CeramTec Holding GmbH

Plochingen

Consolidated Financial Statements
as of
31 December 2014

CeramTec Holding GmbH, Plochingen

Consolidated statement of comprehensive income

from 1 January to 31 December 2014

	Note	1 January to 31 December 2014	15 July to 31 December 2013 *)
		EUR k	EUR k
Revenue	3.1	474.832	145.444
Cost of sales	3.2	293.508	116.559
Gross profit		**181.324**	**28.885**
Selling costs	3.3	78.898	24.079
Research and development costs	3.4	24.067	6.887
General administrative costs	3.5	18.860	6.723
Other income and expenses *)	3.6	2.004	-17.069
Operating income		**61.503**	**-25.873**
Interest income and other finance income		196	7.249
Interest expenses and other finance costs		94.080	28.993
Financial result	3.7	**-93.884**	**-21.744**
Earnings before tax		**-32.381**	**-47.617**
Tax income	3.8	1.029	4.162
Net loss for the year		**-31.352**	**-43.455**
Items that will not be recycled through profit or loss in future			
Income from remeasurement of pension provisions		-30.253	1.170
Deferred taxes		8.407	-202
		-21.846	**968**
Items that are recycled through profit or loss under certain conditions			
Gain/losses on cash flow hedges		4.866	-5.228
Deferred taxes		-1.386	1.490
		3.480	**-3.738**
Difference from currency translation		8.070	-5.067
Other comprehensive income, after income tax		**-10.296**	**-7.837**
Total comprehensive income		**-41.648**	**-51.292**

*) Presentation has been changed, see note 1.2 Basis of Preparation

CeramTec Holding GmbH, Plochingen

CeramTec
THE CERAMIC EXPERTS

Consolidated statement of financial position as of 31 December 2014

Assets	Note	31 December 2014	31 December 2013 *)
		EUR k	EUR k
Goodwill	4.1	550.820	547.434
Other intangible assets	4.1	639.828	681.814
Property, plant and equipment	4.2	309.684	306.894
Other financial assets	4.3	29.963	7.082
Other assets	4.4	1.675	1.925
Deferred taxes	3.8	2.874	2.183
Non-current assets		**1.534.844**	**1.547.332**
Inventories	4.5	67.918	71.354
Trade receivables	4.6	47.517	43.374
Income tax receivables		6.517	199
Other financial assets	4.3	3.265	858
Other receivables and assets	4.4	5.219	9.049
Cash and cash equivalents	4.7	62.246	66.963
Current assets		**192.682**	**191.797**
Total assets		**1.727.526**	**1.739.129**

*) Comparative period has been adjusted; for more details see notes 1.2 Basis of Preparation and 1.4 Changes to the Consolidated Group

CeramTec Holding GmbH, Plochingen

Consolidated statement of financial position as of 31 December 2014

Equity and liabilities	Note	31 December 2014	31 December 2013 *)
		EUR k	EUR k
Issued capital	4.8	25	25
Capital reserves	4.8	378.148	378.148
Revenue reserves and consolidated net income	4.8	-95.696	-42.498
Accumulated other comprehensive income	4.8	2.745	-8.805
Equity		**285.222**	**326.870**
Provisions for pension obligations	4.9	91.451	61.131
Other provisions	4.10	3.747	3.486
Financial liabilities to affiliates	4.11	133.549	123.338
Financial liabilities to third parties	4.12	949.399	918.636
Deferred taxes	3.8	173.298	190.783
Non-current liabilities		**1.351.444**	**1.297.374**
Other provisions	4.10	13.967	8.993
Provisions (taxes)	4.11	66	402
Financial liabilities to third parties	4.12	40.824	61.924
Trade payables		22.424	31.898
Other liabilities	4.13	13.579	11.668
Current liabilities		**90.860**	**114.885**
Total liabilities		**1.442.304**	**1.412.259**
Total equity and liabilities		**1.727.526**	**1.739.129**

*) Comparative period has been adjusted; for more details see notes 1.2 Basis of Preparation and 1.4 Changes to the Consolidated Group

CeramTec Holding GmbH, Plochingen

Consolidated statement of changes in equity for the year ended 31 December 2014

	Issued capital	Capital reserves	Revenue reserves and consolidated net income	Accumulated other comprehensive income		Equity
				Cash flow hedge reserve	Difference from currency translation	
Reference to disclosure in notes	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
14 July 2013	**25**	**0**	**(11)**	**0**	**0**	**14**
Net income for the period	0	0	(43.455)	0	0	(43.455)
Other comprehensive income	0	0	968	(3.738)	(5.067)	(7.837)
Total comprehensive income	*0*	*0*	*(42.487)*	*(3.738)*	*(5.067)*	(51.292)
Contribution by owners	0	378.148	0	0	0	378.148
31 December 2013	**25**	**378.148**	**(42.498)**	**(3.738)**	**(5.067)**	**326.870**
Net income for the period	0	0	(31.352)	0	0	(31.352)
Other comprehensive income	0	0	(21.846)	3.480	8.070	(10.296)
Total comprehensive income	*0*	*0*	*(53.198)*	*3.480*	*8.070*	(41.648)
31 December 2014	**25**	**378.148**	**(95.696)**	**(258)**	**3.003**	**285.222**

