporting period.

The following Standards, Revised Standards and Amendments issued by the IASB during previous accounting periods, were not mandatory for the period under report and were not applied in the reporting period:

IFRS 9 *Financial Instruments*
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the CeramTec Holding Group's financial assets, but will not have an impact on classification and measurements of the CeramTec Holding Group's financial liabilities. The CeramTec Holding Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 10 *Consolidated Financial Statements,* IAS 27 *Separate Financial Statements*
IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 *Consolidation — Special Purpose Entities*. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to

determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the CeramTec Holding Group. This standard is adopted by the EU and becomes effective for annual periods beginning on or after 1 January 2014.

IFRS 11 *Joint Arrangements*
IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the CeramTec Holding Group. This standard is adopted by the EU and becomes effective for annual periods beginning on or after 1 January 2014.

IFRS 12 *Disclosure of Interests in Other Entities*
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but have no impact on the CeramTec Holding Group's financial position or performance. This standard is adopted by the EU and becomes effective for annual periods beginning on or after 1 January 2014.

IAS 32 *Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32*
These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective and adopted by the EU for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the CeramTec Holding Group.

IFRIC Interpretation 21 *Levies* (IFRIC 21)
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The CeramTec Holding Group does not expect that IFRIC 21 will have material financial impact in future financial statements.

IAS 36 Recoverable Amount Disclosures for non-financial assets – Amendments to IAS 36
These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. These amendments would continue to be considered for future disclosures.

IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39*
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The CeramTec Holding Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

(4) Scope of consolidation

The scope of consolidation of the CeramTec Holding Group comprises CeramTec Holding and the subsidiaries controlled by CeramTec Holding. Control is presumed to exist if the CeramTec Holding Group has the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In addition to CeramTec Holding, these include the following companies (equity share of 100 % unless otherwise noted):

Company	Location
CeramTec Holding GmbH	Germany
CeramTec Group GmbH	Germany
CeramTec Service GmbH	Germany
CeramTec GmbH	Germany
Press and Sinter Technics de Mexico S.A. de C.V.	Mexico
CeramTec Czech Republic s.r.o.	Czech Republic
CeramTec Ibérica Innovative Ceramic Engineering S.L.	Spain
CeramTec Italia S.r.l. (in liquidation)	Italy
Emil Müller GmbH	Germany
Cerasiv GmbH Innovatives Keramik-Engineering	Germany
PST Press Sintertécnica Brasil Ltda.	Brazil
CeramTec Korea Ltd.	Korea
CeramTec UK Ltd.	United Kingdom
CeramTec Innovative Ceramic Engineering (M) Sdn. Bhd.	Malaysia
CeramTec Suzhou Ltd.	China
CeramTec - ETEC GmbH	Germany
CeramTec India Innovative Ceramic Engineering Private Limited	India
CeramTec Acquisition Corporation	USA
CeramTec North America Corporation	USA
Durawear Corporation	USA
Faenza Poland Sp.z o.o	Poland
Press+Sintertechnik Sp.z o.o	Poland

(5) Changes in the scope of consolidation

CeramTec Holding acquired with effectiveness 31 August 2013 / 1 September 2013, 24:00 h CEST 100 % of the shares of CeramTec Germany and its subsidiaries, PST Mexico, CeramTec NA and its subsidiaries as well as PST Poland and obtained control over these entities.

At the end of the interim reporting period as of 30 September 2013, the accounting for this business combination is not finalized, as the purchase price allocation is preliminary since the identification and valuation of assets and liabilities have not been completed yet. Rather the following figures represent the preliminary purchase price allocation and show the amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed:

in EUR thousand	Book value	PPA adjustment	Fair Value
Trademarks	0	51,289	51,289
Technology	0	236,177	236,177
Customer Relationships	0	398,452	398,452
Order Backlog	0	18,690	18,690
Other intangible assets	3,267	0	3,267
Intangible Assets	***3,267***	***704,608***	***707,875***
Land and buildings	82,371	19,937	102,308
Technical equipment and machinery	129,539	40,233	169,772
Other equipment, operating and office equipment	6,383	0	6,383
Construction in progress	27,183	0	27,183
Property, plant and equipment	***245,476***	***60,170***	***305,646***
Other assets	1,318	0	1,318
Deferred taxes	2,156	0	2,156
Inventories	72,332	16,768	89,100
Trade accounts receivable	49,221	140	49,361
Other accounts receivable and assets	5,338	0	5,338
Cash and cash equivalents	183,886	0	183,886
Total Assets	**562,994**	**781,686**	**1,344,680**
Provisions	(64,392)	(1,211)	(65,603)
Financial liabilities to affiliates	(45,894)	19,162	(26,732)
Financial liabilities to third parties	(1,841)	0	(1,841)
Other long term payables	(511)	0	(511)
Deferred taxes	(30,032)	(166,482)	(196,514)
Current liabilities	(55,257)	0	(55,257)
Total liabilities	**(197,927)**	**(148,531)**	**(346,458)**
Total identifiable net assets at fair value			**998,222**
Total consideration transferred			1,544,288
Goodwill arising on acquisition			**546,066**

Until 30 September 2013 additional expenses for the amortization and depreciation of the fair value adjustments of EUR 10,587 thousand were recognized in the costs of products sold in the income statement and EUR 2,348 thousand in selling expenses. As a consequence the deferred tax income increased by EUR 3,704 thousand.

Deferred taxes are calculated on the basis of the tax rate of 28.64 % applicable for the CeramTec Holding.

The acquisition took place to accelerate CeramTec's growth targets, esp. outside the core European markets, supporting the launch of new product initiatives and investing in the expansion of production facilities to support further growth in the hip implants market.

The goodwill recognized mainly comprises future profits, which are expected to be realized within the next years and which cannot be recognized as separate assets. Total consideration transferred consists only of cash. No other class of consideration was transferred to obtain control.

The fair value of receivables equals the carrying amount as accounted for in accordance with IFRS. It is expected that the cash flows of bad debt allowances cannot be collected.

As part of the fair value measurement of assets acquired and liabilities assumed a contingent liability of EUR 800 thousand for additional environmental risks was recognized. The fair value was derived from the purchase price calculation, which contains a deduction item of EUR 800 thousand for these risks, which were not recorded as a provision until the closing.

