Pro Forma Interim Consolidated Financial Information of CeramTec Holding GmbH (former Faenza Germany GmbH) with a reconciliation to CeramTec Group GmbH (former Faenza GmbH)

for the period 1 July, 2013 until 30 September, 2013

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1. Introduction

Based on the Sale and Purchase Agreement (SPA) signed on 15 June 2013 and with effectiveness on 31 August / 1 September 2013, 24:00 h CEST, Rockwood Specialties Group, USA sold and transferred via several subsidiaries its shares of the following companies to CeramTec Service GmbH, Plochingen (former Faenza Acquisition GmbH, Frankfurt am Main and in the following “CeramTec Service”). CeramTec Service is a 100% subsidiary of CeramTec Group GmbH, Plochingen (former Faenza GmbH, Frankfurt am Main and in the following “CeramTec Group”), which is itself a 100% subsidiary of CeramTec Holding GmbH, Plochingen (former Faenza Germany GmbH, Frankfurt am Main and in the following “CeramTec Holding”). CeramTec Holding is the ultimate parent, for which Consolidated Financial Statements will be prepared.

The following entities were acquired:

- 100% of the shares in CeramTec GmbH, Plochingen (in the following “CeramTec Germany”)
- 100% of the shares in Press and Sinter Technics de Mexico, S.A. de C.V., Mexico (in the following “PST Mexico”), from which 99.999987% were purchased by CeramTec Germany and 0.000013% by CeramTec Service
- 100% of the shares in PST Press + Sintertechnik Sp.z o.o., Poland (in the following “PST Poland”)
- 100% of the shares in CeramTec North America Corporation (in the following “CeramTec NA”)

The acquired entities form the Advanced Ceramics Business, which was the target of the transaction.

The acquisition was financed by equity contributions and the granting of a shareholder loan of EUR 120,000 thousand 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 (EUR 306,700 thousand) on 8 August, 2013 and senior secured credit facilities on 30 August, 2013 (EUR 647,420 thousand credit facilities used and revolver credit facilities of additional EUR 100,000 thousand unused).

The preparation of Pro Forma Interim Consolidated Financial Information for CeramTec Holding is a contractual obligation resulting from the bond offering circular and the credit agreement. The fiscal year of CeramTec Holding covers the period from 15 July, 2013 to 31 December, 2013. However, for the purpose of the preparation of the Pro Forma Interim Consolidated Financial Information for CeramTec Holding it is assumed that the date of foundation was 1 July, 2013 and that the fiscal year ends on 31 December, 2013. As a result, the Pro Forma Interim Consolidated Financial Information for CeramTec Holding GmbH presents the period from 1 July, 2013 to 30 September, 2013.

As the acquisition described above has occurred during the third quarter 2013, the Pro Forma Interim Consolidated Financial Information only includes a Pro Forma Interim Consolidated Income Statement as well as Pro Forma notes.

2. Historical Financial Information

2.1. Historical Financial Information Used

The Pro Forma Interim Consolidated Financial Information is based on the following historical Financial Information:

– The unaudited and unpublished Interim consolidated statement of comprehensive income of CeramTec Holding for the period ended 30 September, 2013 prepared on the basis of the International Financial Reporting Standards ("IFRS"), as applicable and adopted by the EU ("EU-IFRS").

– The unaudited and unpublished Interim combined statement of comprehensive income for the period from 1 July, 2013 to 31 August, 2013 comprising CeramTec Germany including its subsidiaries, CeramTec NA, PST Mexico and PST Poland, which was derived from the unaudited and unpublished combined statement of comprehensive income for the period from 1 January, 2013 to 31 August, 2013 prepared on the basis of the International Financial Reporting Standards ("IFRS"), as applicable and adopted by the EU ("EU-IFRS"). To derive the historical figures for July and August of the respective entities on a standalone basis, the internal statements of comprehensive income covering the period ended 30 June, 2013 (year-to-date) were eliminated from the internal statements of comprehensive income for the period ended 31 August, 2013 (year-to-date), which were included in the combined statement of comprehensive income for the period ended 31 August, 2013 for consolidation purposes.