CeramTec
THE CERAMIC EXPERTS

CeramTec Holding GmbH, Plochingen

Consolidated statement of cash flows from 1 January to 31 December 2014*

	1 January to 31 December 2014 EUR k	15 July to 31 December 2013 EUR k
Net loss for the year	-31.352	-43.455
Tax income	-1.029	-4.162
Interest result	79.087	28.738
Write-downs / write-ups (-) on non-current assets	89.249	41.543
Gain (-) / loss on disposal of fixed assets	28	-42
Increase / decrease (-) in provisions (excluding deferred taxes)	3.168	-17.637
Income tax refund / payment (-)	-16.426	-391
Other non-cash expenses/income (-)	15.481	-9.692
Increase (-) / decrease in inventories	3.436	17.746
Increase (-) / decrease in trade receivables	-4.143	5.942
Increase (-) / decrease in other receivables and (financial) assets	406	-7.334
Increase / decrease (-) in trade payables	-9.702	10.183
Increase / decrease (-) in other (financial) liabilities	1.825	8.928
Cash flow from operating activities	**130.028**	**30.367**
Cash received from disposals of property, plant and equipment	1.257	75
Cash paid (-) for investments in property, plant and equipment	-47.729	-20.358
Cash received from grants	6.100	1.025
Cash paid (-) for investments in intangible assets	-1.399	-449
Cash paid (-) for the acquisition of entities	-3.500	-1.359.615
Cash flow from investing activities	**-45.270**	**-1.379.322**
Cash received from contribution to capital reserve	0	378.148
Cash received from issuance of bond	0	299.799
Cash received from syndicated loan/repayment of syndicated loan	-7.522	625.625
Interest paid (-)	-55.382	-7.755
Cash received from shareholder loan	0	120.000
Transfer of profit/loss to former shareholder	-26.922	0
Cash flow from financing activities	**-89.827**	**1.415.817**
Change in cash and cash equivalents	-5.070	66.862
Currency effects	353	26
Cash and cash equivalents at the beginning of the period	66.963	75
Cash and cash equivalents at the end of the period	**62.246**	**66.963**

*Please refer to notes chapter 5

TRANSLATION – GERMAN VERSION PREVAILS

CeramTec Holding GmbH

Plochingen

Notes to the Consolidated Financial Statements as of 31 December 2014

1 General

1.1 Corporate information and purpose of the Company

The purpose of CeramTec Holding GmbH (hereinafter "CeramTec Holding") is to render management services as well as administrative, financial and business services in return for remuneration to entities in which it has a direct or indirect shareholding or which are controlled by the same shareholder. It may set up branch offices in Germany and abroad, establish other entities in Germany and abroad irrespective of their legal form, acquire, invest in and hold these investments and/or manage them as well as enter into and/or issue all kinds of financial instruments.

The subsidiaries of CeramTec Holding are leading global producers of high-performance ceramics and specialized in the development, production and sale of assemblies, components and products made from ceramic materials. The companies are primarily active in the following markets: automotive, electronic applications, energy and environmental applications, equipment and mechanical engineering and medical technology. Their activities focus on developing solutions for increasingly demanding application areas using many different and in part highly-specialized ceramic materials with unique mechanical, electrical, thermal and biochemical properties and property combinations.

CeramTec Holding's registered office is located at CeramTec-Platz 1-9 in 73207 Plochingen, Germany. CeramTec Holding is the parent company of the Group ("CeramTec Holding Group") and at the same time the ultimate parent, which prepares exempting consolidated financial statements.

CeramTec Holding was founded on 3 June 2013. The first fiscal year was an abbreviated fiscal year for the period from 3 June 2013 to 14 July 2013. The second fiscal year was also an abbreviated fiscal year for the period from 15 July 2013 to 31 December 2013. This abbreviated fiscal year is referred to in the following as the comparative period. As the acquisition of the operating business did not take place until during the comparative period, the prior-year figures are not comparable. Where no prior-year figures are presented in the following, their value is EUR 0k. From fiscal year 2014 onwards, the fiscal year corresponds to the calendar year.

The management of CeramTec Holding approved the consolidated financial statements on 31 March 2015 for submission to the shareholder meeting.

1.2 Basis of preparation

The consolidated financial statements are prepared pursuant to Sec. 315a (3) HGB ["Handelsgesetzbuch": German Commercial Code] in accordance with the International Financial Reporting Standards (IFRS/IAS) as adopted by the EU as well as the interpretations of the IFRS Interpretations Committee (IFRS IC) applicable for the fiscal year and the supplementary requirements of German commercial law.

The requirements of the standards and interpretations adopted were satisfied in full. Furthermore, all applicable requirements of German commercial law were observed during the preparation. The financial statements give a true and fair view of the net assets, financial position and results of operations of the CeramTec Holding Group.

The financial statements are presented in euro. The amounts are in thousands of euros (EUR k). All amounts are rounded using standard commercial principles. In individual cases, adding individual values to the total value may therefore lead to differences.

For the purpose of clarity, various items in the statement of financial position and statement of comprehensive income were combined and explained accordingly in the notes to the financial statements. Assets and liabilities are broken down into current and non-current items. Assets and liabilities are classified as current if they are expected to be realized within twelve months from the reporting date. The expense recognized in profit or loss is broken down using the function of expense method. In the statement of cash flows, cash flow from operating activities is determined using the indirect method, while cash flow from investing and financing activities is determined using the direct method.