The acquisition related costs amount to EUR 17,787 thousand. The line item of the income statement is other expenses, in which the acquisition related costs were recognized.

The acquired entities contributed revenues of EUR 38,653 thousand and a net income of EUR 11,388 thousand to CeramTec Holding Group for the period from the respective acquisition date to 30 September 2013. If these acquired businesses had been included as of 15 July 2013, the impact on consolidated revenues and consolidated net loss for the reporting period ended 30 September 2012 would have been EUR 69,486 thousand and EUR 11,169 thousand, respectively. As CeramTec Holding Group did not prepare financial statements for the period ending 15 July 2013, the pro forma amounts as shown above includes the amounts for the period 1 July 2013 to 14 July 2013.

The goodwill which is deductible for tax purposes amounts to EUR 81,591 thousand as of the acquisition date. A deferred tax asset of EUR 23,368 thousand was recognized and reduced the above shown total amount of tax liabilities in this amount.

(6) Principles of consolidation

Subsidiaries are fully consolidated from their acquisition date, i.e. from the date when the CeramTec Holding Group gains control of them. Consolidation ends when the parent company no longer controls them.

The financial statements of the subsidiaries are prepared using uniform group-wide accounting principles.

The effects of intercompany transactions are eliminated. Receivables and liabilities between consolidated companies have been offset, intercompany gains and losses on non-current assets and inventories eliminated, and intercompany income offset against the corresponding expenses. Deferred taxes are recognized as required by IAS 12 to account for any temporary differences resulting from the consolidation procedures.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the CeramTec Holding Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other expenses.

When the CeramTec Holding Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognized in either profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interests held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the CeramTec Holding Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, allocated to each of the CeramTec Holding Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The goodwill arising from the above described acquisition of the advanced ceramics segment could not be allocated as of 30 September 2013, since the purchase price allocation is preliminary as of 30 September 2013. Accordingly, the cash generating units to which goodwill must be allocated could not be determined at the end of the interim reporting period.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. If the internal management reporting structure is reorganized any goodwill allocated to cash generating units will be reallocated based on the new management reporting structure. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Foreign currency translation

The assets, including goodwill, and liabilities of foreign subsidiaries, where the functional currency is other than the euro, are translated using the spot exchange rate at the end of the reporting period, while the Condensed Interim Consolidated Statements of Income are translated using average exchange rates during the period. Differences arising from such translations are recognized within equity and reclassified to net income when the gain or loss on disposal of the foreign subsidiary is recognized. The Condensed Interim Consolidated Statements of Cash Flow are translated at average exchange rates during the period, whereas cash and cash equivalents are translated at the spot exchange rate at the end of the reporting period.

The exchange rates of CeramTec´s significant currencies outside the Euro zone used in the preparation of the Condensed Interim Consolidated Financial Statements are as follows:

		Year-end exchange rate EUR 1 quoted into currencies specified below	Annual average rate EUR 1 quoted into currencies specified below
Currency	**ISO Code**	**30 September 2013**	**30 September 2013**
US Dollar	USD	1.3527	1.3362
Polish Zloty	PLN	4.2219	4.2337
Czech Koruna	CZK	25.6839	25.7793
Chinese Renminbi	CNY	8.2797	8.1774

Transactions that are denominated in a currency other than the functional currency of an entity are recorded at that functional currency applying the spot exchange rate at the date when the underlying transactions are initially recognized. At the end of the reporting period, foreign currency-denominated monetary assets and liabilities are re-valued to functional currency applying the spot exchange rate prevailing at that date. Gains and losses arising from these foreign currency revaluations are recognized in net income. Those foreign currency denominated transactions which are classified as non-monetary are remeasured using the historical spot exchange rate.

At the end of the stub-period ending on 14 July 2013, the CeramTec Holding Group consisted only of entities based in the Euro zone. Therefore, no exchange rates affected the Consolidated Financial Statements.

2. Accounting policies

Recognition of income and expenses

Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the CeramTec Holding Group, and the amount of the income can be measured reliably. Income is measured at the fair value of the consideration received, and is reported after deduction of trade discounts and rebates and excluding value added tax. In addition, the following income recognition must be met.

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

- the CeramTec Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the CeramTec Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income and compensation fee

Interest is recognized pro rata temporis taking into account the effective yield on the asset.

Compensation fee and dividends

Compensation fees are recognized on an accrual basis in accordance with the substance of the relevant agreement. Dividends are recognized when the right to receive payment is established.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Trademark is defined as an indefinite useful life. Customer relationships are amortized over 5 to 18 years, technologies over 10 to 18 years and order backlog over 4 months.

Research and development costs

Research costs are expensed as incurred. Development costs are also expensed as incurred unless they meet the criteria for recognition as an internally generated intangible asset. Research and development costs are included in other expenses.

As of September 30, 2013, no development costs were capitalized.

Property, plant and equipment

Property, plant and equipment are stated at acquisition or at manufacturing cost, less accumulated depreciation and impairment losses. Impairment losses are recorded when the decline in value of an asset is considered to be of a lasting nature. When the reasons for impairment no longer exist, impairment losses previously recorded are reversed, at a maximum up to their amortized cost. Property, plant and equipment are generally depreciated straight-line. Items acquired during the year are depreciated on a time-apportioned basis.

Factory and office buildings and distribution facilities which form an inseparable part of such buildings are depreciated over 5 to 18 years, property, plant and equipment over 5 to 10 years. Assets with an acquisition or manufacturing cost of up to EUR 150 are recognized directly as an expense in the year of purchase / construction. Assets with an acquisition or manufacturing cost of between EUR 150 and EUR 1,000 are depreciated / amortized using the straight-line method over a period of five years.

Leases

Non-current assets also include assets relating to leases. IAS 17 (Leases) contains rules for determining, on the basis of risks and rewards, the economic owner of the assets. In the case of finance leases, the assets are attributed to the lessee and in the case of operating leases the assets are attributed to the lessor. In accordance with IAS 17, assets leased under finance leases are measured at their fair value at the inception of the lease or at the present value of the lease payments, if lower. The assets are depreciated using the straight-line method over their estimated useful lives or over the lease period, if shorter. The obligations for future lease installments are recognized as financial liabilities.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Grants awarded for the purchase or the production of fixed assets (grants related to assets) are generally offset against the acquisition or production costs of the respective assets and reduce future depreciations accordingly.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments include non-derivative and derivative financial instruments.