Thus, the basic figures of the Pro Forma Interim Consolidated Financial Information prepared by CeramTec Holding were prepared on the basis of EU-IFRS. The Pro Forma Interim Consolidated Financial Information are based on consistently applied accounting policies as applied by CeramTec Holding in the Interim Consolidated Financial Statements for the period ended 30 September, 2013 and described in the notes to these Interim Consolidated Financial Statements of CeramTec Holding, which are prepared and published at the same time as the Pro Forma Interim Consolidated Financial Information at hand. Furthermore, it should be noted that the Pro Forma Interim Consolidated Financial Information is meaningful only in conjunction with the complete historical Interim Consolidated Financial Statements of CeramTec Holding for the period ended 30 September, 2013.

The assumption that the beginning of the interim period included in these Pro Forma Interim Consolidated Financial Statements is 1 July, 2013 and not 15 July, 2013, fulfilling the purpose of this Pro Forma Interim Consolidated Financial Information, has no effects due to no material changes on the historical interim financial data included in this statement ended 30 September, 2013.

2.2. Adjustments of the historical financial data to unify accounting policies

CeramTec Holding Group presents in the income statement gains and losses resulting from the translation of foreign exchange differences in the financial result. The Advanced Ceramics Business has presented in the past such gains and losses in other income and other expenses, respectively.

As the historical financial data must base on the same accounting policy, the accounting policies of CeramTec Holding Group are the leading accounting policies. Therefore a reclassification between other expenses and other financial expenses is required.

The following adjustments were made to unify presentation:

- Other expenses presented in the historical financial data of CeramTec Germany Group increased by EUR 63 thousand and other financial income increased by EUR 63 thousand, accordingly.

- Other expenses presented in the historical financial data of PST Poland increased by EUR 69 thousand with an increase of other financial income of EUR 69 thousand.

- Other expenses presented in the historical financial data of PST Mexico decreased by EUR 10 thousand. Compensating to that other financial income decreased therefore by EUR 10 thousand.

3. Basis of Preparation

3.1. Acquisition of the shares in CeramTec Germany, CeramTec NA, PST Mexico and PST Poland

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

- CeramTec Germany including its subsidiaries

- PST Mexico

- PST Polen

- CeramTec NA

The acquisition was financed by equity contributions and the granting of a shareholder loan of EUR 120,000 thousand on 29 August, 2013 of the shareholder of CeramTec Holding, Faenza Luxembourg, as well as the issuance of an unsecured bond (EUR 306,700 thousand) and senior secured credit facilities (EUR 647,420 thousand credit facilities used and revolver credit facilities of additional EUR 100,000 thousand unused).

The consideration transferred to obtain control amounts to EUR 1,544,288 thousand and includes the purchase price for the acquisition of the shares (EUR 1,525,126 thousand) and the purchase price for the acquisition of loan receivables against the Advanced Ceramics Business (EUR 19,162 thousand). The fair value of the assets acquired and the liabilities assumed amounts to EUR 998,223 thousand. Taking into account the consideration transferred the goodwill resulting from the acquisition of the Advanced Ceramics Business amounts to EUR 546,066 thousand. As of 30 September, 2013, the purchase price allocation is still preliminary.

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 of 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 onwards.

3.2. Information taken into Consideration and Preparation Principles

The Pro Forma Interim Consolidated Financial Information was prepared in accordance with the principles of the Institut der Wirtschaftsprüfer (German Institute of Public Auditors, IDW) for the preparation of Pro Forma Interim Consolidated Financial Information (IDW AcPS AAB 1.004: Preparation of Pro Forma Interim Consolidated Financial Information).

The pro forma adjustments made in preparing the Pro Forma Interim Consolidated Financial Information are based on information available only to a limited extent and on preliminary estimates and certain pro forma assumptions of CeramTec Holding. The key assumptions are presented in these pro forma notes.

3.3. Pro Forma Assumptions

The presentation of the Pro Forma Interim Consolidated Financial Information for CeramTec Holding is based on certain pro forma assumptions and is intended for purely illustrative purposes. The assumptions are the following:

- The business combination, which took place as of 1 September, 2013 is assumed as if the business combination would have taken place as of 1 July, 2013.