Compared with the consolidated financial statements of the previous year, the way was adjusted the consolidated statement of comprehensive income presents information. The previous items "Other income" and "Other expenses" are offset and reported under the item "Other income and expenses". In addition, the results of changing the fair values of derivatives, and foreign currency results, are offset and recognized in the financial result.

In addition, income tax receivable is not included anymore in the item "Other receivables and assets", and shown in the statement of financial position under a separate item instead.

The comparative period was adjusted accordingly.

1.3 Entities included in the consolidated financial statements

In addition to the financial statements of the parent company, the financial statements of the following subsidiaries in which CeramTec Holding has a direct or indirect shareholding are included in the consolidated financial statements for the financial year:

Name of the entity	Share of capital in % 31 December 2014	31 December 2013
CeramTec Group GmbH, Plochingen	100.00	100.00
CeramTec Service GmbH, Plochingen	100.00	100.00
CeramTec GmbH, Plochingen	100.00	100.00
Cerasiv GmbH Innovatives Keramik-Engineering, Plochingen	100.00	100.00
CeramTec-ETEC GmbH, Lohmar	100.00	100.00
Emil Müller GmbH, Wilhermsdorf	100.00	100.00
CeramTec Italia s.r.l. in Liquidazione, Milan/Italy	100.00	100.00
CeramTec UK Ltd., Colyton/Great Britain	100.00	100.00
CeramTec Czech Republic s.r.o., Sumperk/Czech Republic	100.00	100.00
CeramTec Ibérica Innovative Ceramic Engineering S.L., Vilassar de Mar/Spain	100.00	100.00
CeramTec Innovative Ceramic Engineering, (M) Sdn. Bhd., Seremban/Malaysia	100.00	100.00
CeramTec Korea Ltd., Suwon-Si/Republic of Korea	100.00	100.00
CeramTec Suzhou Ltd., Suzhou/China	100.00	100.00
PST Press Sintertécnica Brasil Ltda., Nova Odessa/Brazil	100.00	100.00
CeramTec India Innovative Ceramic Engineering Pvt. Ltd., Panaji - Goa/India	99.90	99.80
Press and Sinter Technics de Mexico S.A. de C.V., Puebla/Mexico	100.00	100.00
CeramTec Acquisition Corporation, Laurens/USA	100.00	100.00
CeramTec North America Corporation, Laurens/USA	100.00	100.00
PST Press + Sintertechnik Sp. z.o.o., Gorzyce/Polen (formerly: Faenza Poland Sp. z.o.o., Gorzyce/Poland)	100.00	100.00

CeramTec Holding has a direct shareholding in CeramTec Group GmbH and an indirect shareholding in the other subsidiaries.

On 27 February 2014, CeramTec GmbH acquired another share in CeramTec India Innovative Ceramic Engineering Pvt. Ltd., Panaji - Goa/India; thus, its percentage of ownership increased from 99.80 % to 99.90 %.

As per an agreement dated 19 August 2014, PST Press + Sintertechnik Sp. z.o.o., Gorzyce/Poland merged with Faenza Poland Sp. z.o.o., Gorzyce/Poland. The company was renamed PST Press + Sintertechnik Sp. z.o.o., Gorzyce/Poland on the same day. The consolidated financial statements were not impacted.

As of 31 December 2014, DuraWear Corporation, Birmingham/USA was deconsolidated because the company is liquidated.

CeramTec Group GmbH, CeramTec Service GmbH, CeramTec GmbH, Cerasiv GmbH Innovatives Keramik-Engineering, Emil Müller GmbH, and CeramTec-ETEC GmbH make use of the exemption from publishing the financial statements and the management report for the fiscal year from 1 January to 31 December 2014 pursuant to Sec. 264 (3) HGB.

1.4 Changes to the consolidated group

Based on the purchase agreement dated 15 June 2013, CeramTec Service GmbH (hereinafter "CeramTec Service"), an indirect subsidiary of CeramTec Holding, purchased, effective as of 31 August 2013, 24:00 hours/1 September 2013, 0:00 hours (midnight transaction), the high-performance ceramics division from entities of the Rockwood Group; the following entities are allocated to the division:

- CeramTec GmbH, Plochingen/Germany (CeramTec GmbH)
- Press and Sinter Technics de Mexico S.A. de C.V., Puebla/Mexico (PST Mexico)
- CeramTec North America Corporation, Laurens/USA (CeramTec NA)
- PST Press + Sintertechnik Sp. z.o.o., Gorzyce/Poland (PST Poland)

Through this acquisition, CeramTec Holding acquired indirect control over these entities and their subsidiaries and has consolidated these since 1 September 2013 pursuant to IAS 27 applicable on this date.

The consideration transferred to obtain control amounts to EUR 1,547,000k and contains the purchase price for the shares of EUR 1,527,838k as well as the purchase price for loan receivables from the acquired entities of EUR 19,162k. The fair value of the acquired assets and liabilities amounts to EUR 996,723k. The acquisition as of 1 September 2013 therefore resulted in goodwill of EUR 550,277k.

As of the reporting date of the comparative period, the business combination was recognized on a preliminary basis as the purchase price allocation and therefore the identification and measurement of the acquired assets and liabilities had not yet been concluded. During the measurement period, the purchase price allocation and, in consequence, the comparative period figures were adjusted.