Non-derivative financial instruments are, in principle, measured at fair value when first recognised. These include non-current and current investments, loans and receivables granted, and financial liabilities.

A derivative financial instrument is a contract whose value is dependent on a variable, which usually requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors, and which is settled at a later date. All derivative financial instruments are measured at fair value on the trade date when first recognised.

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The CeramTec Holding Group determines the classification of its financial assets at initial recognition. Reclassifications are made at the end of the fiscal year if permitted and necessary.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the CeramTec Holding Group commits to purchase or sell the asset.

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. In case of CeramTec this mainly concerns trade receivables, and other receivables. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method (EIR). The EIR amortization is included in the statement of profit or loss. If there is objective evidence of impairment of the loans and receivables (e.g. significant financial difficulties or negative changes in the market environment of the debtor), impairment losses are recognised in profit or loss. For trade receivables, the impairment losses are recognised through the use of a provision for doubtful debts account. A derecognition is booked as soon as a default of receivables occurs. Reversals are carried out if the reasons for the impairment losses no longer apply.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the CeramTec Holding Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. CeramTec did not have any held-to-maturity investments during the reporting period.

Available-for-sale financial assets include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial measurement, available-for-sale investments are subsequently measured at fair value with unrealized gains or losses recognised in OCI until the investment is derecognized or determined to be impaired. At that time, the gains or losses previously recognized in profit or loss shall be reclassified from other comprehensive income to profit or loss. CeramTec did not have any available-for-sale investments during the reporting period.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or are transferred. To transfer a financial asset, substantially all the risks and rewards of ownership of the financial asset or control of the financial asset must be transferred.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or as other financial liabilities. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

CeramTec Holding Group's financial liabilities include trade and other payables, loans and borrowings including liabilities due to banks, finance lease liabilities and derivative financial instruments.

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the CeramTec Holding Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Other financial liabilities are all financial liabilities which are not classified as at fair value through profit or loss. They are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. The amortised costs are calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in the statement of profit or loss.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the interim consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Hedge accounting

Hedge accounting denotes a specific accounting method that modifies the accounting of the hedged item and hedging instrument of a hedging relationship so that the results of measuring the hedged item or hedging instrument are recognised in the period incurred directly in equity or in profit or loss. Accordingly, hedge accounting is based on matching the offsetting values of the hedging instrument and the hedged item. For accounting purposes, three types of hedge relationships exist in accordance with IAS 39, provided that the stringent conditions for hedge accounting are fulfilled in each individual case.

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

CeramTec uses cross currency swaps to hedge the main part of its foreign currency risks linked to the US Dollar tranche of the Senior Secured Loans. The respective hedge relationships are designated as cash flow hedges. The effective portion of changes in the fair value of the hedging derivatives is recognized in other comprehensive income and any ineffective portion is recognized immediately in profit or loss. Amounts accumulated in other comprehensive income are reclassified into profit or loss in the same periods in which the hedged item affects net income.

Fair value measurement

CeramTec measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed.

The Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by CeramTec.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

CeramTec uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, CeramTec determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Inventories

Inventories are valued at the lower of cost and net realizable value. All direct material and production costs and an appropriate proportion of material and production overheads (including production-related depreciation) are taken into account in the measurement of unfinished and finished goods. Write-downs are made to cover risks arising from slow-moving items.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and short-term deposits in the interim consolidated balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

Provisions for pensions

The present value of the defined benefit obligation is measured by an actuary using the projected unit credit method (actuarial technique) to estimate the benefit that employees have earned in the current and prior periods. Each period of services gives rise to an additional unit of benefit entitlement. The amount of benefits depends on demographic and financial assumptions.

The benefit that employees have earned in the current and prior periods is discounted to the present value using an interest rate that is determined by reference to high quality corporate bonds whose currency and term are consistent with the currency and term of the pension obligation. Where market yields on high quality corporate bonds are not available, market yields on government bonds shall be used.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs, which are the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment or a curtailment, are recognized in profit or loss.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The fair value of plan assets is deducted from the present value of the defined benefit obligation (DBO). Plan assets are assets held by a long-term employee benefit fund. The fund needs to be legally separate from the entity and exists solely to pay or fund employee benefit.

Contingent liabilities and contingent assets

Contingent liabilities are not recognized in the consolidated balance sheet. They are disclosed in the notes, unless there is a very low probability that they will result in an outflow of economic benefits. Contingent assets are not recognized in the interim consolidated balance sheet. They are disclosed in the notes, provided an associated inflow of economic benefits is considered likely.

Taxes

Current tax assets and tax liabilities for the current period are measured at the amount expected to be refunded by the tax authority/paid to the tax authority. The amount is calculated based on the tax rates and tax laws applicable at the end of the reporting period in the countries where the CeramTec Holding Group operates and generates taxable income. This also applies to the calculation of deferred tax assets and liabilities.

In accordance with IAS 12, deferred tax assets and liabilities are recognized for all temporary differences between the carrying amounts in the tax accounts of the individual companies and the carrying amounts in the IFRS Condensed Interim Consolidated Financial Statements. The deferred tax assets and liabilities are recognized in line with the liability method.

Deferred tax assets also include claims for tax reductions resulting from the expected use of loss carryforwards in subsequent years, the realization of which is deemed reasonably certain.

Deferred tax assets and liabilities are measured in accordance with the expected tax rates for the periods in which the temporary differences are likely to reverse. Deferred tax liabilities are also recognized for retained profits at foreign subsidiaries to the extent it is likely that these will be distributed in the foreseeable future.

Deferred tax assets and liabilities are shown net if the CeramTec Holding Group has a right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity.

A consolidated tax group for corporate and trade tax purposes is in place between CeramTec Holding GmbH (as the dominant enterprise), CeramTec Service GmbH, CeramTec GmbH, Cerasiv GmbH, CeramTec-ETEC GmbH and Emil Müller GmbH. Furthermore, a consolidated VAT group is in place between with CeramTec Service GmbH as the dominant enterprise.