- As a consequence it is also assumed that the financing, which is an integral part of the business combination, must have taken place on 1 July, 2013 as well. The financing comprises the bond issued by CeramTec Group in August 2013 of EUR 307,600 thousand and the senior secured loan of EUR 647,420 thousand drawn by CeramTec Service including the undrawn revolver credit facility of EUR 100,000 thousand on the one hand and includes also any transactions, which are directly linked to and agreed together with the financing (mainly swaps to hedge foreign exchange risks). On the other hand the financing comprises the shareholder loan of EUR 120,000 thousand granted by Faenza Luxembourg to CeramTec Holding.

- As a result of the acquisition of the Advanced Ceramics Business all the relationships between Rockwood Specialities Group, USA and the Advanced Ceramics Business were terminated. Due to the assumption that the acquisition should haven taken place as of 1 July, 2013, it is assumed that all the relationships to Rockwood must have been terminated on 1 July, 2013 as well. The relationships terminated included loan liabilities of the acquired entities amounting to EUR 19,162 thousand (USD- and EUR-denominated). The corresponding loan receivables of Rockwood were acquired as part of the transaction by CeramTec Holding Group. Consequently the acquisition of loan receivables is also assumed to have taken place on 1 July, 2013.

As the business combination and the financing are assumed as if have taken place on 1 July, 2013, the Pro Forma Interim Consolidated Financial Information describes only a hypothetical scenario and thus, due to its nature, does not reflect the actual results of operations of the CeramTec Holding Group after the acquisition. In addition, the Pro Forma Interim Consolidated Financial Information does not represent a forecast about the results of operations of the CeramTec Holding Group at a future time.

The pro forma assumptions made for purposes of preparing this Pro Forma Interim Consolidated Financial Information are described below.

4. Explanation of Pro Forma Adjustments

4.1. Additional amortization and depreciation from the purchase price allocation adjustments

As the business combination is assumed to have taken place as of 1 July, 2013, the purchase price allocation and the fair value measurement of the assets acquired and liabilities were carried back to 1 July, 2013. This results in additional cost of products sold of EUR 21,173[2] thousand in total, which can be allocated to the order backlog (EUR 9,345 thousand) and technology (EUR 2,328 thousand), the depreciation of buildings (EUR 421 thousand) and machinery and equipment (EUR 671 thousand) as well as inventories (EUR 8,408 thousand). Further it results in additional selling costs arising through the amortization of customer relationships (EUR 4,696[3] thousand). The adjustment results in lower deferred income taxes of EUR 7,409[10] thousand, calculated using a tax rate of 28.6%. Compensating to that deferred tax expenses decreased due to the amortization of a tax deductible goodwill, for which a deferred tax asset of EUR 23,369 thousand was recognized as a separate asset acquired as part of the business combination. The deferred tax expenses therefore decreased by EUR 619[10] thousand.

4.2. Additional interest expenses as well as other financial income and expenses from the increased level of indebtedness

4.2.1. Effects from the bond issued and the senior secured loans including the undrawn revolving credit facilitiy

4.2.1.1. Effects resulting from the high yield bond

As the financing of the business combination is assumed to have taken place as of 1 July, 2013, the issuance of the EUR 306,700 thousand high yield bond was carried back to 1 July, 2013. Based on this assumption the maturity date and the semiannual interest payment dates were carried back in the same way to ensure that the bond still has the same duration and the same interest periods as stated in the bond agreement. All other terms and conditions of the bond remained unchanged. This especially applies to the nominal amount, the fixed interest rate, the day count convention, the time and frequency of interest payments, the transaction costs incurred in connection with the issuance of the loans and the prepayment options which have to be separated from the bond contract and accounted for as freestanding derivative.

The assumptions stated above result in additional financial expenses in the amount of EUR 2,700[8] thousand which can be allocated to increased nominal interest in the amount of EUR 2,601 thousand and additional interest expenses in the amount of EUR 99 thousand resulting from the subsequent measurement of the bond based on the effective interest rate method. Furthermore, the other financial income decreased in the amount of EUR 27[7] thousand due to the revaluation of the separated prepayment option.