The following changes were made:

	31 December 2013		
	Preliminary values EUR k	Adjustment EUR k	Adjusted values EUR k
Assets			
Goodwill	548,872	-1,438	547,434
Deferred taxes	2,399	-216	2,183
Liabilities			
Provisions for pension obligations	62,214	-1,082	61,131
Other provisions (non-current)	4,286	-800	3,486
Deferred taxes	190,555	228	190,783

2 Accounting principles

2.1 Basis of consolidation

Entities included in the consolidated financial statements are included as of the date on which CeramTec Holding obtains control over them. They are deconsolidated on the date on which CeramTec Holding ceases to have control.

In accordance with IAS 27, uniform accounting policies are used to prepare the separate financial statements of the companies included in the consolidated financial statements.

All significant intercompany receivables and liabilities, revenue, income and expenses and any intercompany profits and losses are eliminated. Pursuant to IAS 12, deferred taxes are recognized for temporary differences arising from consolidation entries.

If less than 100% of equity in a subsidiary is allocable to CeramTec Holding, the interests allocated to the other shareholders are generally disclosed separately under equity as non-controlling interests. For reasons of immateriality, this does not apply to the non-controlling interests in CeramTec India Innovative Ceramic Engineering Pvt. Ltd., Panaji - Goa, India.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. This is determined as the total of the acquisition-date fair values of the transferred assets, the liabilities assumed from the former owners of the acquired entity and the equity instruments issued by the acquirer in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the equity share in the acquiree previously held by the acquirer (if available) over the net of the acquisition-date fair value of the identifiable assets acquired and liabilities assumed. If the fair value of the acquired net assets is higher than the consideration transferred, CeramTec Holding reassesses and examines whether it has correctly identified all acquired assets and all assumed liabilities. In the event of a negative difference - even after reassessment -, the resulting gain is recognized directly in profit or loss.

For acquisitions of equity investments with shares in capital below 100%, IFRS 3 allows for the goodwill attributable to non-controlling interests to also be recognized.

If CeramTec Holding acquires an entity, it measures the financial assets and liabilities for appropriate classification and designation in accordance with the contractual terms, economic conditions and pertinent conditions as of the acquisition date. This also includes separating embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, previously held equity interests are remeasured at their acquisition-date fair value. Any gain or loss is recognized through profit or loss. It is taken into account when determining the goodwill.

All contingent consideration transferred by the acquirer is recognized at fair value as of the date of acquisition. A contingent consideration classified as an asset or liability, which is recognized as a financial instrument under IAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value. Changes in the fair value are recognized either through profit or loss or under other comprehensive income depending on the classification. Should the contingent consideration not fall under IAS 39, it is examined in line with IFRS requirements. If the contingent consideration is classified as equity, it is not remeasured and its subsequent settlement is accounted for within equity.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment at least once a year (in the fourth quarter) as well as if there are indications of impairment. For the purpose of impairment testing, goodwill acquired in a business combination must, from the acquisition date, be allocated to each of the cash-generating units of CeramTec Holding, which is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units or groups.

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

The cash-generating units (CGU) identified by CeramTec Holding to which the goodwill was allocated as part of the acquisition of the high-performance ceramics division breaks down as follows:

CGU CeramTec GmbH:

- CeramTec GmbH, Plochingen
- Cerasiv GmbH Innovatives Keramik-Engineering, Plochingen
- CeramTec Italia s.r.l. in Liquidazione, Milan/Italy
- CeramTec UK Ltd., Colyton/Great Britain

- CeramTec Czech Republic s.r.o., Sumperk/Czech Republic
- CeramTec Ibérica Innovative Ceramic Engineering S.L., Vilassar de Mar/Spain
- CeramTec Innovative Ceramic Engineering, (M) Sdn. Bhd., Seremban/Malaysia
- CeramTec Korea Ltd., Suwon-Si/Republic of Korea
- CeramTec Suzhou Ltd., Suzhou/China
- CeramTec North America Corporation, Laurens/USA
- CeramTec Acquisition Corporation, Laurens/USA
- CeramTec India Innovative Ceramic Engineering Pvt. Ltd., Panaji - Goa/India

CGU Emil Müller GmbH:

- Emil Müller GmbH, Wilhermsdorf
- PST Press + Sintertechnik Sp. z.o.o., Gorzyce/Poland
- PST Press Sintertécnica Brasil Ltda., Nova Odessa/Brazil
- Press and Sinter Technics de Mexico S.A. de C.V., Puebla/Mexico

CGU CeramTec-ETEC GmbH:

- CeramTec-ETEC GmbH, Lohmar

Foreign currency translation

The consolidated financial statements are prepared in euros, the functional currency of the CeramTec Holding Group. The financial statements prepared by entities that use a different functional currency are translated into euros in accordance with IAS 21. The equity of the foreign entities included in the consolidated financial statements is translated at the historical rate. The remaining items of the statement of financial position are translated at the respective closing rates. Income and expenses are translated at average annual rates. These are calculated as the mean value from the individual average monthly rates of the past twelve months, or the past four months in the case of the comparative period.

Differences from the currency translation of assets and liabilities compared to the translation of the prior year as well as exchange differences between the income statement and the statement of financial position are recognized under other comprehensive income and retained in equity under accumulated other comprehensive income. These amounts recognized under other comprehensive income are reclassified to the income statement upon the partial or complete disposal of a subsidiary included in the consolidated financial statements.