3. Judgments and estimation in the application of accounting policies

In preparing the Condensed Interim Consolidated Financial Statements, the management makes judgments, estimates and assumptions that affect the amount of the income, expenses, assets and liabilities reported as of the end of the reporting period and the disclosure of contingent liabilities. These estimates and assumptions are made in order to provide an accurate view of the net assets, financial position and results of operations of the CeramTec Holding Group. The underlying assumptions are reviewed on an ongoing basis. However, the actual amounts may differ from the original estimates.

In applying the CeramTec Holding Group´s accounting methods, the management made the following judgments that significantly influence the amounts in the Condensed Interim Consolidated Financial Statements.

Business combinations

Acquired businesses are accounted for using the purchase method of accounting, which requires that the assets acquired and liabilities assumed be recorded at their respective fair values on the date CeramTec Group gains control.

The application of the purchase method requires certain estimates and assumptions especially concerning the determination of the fair values of the acquired intangible assets and property, plant and equipment as well as the liabilities assumed at the date of the acquisition. Moreover, the useful lives of the acquired intangible assets, property, plant and equipment have to be determined.

Measurement is based to a large extent on anticipated cash flows. If actual cash flows vary from those used in calculating fair values, this may significantly affect the CeramTec Group's future results of operations. In particular, the estimation of discounted cash flows of intangible assets under development and developed technologies is subject to assumptions closely related to the nature of the acquired business.

The carrying amount of the preliminary allocated goodwill amounts to EUR 546,066 thousand had been recognized as of the end of the reporting period.

Impairment of non-financial assets

Certain basic assumptions were made to determine recoverable amount when testing intangible assets and the property, plant and equipment for impairment. Furthermore, the expected cash flows used for impairment tests are derived and discounted based on budget planning and medium-term forecasts for the respective CGUs. The management assumes that the assumptions and estimates on which the discounted cash flows are based are appropriate. However, changes in the economic conditions and growth assumptions could affect the impairment tests which could lead to additional impairment losses or reversals of impairment losses in the future.

The purchase price allocation described in section (5) is preliminary since the identification and valuation of assets and liabilities have not been completed yet. As of 30 September 2013, the acquired goodwill could not be allocated to the CGUs. In order to verify the value of the goodwill, an impairment test will be performed in accordance with IAS 36 for the reporting period ending on 31 December 2013.

Write downs on receivables

The recoverability of trade receivables is assessed on the basis of the estimated probability of default. Accordingly, receivables from customers that have initiated insolvency proceedings are written down in full (to the extent that existing collateral is not recoverable). Write-downs on receivables that are past due are based on individually calculated percentages and an assessment by the management. All subsidiaries are required to keep records showing the maturity structure of their trade receivables. This ensures that risk-adjusted write-downs are possible.

Write downs of EUR 13 thousand had been recognized as of the end of the reporting period.

Provisions

Provisions have been recognized where there is a legal or constructive obligation to third parties as a result of a past event and when the obligation is likely to result in a future outflow of resources that can be reliably estimated.

Provisions are reviewed as of the end of the reporting period and adjusted to the current best estimate. If the corresponding interest effect is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

Provision for pensions

The expense from defined benefit plans is determined using actuarial calculations. These are made on the basis of assumptions relating to discount rates, future salary increase, mortality and future pension increases. The discount rates used are based on market yields on high quality fixed rate corporate bonds.

Pensions provisions of EUR 61,402 thousand (14 July 2013: EUR 0 thousand) had been recognized as of the end of the reporting period.

Deferred tax assets

The calculation of deferred tax assets requires assumptions to be made with regard to the level of future taxable income and the timing of recovery of deferred tax assets. These assumptions take account of forecast operating results and the impact on earnings of the reversal of taxable temporary differences. Since future business development cannot be predicted with certainty and to some extent cannot be influenced by the CeramTec Holding Group, the measurement of deferred tax assets is subject to uncertainty.

4. Notes to the Income statement

(7) Impairments

At each reporting date it is assessed whether there is an indication that a non-financial asset may be impaired. Regardless of whether or not there is a triggering event, intangible assets with indefinite useful lives and goodwill acquired within a business combination are tested for impairment annually.

Impairment testing is based on detailed earnings, balance sheet and investment planning for all Group units, prepared as part of the company-wide budget planning process taking into account the current business situation. A long-term growth rate is determined for periods beyond the budget planning and used to forecast future cash flows. The long-term growth rates used are consistent with external information sources. The cost of capital calculated for the CeramTec Holding Group using WACC model includes standard market and country-specific risk premiums and a premium for currency risk. The cost of capital is used to discount the cash flow forecasts prepared in local currency.

The purchase price allocation described in section (5) is preliminary since the identification and valuation of the assets acquired and liabilities assumed have not been completed yet. Therefore as of 30 September 2013, the acquired goodwill could not be allocated to the CGUs and thus not tested for potential impairment. Due to the fact, that the acquisition took place only one month before the end of the interim reporting period, group management is of the opinion, that there is no impairment requirement for the goodwill which arose from the transaction close to the end of the interim reporting period.

(8) Other expenses

Other expenses in EUR thousand	**15 July to 30 September 2013**
Transaction costs	17,787
Research and development expenses	1,555
Other expenses	388
Total	**19,730**

(9) Financial income / expenses

Financial income in EUR thousand	**15 July to 30 September 2013**
Other financial Income	1,997
Interest income	15
Total	**2,012**

Other financial income contains foreign exchange gains on liabilities (EUR 1,408 thousand) and interest for the embedded prepayment option (EUR 589 thousand).

Financial expenses in EUR thousand	**15 July to 30 September 2013**
Interest expenses	8,449
Other financial expenses	1,337
Total	**9,786**

Interest expenses consist mainly of interest expenses for the issued bond (EUR 3,655 thousand), the term loans (EUR 2,556 thousand), accrued transaction costs directly attributable to the acquisition (EUR 1,202 thousand) and interest relating to the shareholder loan granted by Faenza Luxembourg (EUR 841 thousand).

Other financial expenses contain mainly interest expenses relating to derivatives (EUR 1,117 thousand).