The adjustment results in lower deferred income taxes of EUR 36[10] thousand, calculated using an average tax rate of 28.6%.

4.2.1.2. Effects resulting from the EUR Term Loans

As the financing of the business combination is assumed to have taken place as of 1 July, 2013, the conclusion of the Initial EUR B-1 and EUR B-2 Term Loans in the total amount of EUR 291,300 thousand was carried back to 1 July, 2013. Based on this assumption the maturity date, the quarterly interest payment dates and the variable interest rate fixing dates were carried back in the same way to ensure that the loans still have the same duration and the same interest periods as stated in the loan agreement. All other terms and conditions of the loans remained unchanged. This especially applies to the nominal amounts, the day count convention, the time and frequency of interest payments, the transaction costs incurred in connection with the issuance of the loans and the interest rate floor which has to be separated from the bond contract and accounted for as freestanding derivative.

The assumptions stated above result in additional financial expenses in the amount of EUR 3,111[8] thousand which can be allocated to increased nominal interest in the amount of EUR 2,306 thousand and additional interest expenses in the amount of EUR 805 thousand resulting from the subsequent measurement of the bond based on the effective interest rate method. Furthermore, the financial expenses decreased in the amount of EUR 148[8] thousand due to the revaluation of the separated interest floor for the period from 1 July, 2013 to 30 September, 2013.

The adjustment results in lower deferred income taxes of EUR 188[10] thousand, calculated using an average tax rate of 28.6%.

4.2.1.3. Effects resulting from the USD Term Loans

As the financing of the business combination is assumed to have taken place as of 1 July, 2013, the conclusion of the Initial USD B-1, USD B-2 and USD B-3 Term Loans in the total amount of USD 472.500 thousand was carried back to 1 July, 2013. Based on this assumption the maturity date, the quarterly interest payment dates, the variable interest rate fixing dates and the repayment dates were carried back in the same way to ensure that the loans still have the same duration, the same interest periods and the same repayment periods as stated in the loan agreement. All other terms and conditions of the loans remained unchanged. This especially applies to the nominal/repayment amounts, the day count convention, the time and frequency of interest/fee payments, the transaction costs incurred in connection with the issuance of the Revolving Credit Facility (RCF) and the interest rate floor which has to be separated from the bond contract and accounted for as freestanding derivative.

The assumptions stated above result in additional financial expenses in the amount of EUR 3,694[8] thousand which can be allocated to increased nominal interest in the amount of EUR 2,540 thousand and additional interest expenses in the amount of EUR 1,154 thousand resulting from the subsequent measurement of the bond based on the effective interest rate method. The FX-income decreased in an amount of EUR 5[4] thousand due to the revaluation of the USD Term Loans based on adjusted USD/EUR exchange rates. Furthermore, the other financial expenses decreased in the amount of EUR 88[8] thousand due to the revaluation of the separated interest floor for the period from 1 July, 2013 to 30 September, 2013.

The adjustment results in lower deferred income taxes of EUR 339[10] thousand, calculated using an average tax rate of 30.0%.

4.2.1.4. Effects resulting undrawn Revolving Credit Facility (RCF)

As the financing of the business combination is assumed to have taken place as of 1 July, 2013, the undrawn RCF with a nominal amount of EUR 100,000 thousand was carried back to 1 July, 2013. Based on this assumption the maturity date and the quarterly interest/fee payment dates were carried back in the same way to ensure that the RCF still has the same duration, the same interest/fee periods as stated in the bond agreement. All other terms and conditions of the loans remained unchanged. This especially applies to the nominal/repayment amounts, the day count convention, the time and frequency of interest/fee payments and the transaction costs incurred in connection with the issuance of the bond.

The assumptions stated above result in additional financial expenses in the amount of EUR 156[8] thousand which can be allocated to an increased amortization of transaction costs in the amount of EUR 74 thousand and increased accrued commitment fees in the amount of EUR 82 thousand.