Foreign currency transactions in the local financial statements are translated at the spot rate at the date of the transaction.

The exchange rates of significant currencies used for the currency translation to the euro is as follows:

		31 December 2014		31 December 2013	
		Closing rate	Average rate	Closing rate	Average rate
USD	USA	1.2098	1.3290	1.3743	1.3551
CNY	China	7.5074	8.1889	8.3204	8.2630
GBP	Great Britain	0.7767	0.8064	0.8300	0.8409
PLN	Poland	4.2870	4.1855	4.1545	4.1962
CZK	Czech Republic	27.6594	27.5359	27.3355	26.4694

The individual items of the statement of cash flows are translated at average rates, while cash and cash equivalents are measured at the spot rate at the date of the transaction.

2.2 Accounting policies

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits from the transaction will flow to the CeramTec Holding Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable less any trade discounts and volume rebates granted. Revenue and other income is recognized as follows:

Revenue from the sale of goods

Revenue from the sale of goods is recognized upon delivering the goods and transfer of ownership if the following criteria are satisfied:

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

Services

Revenue from services is recognized using the percentage of completion method if

- The amount of revenue can be determined reliably
- It is probable that the economic benefits associated with the transaction will flow to the entity
- The stage of completion of the transaction at the end of the reporting period can be determined reliably and
- The costs incurred for the transaction and the costs to complete the transaction can be determined reliably.

Interest income, royalties, dividend income

Interest income is recognized pro rata temporis using the effective interest method. Income from royalties is recognized in accordance with the terms of the underlying contracts on an accrual and pro rata basis. Dividend income is recognized when the right to receive payment is established.

Research and development costs

Research costs are expensed as incurred. If the requirements for capitalization are not satisfied, development costs are recognized in profit or loss in the period in which they are incurred.

Intangible assets

Intangible assets are recognized if a future economic benefit is probable and can be measured reliably.

Individually acquired intangible assets are stated at cost. The cost of intangible assets acquired in a business combination is their acquisition-date fair value. Internally generated intangible assets are stated at the cost that arises during the development phase if all of the following criteria are met:

- Evidence of technical feasibility
- Intention of completion
- Ability to use the asset
- Evidence of economic benefit
- Availability of adequate financial, technical and other resources
- Ability to measure costs reliably

Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized on a straight-line basis over their useful life. Intangible assets acquired during the year are amortized pro rata temporis. The useful life and amortization method are reviewed at least annually at the end of each fiscal year. Changes are treated as changes in accounting estimates. Amortization is recognized in the production, administrative and selling costs. The useful life for technology amounts to 10 to 18 years, for customer relationships 5 to 18 years, for order backlogs 4 months. Intangible assets with finite useful lives are tested for impairment if there is an indication that the asset may be impaired.

Intangible assets with an indefinite useful life are tested annually for impairment. If the carrying amount of the asset is no longer recoverable, an impairment loss is recognized. Trademarks are assigned an indefinite useful life based on expectations of future use.

Impairment is assessed by comparing the carrying amount of the intangible assets with its recoverable amount at the level of the cash-generating unit. Intangible assets are grouped at the lowest level for which the cash flows can be separately identified. The recoverable amount of a cash-generating unit is defined as the higher of the fair value less the costs to sell and the value in use of a cash-generating unit. An impairment loss is charged if the carrying amount exceeds the recoverable amount. In the event that the impairment loss is reversed, the amortized cost is written up.

Property, plant and equipment

Property, plant and equipment are recognized at cost if a future economic benefit is probable and can be measured reliably. The cost of internally generated property, plant and equipment comprises direct material and labor costs as well as the directly attributable material and labor overheads. If the requirements of a qualifying asset are met, the cost also includes borrowing costs incurred during production pursuant to IAS 23. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Following initial recognition, property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are generally depreciated using the straight-line method. Property, plant and equipment acquired during the year are depreciated pro rata temporis. The useful lives of property, plant and equipment amount to 10 to 40 years for buildings and building components, 3 to 25 years for plant and machinery as well as 3 to 12 years for other equipment, furniture and fixtures. Low-value assets with an acquisition cost not exceeding EUR 150.00 are expensed immediately in the year of acquisition. Low-value assets with a cost of between EUR 150 and EUR 1,000 are recognized in a catch-all item and depreciated collectively over five years using the straight-line method.

Property, plant and equipment are tested for impairment if there is an indication that the asset may be impaired. Impairment is assessed by comparing the carrying amount of the item of property, plant and equipment with its recoverable amount at the level of the cash-generating unit. Property, plant and equipment are grouped at the lowest level for which the cash flows can be separately identified. The recoverable amount of a cash-generating unit is defined as the higher of the fair value less the costs to sell and the value in use of a cash-generating unit. An impairment loss is charged if the carrying amount exceeds the recoverable amount. In the event that the impairment loss is reversed, the amortized cost is written up.

Leases

The determination of whether an arrangement contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment after the inception of the lease is only performed under the conditions set forth in IFRIC 4.