(10) Income tax

A major component of income tax effects in the interim income statement relates to the deferred taxes in conjunction with the financing of the transaction and the purchase price allocation adjustments. Deferred taxes are calculated on the basis of the tax rate applicable for the CeramTec Holding. Deferred tax assets and liabilities in conjunction with the financing of the transaction as well as for the step-ups of the purchase price allocation and relate to the following items:

in EUR thousand	15 July to 30 September 2013	
Financing of the transaction	**Deferred tax assets**	**Deferred tax liabilities**
Deferred transaction costs	0	14,415
Embedded derivatives	2,983	
Cross Currency Swaps	2,940	0
Total before netting	**5,923**	**14,415**
Netting	(5,923)	(5,923)
Total after netting	**0**	**8,492**

in EUR thousand	15 July to 30 September 2013	
Purchase Price Allocation	**Deferred tax assets**	**Deferred tax liabilities**
Intangible assets	0	144,752
Property, plant and equipment	0	17,233
Inventories	0	4,802
Other	305	
Total before netting	**305**	**166,787**
Netting	(305)	(305)
Total after netting	**0**	**166,482**

5. Notes to the Balance Sheet

(11) Intangible Assets

During the reporting period, CeramTec Holding Group recognized amortization expenses in the amount of EUR 8,392 thousand (thereof EUR 8,185 thousand related to the business combination).

CeramTec Holding Group acquired intangible assets with a cost of EUR 6 thousand, excluding intangible assets acquired through the business combination (see Note 5) during the interim reporting period.

There were no disposals during the interim reporting period (14 July 2013: EUR 0 thousand).

(12) Property, plant and equipment

During the reporting period ended 30 September 2013, CeramTec Holding Group acquired assets with a cost of EUR 1,737 thousand, excluding property, plant and equipment acquired through a business combination (see Note 5) and property under construction. CeramTec Holding Group recognized depreciation expenses in the amount of EUR 2,897 thousand (thereof EUR 546 thousand related to the business combination).

The amount of borrowing costs capitalized during the reporting period ended 30 September 2013 was EUR 55 thousand. The rate used to determine the amount of borrowing costs eligible for capitalization was 3.95 %, which is the effective interest rate of the specific borrowing.

Assets with a net book value of EUR 11 thousand were disposed of by the CeramTec Holding Group during the interim reporting period (14 July 2013: EUR 0 thousand), resulting in a net loss on disposal of EUR 11 thousand (14 July 2013: EUR 0 thousand).

(13) Other assets

Other non-current assets include transaction costs in terms of IAS 39 for the revolving loan (EUR 1,844 thousand). The current portion of these transaction costs (EUR 471 thousand) is included in other current assets.

(14) Inventories

Valuation allowances recognized as expenses in the reporting period amounted to EUR 144 thousand. This expense is included in costs of products sold in the income statement.

(15) Trade receivables

Set out below is an overview of trade receivables and the development of write-downs on doubtful accounts.

Trade receivables in EUR thousand	**30 September 2013**	**14 July 2013**
Trade receivables, gross	53,981	0
Accumulated allowance	(1,605)	0
Trade receivables, net	**52,376**	**0**

The development of write-downs on doubtful accounts is as follows:

in EUR thousand	
Allowances for doubtful accounts as of 14 July 2013	**0**
Business combinations	1,592
Additions	13
Use	0
Release	0
Currency differences	0
Allowances for doubtful accounts as of 30 September 2013	**1,605**

Any income or expense from write-downs on trade receivables is reported under other expenses.

(16) Cash and cash equivalents

For the purpose of the interim statement of cash flows, cash and cash equivalents are comprised of the following:

Cash and cash equivalents in EUR thousand	**30 September 2013**	**14 July 2013**
Cash and cash equivalents	63,902	75
Total	**63,902**	**75**

(17) Subscribed capital and capital reserve

The subscribed capital is equal to the subscribed capital of CeramTec Holding. As of 30 September 2013, the capital reserve amounts to EUR 378,148 thousand. Faenza Luxembourg contributed capital of EUR 378,148 thousand into CeramTec Holding on 31 August 2013.

(18) Retained earnings

Retained earnings include the past earnings of the companies included in the Condensed Interim Consolidated Financial Statement, to the extent that this has not been distributed, and effects on earnings resulting from consolidation adjustments for the prior period.

(19) Financial assets and liabilities

Financial assets

Financial assets include derivative financial instruments, embedded derivative financial instruments with a positive market value at 30 September 2013, trade receivables and other financial assets.

Financial assets in EUR thousand	**30 September 2013**	**14 July 2013**
Loans and reveivables		
Current		
Trade receivables	52,376	-
Other financial assets	2,657	-
Non-current		
Other financial assets	146	-
Financial assets at Fair Value through profit or loss		
Current		
Embedded prepayment option	-	-
Cross-currency interest rate swaps in effective hedges	-	-
Non-current		
Embedded prepayment option	2,384	-
Cross-currency interest rate swaps in effective hedges	-	-
Total	**57,563**	**-**
Total current other financial assets	**2,657**	**-**
Total non-current other financial assets	**2,530**	**-**
Trade receivables	**52,376**	**-**

Financial liabilities

Financial liabilities include all interest bearing and non-interest bearing obligations in existence as of the end of the relevant reporting period. They consist of the following:

Financial liabilities in EUR thousand	**30 September 2013**	**14 July 2013**
Other financial liabilities		
Current interest bearing		
Bond payable	-	-
Bank loans	6,739	-
Liabilities from finance leases	276	-
Accrued Interest	6,249	-
Non-current interest bearing		
Bond payable	295,516	-
Bank loans	604,118	-
Liabilities to related parties	120,841	-
Liabilities from finance leases	1,329	-
Other payables		
Current other payables	2,412	-
Non-current other payables	470	-
Trade payables	36,350	
Total other financial liabilities	**1,074,301**	**-**
Financial liabilities at Fair Value through profit or loss		
Current interest bearing		
Embedded floor on interest rate	4,577	-
Cross-currency interest rate swaps in effective hedges	-	-
Non-current interest bearing		
Embedded floor on interest rate	7,931	-
Cross-currency interest rate swaps in effective hedges	10,267	-
Total financial liabilities at Fair Value through profit or loss	22,775	-
Total	**1,097,076**	**-**
Total current financial liabilities	**20,253**	**-**
Total non-current financial liabilities	**1,040,473**	**-**
Total trade payables	**36,350**	**-**

There was no reclassification of financial assets or financial liabilities within the reporting period.

(20) Additional disclosures on financial instruments

The additional disclosures on financial instruments are limited to the acquisition financing. The following table shows the carrying amount and fair values of all financial instruments by classes and measurement categories of IAS 39 recognized in the consolidated financial statements.