The adjustment results in lower deferred income taxes of EUR 21[10] thousand, calculated using an average tax rate of 28.6%.

4.2.1.5. Effects resulting from cross currency swaps / hedge accounting

As the financing of the business combination is assumed to have taken place as of 1 July, 2013, the conclusion of the cross currency swaps with a nominal amount of EUR 269,500 thousand and the designation of the cash flow hedge relationship were carried back to 1 July, 2013. Based on this assumption the maturity date, the quarterly interest payment dates, the variable interest rate fixing dates, the repayment dates of the cross currency swaps were carried back in the same way to ensure that the swaps still have the same duration, the same interest periods and the same repayment periods as stated in the loan agreement. All other terms and conditions of the currency swaps remained unchanged except for the spread in the EUR Payer leg which was adjusted to price the swaps at fair market conditions as of 1 July, 2013. Hence, the terms and conditions of the cross currency swaps and the hedged portion of the USD Dollar Terms Loans perfectly match and constitute a perfect hedge relationship.

The assumptions stated above result in a decrease of interest expense in the amount of EUR 26[8] thousand and additional FX-expenses in the amount of EUR 41[5] thousand.

The adjustment results in lower deferred income taxes of EUR 12[10] thousand, calculated using an average tax rate of 28.6%.

4.2.2. Additional interest expenses from the shareholder loan

As described under section 1. *"Introduction"* part of the financing of the business combination was the granting of a shareholder loan of EUR 120,000 thousand to CeramTec Holding on 29 August, 2013. The interest calculation started at 30 August, 2013 and is from that point of time included in the historical financial data of CeramTec Holding Group.

As the business combination as well as the financing are carried back to 1 July, 2013, additional interest expenses resulting from the shareholder loan must be recorded in the Pro Forma Interim Consolidated Income Statement for the period 1 July, 2013 to 30 August, 2013.

The financial expenses therefore increased by EUR 1,656[8] thousand, which were calculated using the terms and conditions of the shareholder loan contract as agreed between the parties.

4.3. Effects from the translation of Intercompany loan from CeramTec Service GmbH to direct parent of PST Poland

As part of the transaction CeramTec Service granted an Intercompany loan of EUR 35,890 thousand to the direct parent of PST Poland, Drayton Investments Sp. z o.o. The loan liability must be translated into the local currency PLN of Drayton Investments Sp. z o.o. (meanwhile Faenza Poland Sp. z.o.o.). The translation results in translation differences, which are not eliminated within the consolidation procedures in accordance with IAS 27, but to be recognized in the net income in accordance with IAS 21, unless the loans forms part of the net investment in a foreign operation.

Due to the carryback of the closing date, the loan is assumed to be granted on 1 July, 2013, which results in different translation effects compared to the historical financial date.

The financial expenses increased therefore by EUR 365[8] thousand using the closing rate as of July 2013. The adjustment results in lower deferred income taxes of EUR 130[10] thousand, calculated using an average tax rate of 35.5%.

4.4. Elimination of income and expenses from Intercompany relationships between CeramTec GmbH Group, CeramTec NA, PST Mexico and PST Poland

Prior to the acquisition of the Advanced Ceramics Business by CeramTec Holding the entities, that are part of the Advanced Ceramics Business , were not part of one group, but only sister companies. As the acquisition date of the Advanced Ceramics Business was assumed to be 1 July, 2013 for the purpose of these Pro Forma Interim Consolidated Financial Information, the income and expenses arising from relationships between the sister companies of the Advanced Ceramics Business , which were included in the stand-alone historical financial data, had to be consolidated. Due to that revenues decreased by EUR 1,419[1] thousand and costs of products sold decreased by EUR 1,419[2] thousand.

4.5. Elimination of income and expenses from relationships to the sellers that were terminated as of 31 August, 2013

Prior to the execution of the transaction different relationships existed between the Advanced Ceramics Business and the seller. These relationships were terminated until the closing of the transaction i.e. 31 August, 2013 / 1 September, 2013, 24:00 h CEST.