A lease is classified as a finance lease if substantially all risks and rewards incidental to ownership are transferred to the lessee. Each leased asset is recognized under property, plant and equipment at its fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability is disclosed as a finance lease obligation under financial liabilities to third parties. The leased asset is depreciated in subsequent periods over the contractual term or the shorter useful life. Payment to the lessor is divided into interest and repayment components, with the interest components recognized as a constant rate of interest of the remaining lease liability through profit or loss over the term of the lease.

All other leases are classified as operating leases. Rental payments under such lease arrangements are recognized as an expense on a straight-line basis.

Government grants

Government grants are recognized if there is reasonable assurance that they will be received and the Company will comply with the conditions attaching to them. Government grants are recognized in profit or loss in the period in which the corresponding expenses are recognized. Government grants for investment projects directly reduce the cost of the corresponding items of property, plant and equipment upon first-time recognition. Government grants related to income are offset against the corresponding expenses.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments comprise primary and derivative financial instruments.

Primary financial liabilities are generally measured at fair value upon first-time recognition. This includes current and non-current investments as well as granted loans and receivables and financial liabilities.

A derivative financial instrument is a contract whose value changes in response to a variable, that generally requires no initial investment, or one that is smaller than would be required for a contract with similar response to changes in market factors, or that is settled at a future date. All derivative financial instruments are recognized at fair value upon their first-time recognition on the trade date.

Financial assets

Financial assets are allocated to the following categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets

Classification depends on the nature and purpose of the financial asset and is designated upon addition. Items are reclassified on the reporting date where permitted and necessary.

Financial assets are initially recognized at fair value. Transaction costs directly attributable to the acquisition of financial assets that are not measured at fair value through profit or loss increase the carrying amount of the financial asset initially recognized. Transaction costs directly allocated to financial assets that are recognized at fair value through profit or loss are recognized directly in the income statement.

Purchases or sales of financial instruments that require delivery of assets within a time frame established by regulations or conventions in the marketplace (securities spot transactions) are recognized on the trade date, i.e. the date that the CeramTec Holding Group commits to purchase or sell the asset.

The subsequent measurement of the financial assets depends on their designation to the above mentioned categories.

Financial assets at fair value through profit or loss encompass financial assets held for trading and financial assets designated upon initial recognition as measured at fair value through profit or loss. Financial assets are classified as held for trading if they were acquired for the purpose of selling or repurchasing in the near term. Derivative financial instruments, including embedded derivatives to be separated from the host contract, are also classified as held for trading if they are not designated as effective hedging instruments within the scope of IAS 39. As of the reporting date, the CeramTec Holding Group has not made use of the option to designate primary financial instruments upon initial recognition as financial assets at fair value through profit or loss. Changes in the fair value of financial assets measured at fair value through profit or loss are presented as finance income or finance costs in the income statement. Within the CeramTec Holding Group, the termination rights agreed in the bond represent embedded derivatives to be separated which are allocated to the held-for-trading category.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. In the case of the CeramTec Holding Group, this relates to trade receivables and other financial receivables. After initial recognition, financial assets categorized under loans and receivables are accounted for at amortized cost using the effective interest rate method, less any impairment losses. When calculating amortized cost, markdowns or markups are taken into account as well as fees or costs which are an integral part of the effective interest method. The effective interest rate is recognized in the interest result. If there is any objective evidence of impairment of loans and receivables (e.g., with regard to considerable financial difficulties or significant changes in the environment of the debtor), impairment losses are charged and recognized under other operating expenses through profit or loss. For trade receivables, impairment losses are charged using an allowance account. Trade receivables are derecognized if a bad debt is actually incurred. The impairment loss is reversed if the reasons for charging the impairment loss again no longer apply.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity which the CeramTec Holding Group intends to hold to maturity and is also generally able to do so. After initial recognition, financial assets under this category are accounted for at amortized cost using the effective interest rate method, less any impairment losses. The CeramTec Holding Group does not have any held-to-maturity investments.

Available-for-sale financial assets relate to acquired equity and debt instruments. Equity instruments classified as available for sale are those that are not held for trading or measured at fair value through profit or loss. Debt instruments allocated to this category which are held for an indefinite period of time may be sold in response to changes in market conditions or when liquidity is required. After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Changes in fair value are recognized as unrealized gains and losses under other comprehensive income until the available-for-sale financial assets are derecognized or an impairment loss is charged. At this point in time the gains or losses are reclassified from other comprehensive income to the income statement. The CeramTec Holding Group does not hold any available-for-sale financial assets.

A financial asset is derecognized if the contractual rights to receive cash flows from the financial asset expire, or if the Group has transferred to a third party its contractual rights to receive the cash flows from the financial asset, or has assumed a contractual obligation to pass those cash flows on without delay to a third party, when the risks and rewards of ownership of the asset, or control of the asset, have been transferred.

Financial liabilities

Financial liabilities are categorized upon initial recognition either as financial liabilities at fair value through profit or loss or as other financial liabilities. Financial liabilities are initially recognized at fair value. Transaction costs directly attributable to the issue of financial liabilities that are not measured at fair value through profit or loss decrease the amount of the financial liability initially recognized. Transaction costs directly attributable to financial liabilities that are recognized at fair value through profit or loss are recognized directly in the income statement. The financial liabilities of the CeramTec Holding Group relate to trade payables, bonds and loans as well as liabilities to banks, finance lease liabilities, derivative financial instruments and other financial liabilities.