Carrying amount and fair value by class and category of financial instruments

			30 September 2013
in EUR thousand	**Category of IAS 39**[1]	**Carrying ammount**	**Fair value**
Financial assets			
Cash and cash equivalents	LaR	-	-
Embedded prepayment option - HfT	FVtPL	2,384	2,384
Cross-currency interest rate swaps in effective hedges	Hedge	-	-
Total financial assets		**2,384**	**2,384**
Financial liabilities			
Bond payable	FLAC	295,516	315,901
Bank loans	FLAC	610,858	647,420
Embedded floor on interest rate - HfT	FVtPL	12,508	12,508
Cross-currency interest rate swaps in effective hedges	FVtPL	10,267	10,267
Total financial liabilities		**929,149**	**986,096**

[1] HfT: Held for Trading, LaR: Loans and Receivables, FVtPL: Measured at Fair Value through Profit or Loss, FLAC: Financial Liabilities measured at Amortized Cost, Hedge: Hedge accounting

Fair value hierarchy

The CeramTec Holding Group uses the following hierarchy to determine and report the fair value of financial instruments by measurement method:

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

Fair value hierarchie

				30 September 2013
in EUR thousand	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Cash and cash equivalents	-	-	-	**-**
Embedded prepayment option - Held for Trading	-	2,384	-	**2,384**
Cross-currency interest rate swaps in effective hedges	-	-	-	**-**
Financial liebilities measured at fair value				
Embedded floor on interest rate - Held for Trading	-	12,508	-	**12,508**
Cross-currency interest rate swaps in effective hedges	-	10,267	-	**10,267**
Financial lisbilities for which fair value is disclosed				
Bonds payable	315,901	-	-	**315,901**
Bank loans	-	647,420	-	**647,420**

There have been no transfers between Level 1 and Level 2 during the period.

Valuation techniques

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the listed bond corresponds to the nominal value multiplied by the market price quotation on the reporting date. Therefore the fair value measurement is assigned to level 1 of the fair value hierarchy.

The variable interest rates (EURIBOR resp. LIBOR) and the credit spread concluded in respect of the bank loans are in line with current market conditions. Therefore the fair values of the bank loans are equal to their nominal amounts and the valuation technique is assigned to level 2 of the fair value hierarchy.

The fair values of the embedded derivatives (separated prepayment option interest rate floors) are measured by applying a Black-Scholes / Hull-White valuation model, which considers the observable yield curves as well as the volatility of the respective currencies. All material input parameter have been derived directly or indirectly from observable data. Therefore the fair value measurement of the cross currency swaps has been assigned to level 2 of the fair value hierarchy stated below.

The cross-currency interest rate swaps are measured by applying a discounted cash flow model, which considers the observable spot exchange rates, the yield curves of the respective currencies and the currency basis spreads between the respective currencies. As of the reporting date all cross-currency interest rate swaps had a negative fair value. The CeramTec Holding Group also takes into account its own non-performance risk (Debt Value Adjustment) by applying an add-on based calculation method which considers the default risk of currency derivatives in general as well as the CeramTec Holding Group's probability of default and its recovery rate in case of default. All material input parameter have been derived directly or indirectly from observable data. Therefore the fair value measurement of the cross currency swaps has been assigned to level 2 of the fair value hierarchy stated below.

Net gains or losses by category of financial instruments

The following table shows the net gains and losses on financial instruments by categories of IAS 39.

Net gains or losses in EUR thousand **30 September 2013**	**Changes in fair value**	**Currency translation**	**Bad debt losses**	**Disposal**	**Total**
Embedded derivatives - Held for Trading (FVtPL))	(520)		-	-	(520)
Financial liabilities measured at amortized cost (FLAC)	-	6,490	-	-	6,490
Total	**(520)**	**6,490**	**-**	**-**	**5,970**

The following table shows the total interest income and total interest expense for financial instruments that are measured at amortized cost by applying the effective interest rate method.

Total interest and expense in EUR thousand	**30 September 2013**
Interest expense on bank loans	(3,616)
Interest expense on bond payable	(3,797)
Total interest expense	**(7,413)**
Interest income	-
Total interest income	**-**

Furthermore, financing fees in the amount of EUR 262 thousand which are not part of the effective interest rate method have been recognized as an expense in the statement of profit or loss during the period.

Derivative financial instruments and Hedge Accounting

The following table shows the fair values and the nominal amounts of the derivatives as of 30 September 2013:

Fair value of derivative financial instruments	30 September 2013	
in EUR thousand	Nominal value	Fair value
Derivatives with positive fair value		
Embedded prepayment option	306,700	2,384
Cross-currency interest rate swaps		
Derivatives with negative fair value		
Embedded interest rate floor	647,420	(12,508)
Cross-currency interest rate swaps	269,500	(10,267)
Total	**1,223,620**	**(20,391)**

Embedded derivatives

As described on page 8, in August 2013 CeramTec Holding Group entered into long-term senior secured credit facilities under which several USD and EUR Term Loans have been drawn. These credit facilities include an embedded interest rate floor which has to be separated from the host contract.

Furthermore, in August 2013 the CeramTec Holding Group issued a high yield bond which includes an embedded prepayment option which has to be separated from the host contract.

The separated interest rate floor and the prepayment option have been accounted for as freestanding derivatives and carried at the fair value through profit or loss. As of 30 September 2013 the fair values of the embedded derivatives amount to EUR 2,384 thousand (financial assets) and EUR 12,508 thousand (financial liabilities). Changes in fair value have been recognized in other financial income/expense.

Cash flow hedge accounting

The cross-currency swaps with a nominal amount of EUR 269,500 thousand have been designated in a cash flow hedge to hedge a portion of the foreign currency risk arising from the USD Term Loans. The cash flows of the Loans and the swaps will occur simultaneously on an ongoing basis and affect profit or loss until maturity of the swaps in 2018. During the period no ineffectiveness was recognized in connection with the cash flow hedges.

The following table shows the amounts recognized in OCI and the amounts reclassified from OCI to profit or loss during the period:

in EUR thousand	30 September 2013
Cash flow hedges	
Cross-currency interest rate swaps in effective hedges	
Net gains/losses recognised in OCI during the period	10,267
Reclassification from OCI to profit or loss during the period	(5,160)
Total OCI at the end of the period	**5,107**

(21) Financial risk management objectives and policies

The CeramTec Holding Group is exposed to market risk, credit risk and liquidity risk arising from its financial liabilities, which mainly comprise of the EUR and USD Term Loans and the high yield bond.