The following relationships were terminated:

- Cash-Pooling agreements between the seller and the entities of the Advanced Ceramics Business
- Loan liability of CeramTec GmbH denominated in EUR
- Loan liability of CeramTec NA denominated in USD
- Loan liability of PST Mexico denominated in USD
- Loan liability of PST Poland denominated in EUR
- Management service agreement between the seller and Advanced Ceramics Business

Based on the assumption that the transfer of the Advanced Ceramics Business has taken place on 1 July, 2013, the financial effects included in the historical financial data for the period 1 July, 2013 and 31 August, 2013 would not have been incurred, as these relationships must have been terminated until 1 July, 2013 as well.

The termination of the above described relationships before 1 July, 2013 resulted in a decrease of financial income of EUR 52[7] thousand, a decrease of financial expenses of EUR 1,832[8] thousand and a decrease of other expenses of EUR 930[5] thousand.

4.6. Deferred tax assets on tax losses carried forward

The tax losses carried forward would have been different, would the transaction have taken place as of 1 July, 2013. Based on the assumption, that the acquisition took place on 1 July, 2013, the tax losses carried forward would have been increased by EUR 5,517 thousand. As a consequence the deferred tax assets on tax losses carried forward, which have been recognized in the historical financial data, would have increased by EUR 1,593[10] thousand.

5. One-off and Continuing Effects of the Pro Forma Adjustments

The following Pro Forma adjustments will have a continuing effect on the CeramTec Holding Group results of operations under the Pro Forma assumptions used:

- Additional depreciation and amortization from the purchase price allocation for the intangible assets, property, plant and equipment as well as inventories, including attributable deferred taxes (see section 4.1 "*Additional amortization and depreciation from the purchase price allocation adjustments*"),

- Effects on the income statement in connection with the subsequent measurement of the financing (see section 4.2 "*Additional interest expenses as well as other financial income and expenses from the increased level of indebtedness*"),
- Effects on the income statement from the translation of Intercompany loans (see section 4.3 "Effects from the translation of Intercompany loans")
- Elimination of sales revenue, costs of sales, interest income and interest expenses (see section 4.4 *"Elimination of income and expenses from Intercompany relationships between CeramTec GmbH Group, CeramTec NA, PST Mexico and PST Poland".*

The Pro Forma adjustments due to the termination of the relationships to the seller as discussed in section 4.5 *"Elimination of income and expenses from relationships to the seller that were terminated as of 31 August, 2013"* would have a one-off effect on the CeramTec Holding Group results of operations under the Pro Forma assumptions used.

6. Pro Forma Interim Consolidated Income Statement of CeramTec Holding Group

	CeramTec GmbH Group	PST Poland	PST Mexico	CeramTec North America	CeramTec Combined Group	CeramTec Holding Group	Advanced Ceramics Business
	Historical financial information	Historical financial information	Historical financial information	Historical financial information	Historical financial information	Historical financial information	Historical financial information
	01.07. - 31.08.2013	01.07. - 31.08.2013	01.07. - 31.08.2013	01.07. - 31.08.2013	01.07. - 31.08.2013	01.07. - 30.09.2013	01.07. - 30.09.2013
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
NET SALES	**64,293**	**949**	**385**	**5,278**	**70,905**	**38,653**	**109,558**
COST OF GOODS SOLD	**42,368**	**415**	**179**	**4,311**	**47,274**	**31,925**	**79,199**
GROSS PROFIT	**21,924**	**534**	**206**	**967**	**23,631**	**6,728**	**30,359**
Selling Costs	**9,324**	**59**	**52**	**547**	**9,982**	**5,715**	**15,697**
General and Administrative Costs	**6,825**	**12**	**18**	**419**	**7,274**	**9,092**	**1,818**
Other income	**68**	**0**	**0**	**(2)**	**66**	**85**	**151**
Other expenses	**12,327**	**12**	**(17)**	**333**	**12,655**	**19,730**	**32,385**
OPERATING PROFIT / (LOSS)	**(6,483)**	**452**	**152**	**(334)**	**(6,213)**	**(20,450)**	**(26,663)**
Financial Income	**196**	**101**	**(8)**	**(3)**	**287**	**1,423**	**1,710**
Financial expense	**2,874**	**97**	**8**	**93**	**3,073**	**9,196**	**12,269**
FINANCIAL RESULT	**(2,678)**	**4**	**-16**	**(96)**	**(2,786)**	**(7,774)**	**(10,559)**
EARNINGS BEFORE TAXES	**(9,160)**	**456**	**136**	**(430)**	**(8,999)**	**(28,224)**	**(37,222)**
Taxes on income	**(1,752)**	**18**	**56**	**(479)**	**(2,157)**	**(3,913)**	**(6,070)**
NET INCOME / (LOSS)	**(7,408)**	**438**	**80**	**49**	**(6,842)**	**(24,311)**	**(31,152)**