The subsequent measurement of financial liabilities depends on their designation to the following categories:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading as well as financial liabilities categorized upon initial recognition as financial liabilities at fair value through profit or loss. Financial liabilities are classified as held for trading if they are held for the purpose of selling in the near future. Derivative financial instruments, including embedded derivatives to be separated from the host contract, are also classified as held for trading if they are not designated as effective hedging instruments within the scope of IAS 39. Changes in the fair value of financial liabilities measured at fair value through profit or loss are presented as finance income or finance costs in the income statement. Within the CeramTec Holding Group, the interest rate floors contained in the syndicated loan agreement represent separated embedded derivatives which are allocated to the held-for-trading category.

Other financial liabilities are all liabilities that are not measured at fair value through profit or loss. They are measured at amortized cost using the effective interest method. When calculating amortized cost, markdowns or markups are taken into account as well as fees or costs which are an integral part of the effective interest method. The effective interest rate is recognized in the interest result. Other financial liabilities of the CeramTec Holding Group include trade payables, bonds, liabilities to banks, finance lease liabilities and other financial liabilities.

A financial liability is derecognized when the obligations named in the agreement are settled, canceled or expire.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Hedges

Hedge accounting denotes a special form of accounting that modifies the accounting treatment of the hedged item and hedging instrument in a hedging relationship such that the results of measuring the hedged item or hedging instrument are recognized in the same period directly in equity or in profit or loss. Accordingly, hedge accounting recognizes the offsetting effects of changes in the values of the hedging instrument and the hedged item. IAS 39 provides for three types of hedging relationship where the strict requirements for hedge accounting in individual cases are met:

- Fair value hedge, when the risk of changes in the fair value of a recognized receivable or liability or an unrecognized contractual obligation is hedged

- Cash flow hedge, when the risk of changes in cash flows is hedged, associated with a recognized receivable or liability or a highly probably forecast transaction, or with a currency risk of an unrecognized contractual obligation

- Hedge of a net investment in a foreign operation.

The CeramTec Holding Group uses currency swaps in order to hedge most of the foreign currency risks resulting from the USD loan. These hedges are recognized as cash flow hedges, with the effective part of the change in fair value of derivatives designated as hedging instruments recorded under other comprehensive income, while the ineffective part of the change in value is immediately recognized in profit or loss. Changes in value recognized in other comprehensive income are reclassified to the income statement in the period in which the hedged item affects the profit or loss for the period.

Measurement at fair value

On the reporting date, the CeramTec Holding Group measures derivative financial instruments at fair value. The fair value is also stated in the notes to the financial statements for all other financial instruments.

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. This applies regardless of whether the price is directly observable or has been determined by applying a valuation method. Measurement at fair value is based on the assumption that the transaction, in order to sell or transfer the asset or liability, is performed in one of the following places:

- On the principal market for the asset or the liability or,

- if there is no principal market, on the most advantageous market for the asset of the liability.

The principal market or the most advantageous market must be accessible for the CeramTec Holding Group as of the reporting date.

When calculating the fair value of an asset or a liability, the Group takes into account certain characteristics of the asset or the liability (such as condition and location of the asset or limitations of sale and use) if market participants also took these characteristics into account when determining the price for the acquisition of the respective asset or transferring the liability as of the reporting date.

Fair value measurement of a non-financial asset takes into account the ability of a market participant to generate economic benefits through the best use of the asset or by selling it to another market participant that would find the best use for the asset.

Inventories

Inventories are measured at the lower of cost or net realizable value.

Costs of purchase comprise the purchase price as well as all other ancillary costs directly attributable to the acquisition. Costs of purchase are determined using the moving weighted average cost method.

In addition to direct material and labor costs, costs of conversion comprise a share of production-related material and labor overheads, including depreciation insofar as this is a consequence of the production process, as well as production-related administrative costs. Production costs do not contain any borrowing costs incurred during production as inventories held at the CeramTec Holding Group are not qualifying assets pursuant to IAS 23.

Inventories are written down to reflect risks from reduced salability. The net realizable value is the selling price during the ordinary course of business less the estimated costs of completion and selling costs. Previously recognized write-downs are reversed if the reasons for the write-downs cease to apply. In this case, the amount of the write-down is reversed and the reversal is limited to the amount of the original write-down.

Cash and cash equivalents

Cash and cash equivalents generally comprise cash in hand and bank deposits as well as cash and short-term deposits with an original term of up to three months. The cash and cash equivalents reported in the statement of cash flows correspond to the amounts recognized in the statement of financial position.

Provisions for pension obligations

Defined benefit obligations are measured using the projected unit credit method. These take into account the benefits vested in the current period and previous periods in exchange for the work performed by employees. When calculating the amount of total obligations, adjustment to salaries and pensions expected in the future as well as the probability of employee turnover depending on age and gender are also factored into calculations. Pension obligations in Germany are determined on the basis of the 2005 G standard tables of Prof. Dr. Klaus Heubeck. Pension obligations outside of Germany are determined taking into account country-specific parameters.

The obligations are discounted using discount rates derived from high-quality, fixed-interest corporate bonds with the same currency and term. If no high-quality, fixed-interest corporate bonds are available, yields on government bonds are used instead. Net interest on the net liability is determined by multiplying the net liability with the discount rate.

Remeasurements comprise actuarial gains and losses, the return on plan assets and changes in the effect of the asset ceiling while excluding net interest on the net liability. These are recognized in other comprehensive income. Remeasurements are not reclassified to the income statement in later periods.