The CeramTec Holding Group acts on the basis of an appropriate financial risk governance framework and manages its financial risk as a part of its ongoing business and financing activities. This means that the CeramTec

Holding Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the CeramTec Holding Group's risk objectives. From time to time the CeramTec Holding Group enters into derivative transactions to hedge financial risk. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. Furthermore, it is the CeramTec Holding Group's policy that no trading in derivatives for speculative purposes may be undertaken.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

In connection with its liabilities the CeramTec Holding Group is particularly exposed to market risks arising from changes in foreign exchange rates and interest rates.

The following sensitivity analyses have been prepared based on the assumption that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 30 September 2013.

Furthermore, the following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as of 30 September 2013 including the effect of hedge accounting.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges as of 30 September 2013.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The CeramTec Holding Group's exposure to the risk of changes in foreign exchange rates relates primarily to the USD Term Loans drawn under the Senior Secured Loan Agreement.

The CeramTec Holding Group manages its foreign currency risk by hedging transactions denominated in foreign currency with cross-currency swaps from time to time. As of 30 September 2013, the CeramTec Holding Group has hedged a portion of 81.4 % of the USD Term Loans with corresponding USD/EUR cross currency swaps. Additional information on the cash flow hedge is provided on page 31.

The following table demonstrates the sensitivity to a reasonably possible change in USD/EURs spot and forward exchange rates, with all other variables held constant. The impact on the CeramTec Holding Group's profit before tax is due to changes in the carrying amount of the USD Term Loans measured at amortized cost. The impact on the CeramTec Holding Group's equity is due to changes in the fair value of USD/EUR cross-currency swaps designated as cash flow hedge together with a portion of the USD Term Loans.

Foreign currency sensitivity in EUR thousand	**Change in USD spot rate**	**Change in USD forward rate**	**Effect on profit before tax**	**Effect on equity**
30 September 2013	10%		7,374	
	-10%		(9,013)	
		10%		(20,371)
		-10%		23,490

Interest rate risk

Interest rate risk is the risk that the fair value of a fixed interest-bearing financial instruments or future cash flows of a variable interest-bearing financial instrument will fluctuate because of changes in market interest rates. The CeramTec Holding Group's exposure to the risk of changes in market interest rates relates primarily to the floating-rate USD and EUR Term Loans. For the fixed-rate high yield bond that is measured at amortized cost, interest rate risk has no impact on profit or equity.

Due to the continuously low interest rate level, the CeramTec Holding Group has currently not hedged the variable interest rate risk arising from the USD and EUR Term Loans. However, if necessary, the CeramTec Holding Group can also hedge this interest rate risk by applying derivative financial instruments (e.g. interest rate swaps).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the USD and EUR Term Loans. With all other variables held constant, the CeramTec Holding Group's interest expense is affected through the impact on floating rate USD and EUR Term Loans, as follows:

Interest rate sensitivity in EUR thousand **30 September 2013**	**Increase / decrease in basis points**	**Effect on interest expense**
EURO	+/-100	108,655 / 0
US Dollar	+/-100	19,275 / 0

Due to the 1% interest rate floor concluded in the USD and EUR Term loans an interest rate down-shift has no impact on interest expense.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Except for the separated prepayment option which cannot be traded or settled on a stand-alone basis all financing transactions constitute financial liabilities for the CeramTec Holding Group. Hence, as of the reporting date the CeramTec Holding Group is not exposed to any material credit risk in connection with its financing transactions.

Notwithstanding the above, potential credit risks from balances with banks are managed in accordance with the CeramTec Holding Group's risk management policies. Furthermore, financial instruments are only concluded with partners that have a first-class credit rating.

Liquidity risk

The liquidity risk is the risk of the CeramTec Holding Group not being able to fulfill its financial obligation to a sufficient degree. The CeramTec Holding Group's objective is to monitor its liquidity risk by safeguarding of sufficient funds and by using extensive credit lines with banks. As of the reporting date the CeramTec Holding Group has an undrawn, confirmed credit line of EUR 100,000 thousand available in order to secure liquidity in addition to available cash.

The table below shows the contractually agreed undiscounted cash flows for the following financial liabilities and derivative financial instruments as a total for the year:

- Undiscounted contractually agreed repayments and interest payments for USD and EUR Term Loans including payments attributable to the embedded interest rate floor. Interest payments and repayments denominated in USD are translated into EUR by using the respective USD/EUR forward rates. Possible voluntary prepayments have not been considered.

- Undiscounted contractually agreed repayments and interest payments resulting from the high yield bond. Possible voluntary prepayments based on the embedded prepayment option have not been considered.

- Undiscounted contractually agreed payments including interest payments for cross-currency interest rate swaps with negative market value in effective cash flow hedges.

Cash flows of interest bearing derivative and non-derivative financial instruments

		< 1 year	1 - 5 years					> 5 years
in EUR thousand	Carrying ammount	Sep. 2014	Sep. 2015	Sep. 2016	Sep. 2017	Sep. 2018	Sep. 2019	Sep. 2020- 2021
30 September 2013								
Bond payable	295,516	25,795	25,303	25,303	25,303	25,303	25,303	357,306
Bank loans	610,858	31,784	32,382	33,614	37,706	41,414	43,124	641,450
Derivatives with positive fair value								
Cross-currency interest rate swaps in effective hedge	-		-	-	-	-	-	-
Derivatives with negative fair value								
Cross-currency interest rate swaps in effective hedge	10,267	14,341	22,505	31,517	38,212	216,030	-	-

The liquidity inflow in the total amount of EUR 306,846 thousand resulting from the USD receiver leg of the cross currency swaps until maturity in 2018 has not been taken into account in the table stated above.

Offsetting financial assets and financial liabilities

The cross-currency interest rate swaps have been concluded based on an ISDA Master Agreement, which includes conditional rights to set-off financial assets with associated financial liabilities and vice versa. These offsetting rights are only enforceable in case of the occurrence of future events (e.g. default, insolvency). Currently the CeramTec Holding Group holds no assets which could be netted out with the liabilities arising from the cross currency swaps.