	Advanced Ceramics Business	Pro Forma Adjustments	Advanced Ceramics Business	Reconciliation to CeramTec Group GmbH	Advanced Ceramics Business after Reconciliation
	Historical financial information	Pro Forma Adjustments	Pro Forma Interim Consolidated Income Statement		Pro Forma Interim Consolidated Income Statement
	01.07. - 30.09.2013 EUR '000	01.07. - 30.09.2013 EUR '000	01.07. - 30.09.2013 EUR '000	01.07. - 30.09.2013 EUR '000	01.07. - 30.09.2013 EUR '000
NET SALES	**109,558**	**(1,419)[1]**	**108,139**		**108,139**
COST OF GOODS SOLD	**79,199**	**(19,754)[2]**	**98,953**		**98,953**
GROSS PROFIT	**30,359**	**(21.173)**	**9,186**		**9,186**
Selling Costs	**15,697**	**4,696[3]**	**20,393**		**20,393**
General and Administrative Costs	**9,092**	**0**	**9,092**		**9,092**
Other income	**151**	**(5)[4]**	**146**		**146**
Other expenses	**32,385**	**(889)[5]**	**31,496**	**(2)[6]**	**31,494**
OPERATING PROFIT / (LOSS)	**(26,663)**	**(24,985)**	**(51,648)**	**2**	**(51,646)**
Financial Income	**1,710**	**(79)[7]**	**1,631**		**1,631**
Financial expense	**12,269**	**9,587[8]**	**21,856**	**(2,497)[9]**	**19,360**
FINANCIAL RESULT	**(10,559)**	**(9,666)**	**(20,226)**	**2,497**	**(17,729)**
EARNINGS BEFORE TAXES	**(37,222)**	**(34,651)**	**(71,874)**	**2,499**	**(69,375)**
Taxes on income	**(6,070)**	**(9,109)[10]**	**(15,179)**		**(15,179)**
NET INCOME / (LOSS)	**(31,152)**	**(25,543)**	**(56,695)**	**2,499**	**(54,197)**

[1] see section 4.4
[2] see sections 4.1, 4.4
[3] see section 4.1
[4] see section 4.2.1.3
[5] see sections 4.5, 4.2.1.5
[6] see section 7
[7] see sections 4.2.1.1, 4.5
[8] see sections 4.2.1.1, 4.2.1.3, 4.2.1.4, 4.2.1.4, 4.2.1.5, 4.2.2, 4.3, 4.5
[9] see section 7
[10] see section 4.2.1.1, 4.2.1.2, 4.2.1.3, 4.2.1.4, 4.2.1.5, 4.1, 4.3, 4.6

7. Reconciliation of Pro Forma Interim Consolidated Income Statement of CeramTec Holding GmbH to CeramTec Group GmbH

The following effects, which are recognized in the Pro Forma Interim Consolidated Income Statement of CeramTec Holding GmbH, are not recognized in the Pro Forma Interim Consolidated Income Statement of CeramTec Group GmbH:

- Interest expenses resulting from the shareholder loan to CeramTec Holding. Due to that interest expenses decreased by EUR 2,497[9] thousand.

- Other expenses resulting from the foundation of CeramTec Holding. As a result, other expenses decreased by EUR 2[6] thousand

In addition to the reconciliation items explained above, no further items of income or expenses need to be reconciled.