Collateral

In connection with a USD 472,500 thousand and EUR 391,300 thousand term, revolving and letters of credit facilities agreement (including a swingline facility) dated 30 August 2013 between, *inter alia*, CeramTec Service GmbH (formerly Faenza Acquisition GmbH), CeramTec Acquisition Corporation and CeramTec North America Corporation as original borrowers, CeramTec Group GmbH (formerly Faenza GmbH) as holding company, Deutsche Bank Securities Inc., RBC Capital Markets and UBS Securities LLC as joint lead arrangers and joint bookrunners and Deutsche Bank AG New York Branch as administrative agent, collateral agent, swing line lender and L/C issuer, certain members of the group (i.e. CeramTec Group GmbH (formerly Faenza GmbH), CeramTec Service GmbH (formerly Faenza Acquisition GmbH), CeramTec GmbH, Emil-Müller GmbH, CeramTec-ETEC GmbH, CeramTec Cerasiv GmbH Innovatives Keramik-Engineering, CeramTec Acquisition Corporation, CeramTec North America Corporation, and Durawear Corporation have granted to the lenders as security guarantees and security over their assets, including a US law governed security agreement, a US law governed intellectual property security agreement and German law governed share pledge agreements, bank account pledge agreements, assignments of receivables, land charges and corresponding security purpose agreements, security assignment agreements relating to intellectual property rights and security transfer agreements relating to movable assets.

6. Other information

(22) Commitments and contingencies

At 30 September 2013, the CeramTec Holding Group had capital commitments of EUR 30,422 thousand principally relating to the acquisition of machinery and equipment.

(23) Related party transaction

In accordance with IAS 24, related individuals or entities which have the ability to control the CeramTec Holding Group or which are controlled by the CeramTec Holding Group must be disclosed unless such parties are not already included in the CeramTec Holding Group Financial Statements as consolidated companies. Control is defined as ownership of more than one half of the voting power of CeramTec Holding GmbH or the power to direct, by statute or agreement, the financial and operating policies of the management of the CeramTec Holding Group.

In addition, the disclosure requirements of IAS 24 also cover transactions with associated companies, joint ventures and individuals that have the ability to exercise significant influence over the financial and operating policies of the CeramTec Holding Group. This also includes close relatives and intermediary entities. Significant influence over the financial and operating policies of the CeramTec Holding Group is presumed when a party holds 20 % or more of the voting power of CeramTec Holding GmbH. In addition, the requirements contained in IAS 24 relating to key management personnel and close members of their families or intermediary entities are also applied. In the case of the CeramTec Holding Group, this applies to members of the Board of Management and Supervisory Board.

In the reporting period, the disclosure requirements contained in IAS 24 affect the CeramTec Holding Group with regard to business relationships with the following companies:

Faenza Holding S.a.r.l., Luxembourg
Faenza MidCo S.a.r.l., Luxembourg
Faenza Luxembourg S.a.r.l., Luxembourg

In addition, the following persons are related parties as they are members of the Board of Management and Supervisory Board.

Managing Board
Dr. Ulf-D. Zimmermann, Chief Executive Officer
Rolf-Michael Müller, Chief Financial Officer
Sigurd Adler, Chief Technology Officer
Supervisory Board
Pontus Pettersson, Chairman of the supervisory board
Roland Nosko, deputy Chairman of the supervisory board
Guy Davison
Immo Rupf
Thilo Sautter
Joseph Wan
Prof. Dr. Jürgen Huber
Jürgen Haas
Jürgen Klemenz
Rudolf Röll
Klaus Wespatat
Bernd Westphal

The following table provides the total amount of transactions that have been entered into with related parties for the relevant reporting period:

Related party transactions	**Sales of goods and services and other income**		**Purchases of goods and services and other expense**	
in EUR thousand	**30 September 2013**	**14 July 2013**	**30 September 2013**	**14 July 2013**
Entity with significant influence over the Group:				
Faenza Luxembourg S.a.r.l., Luxembourg	0	0	841	0

Related party transactions	**Receivables**		**Liabilities**	
in EUR thousand	**30 September 2013**	**14 July 2013**	**30 September 2013**	**14 July 2013**
Entity with significant influence over the Group:				
Faenza Luxembourg S.a.r.l., Luxembourg	0	0	120,841	0

Faenza Luxembourg granted a shareholder loan in the amount of EUR 120,000 thousand on 29 August 2013. The shareholder loan will be due on 29 August 2023. The interest rate amounts to 8.255 % p.a. starting on 29 August 2013 and interest shall not be paid until the end of maturity. Accrued interest on 30 September 2013 amounts to EUR 841 thousand.

(24) Reconciliation to CeramTec Group GmbH (former Faenza GmbH)

If the Condensed Interim Consolidated Balance Sheet of CeramTec Group GmbH would have been prepared instead of the Condensed Interim Consolidated Balance Sheet of CeramTec Holding GmbH as presented in these Condensed Interim Consolidated Financial Statements, the effects on the balance sheet as of September 30, 2013 would have been the following:

- Lower cash and cash equivalents of EUR 25 thousand
- Lower financial liabilities of EUR 120,842 thousand
- Lower trade payables of EUR 3 thousand

As a result the consolidated equity of CeramTec Group GmbH would have been EUR 120,820 thousand lower compared to the group equity as shown in these Condensed Interim Consolidated Financial Statements.

If the Condensed Interim Consolidated Income Statement of CeramTec Group GmbH would have been prepared instead of the Condensed Interim Consolidated Balance Sheet of CeramTec Holding GmbH as presented in these Condensed Interim Consolidated Financial Statements, the effects on the income statement for the interim period presented would have been the following:

- Lower interest expenses of EUR 841 thousand
- Lower other expenses of EUR 3 thousand

The Condensed Interim Consolidated Statement of Cash Flow would not have been affected, if an interim consolidated statement of cash flow for of CeramTec Group GmbH would have been prepared instead of a statement of cash flow as presented in these Condensed Interim Financial Statements.

(24) Events after the reporting period

No significant events took place after the closing date.

Plochingen, 29 November 2013

Dr. Ulf-D. Zimmermann,	Rolf-Michael Müller,	Sigurd Adler,
Chief Executive Officer	Chief Financial Officer	Chief Technology Officer