Past service cost results from the change in the present value of the defined benefit obligation arising from a plan amendment or curtailment and is recognized as an expense.

The fair value of the plan assets is deducted from the present value of the pension obligations. Plan assets are assets that are held by a long-term employee benefit fund. This fund must be legally separate from the reporting entity and exist solely to pay or fund employee benefits.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the provision.

The amount of the provision recognized is the best estimate of the expenditure required to settle the present obligation as of the reporting date. The best estimate must take account of inherent risks and uncertainties. If a provision is measured on the basis of the estimated cash flow required to settle the obligation, these cash flows are discounted in cases where the effect of the time value of money is significant.

If it can be assumed that portions of or the entire economic benefits required to settle the provision are reimbursed by an external third party, this claim is recognized as an asset if the reimbursement is virtually certain and its amount can be reliably determined. The amount recognized for the reimbursement should not exceed the amount of the provision.

Contingent liabilities and contingent assets

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the financial statements, unless an outflow of resources embodying economic benefits is very unlikely. Contingent assets are also not shown in the statement of financial position. They are described in the notes to the financial statements provided an inflow of economic benefits is regarded as probable.

Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the tax rates and tax laws that have been enacted or substantively enacted as of the reporting date.

Deferred tax assets and liabilities are recorded for all deductible and taxable temporary differences between the carrying amounts in the tax accounts and the IFRS consolidated statement of financial position. Deferred tax assets also include tax refund claims that result from the expected utilization of existing unused tax losses or interest carryforwards in subsequent years, the realization of which can be assumed with reasonable assurance. Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply when the temporary differences are likely to reverse, based on tax rates and tax laws that have been enacted or substantively enacted as of the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. They are recognized in line with the underlying transaction in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

There is a consolidated tax group for income tax purposes between CeramTec Holding (as the parent), CeramTec Group GmbH, CeramTec Service GmbH, CeramTec GmbH, Cerasiv GmbH, CeramTec-ETEC GmbH and Emil Müller GmbH. There is also a consolidated tax group for VAT purposes between CeramTec Service GmbH as the parent company and CeramTec GmbH, Cerasiv GmbH, CeramTec-ETEC GmbH and Emil Müller GmbH.

2.3 Estimation uncertainties and exercise of judgment

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. These estimates and assumptions are made to obtain an appropriate overview of the net assets, financial position and results of operations of the CeramTec Holding Group. The underlying assumptions are revised regularly. However, the actual results may vary from those anticipated.

In the process of applying the accounting policies of the CeramTec Holding Group, management performed the following measurements which have a significant impact on the consolidated financial statements.

Business combinations

Business combinations are accounted for using the acquisition method. The acquired assets and liabilities are measured at their acquisition-date fair value.

Using the acquisition method requires certain estimates and judgments, particularly with regard to determining the fair value of the acquired intangible assets and property, plant and equipment as well as the liabilities assumed. The expected useful lives of the acquired intangible assets and property, plant and equipment also have to be determined.

This measurement is largely based on estimated future cash flows. Deviations between the actual cash flows and those determined when calculating the fair value can have a significant effect on the future net income for the period of the CeramTec Holding Group.

Goodwill of EUR 550,820k (31 December 2013: EUR 547,434k) was recognized as of the reporting date. Furthermore, other intangible assets of EUR 639,828k (31 December 2013: EUR 681,814k) are disclosed.

Impairment of non-financial assets

Assumptions were made to calculate the recoverable amount to determine whether impairment losses had to be recognized on intangible assets and property, plant and equipment. In this regard, future cash flows were derived from the budget planning and medium-term forecast for each of the cash-generating units. Management assumes that the assumptions and estimates, on which the discounted cash flows are based, are accurate. Nevertheless, changes in the economic environment and growth assumptions can affect impairment testing resulting in the need to recognize impairment losses or to reverse impairment losses in the future.

As of the reporting date of the financial year and the comparative period, no impairment loss was identified as necessary for non-financial assets.

Valuation allowances on receivables

The recoverability of trade receivables was assessed based on the estimated likelihood of default. Accordingly, receivables from customers on whose assets insolvency proceedings have been initiated are written off in full (to the extent that any collateral provided is not recoverable). As of the reporting date, an impairment loss of EUR 459k (31 December 2013: EUR 471k) was identified as necessary.

Provisions for pensions

Defined benefit plans are measured using actuarial valuations. These contain assumptions of discount rates, future salary trends, mortality rates and future pension increases.

Pension provisions of EUR 91,451k (31 December 2013: EUR 61,131k) were recorded as of the end of the reporting period.

Provisions

Provisions for the expected expenses from warranty obligations in accordance with national sales contract law are recognized as of the date on which the relevant products are sold according to the management's best estimate regarding the expenses required to settle the Group's obligation.

A provision is set up for the obligation to eliminate environmental damage if it is likely to be utilized and the costs can be estimate reliably. With ongoing examination and over the course of performing renovation measures, the provisions are adjusted in line with the knowledge gained. The amount of the individual provisions is influenced by factors such as the extent of the contamination, the renovation measures called for and additional demands from authorities, companies or private persons.

Provisions of EUR 17,780k (31 December 2013: EUR 12,881k) were recorded as of the end of the reporting period.

Deferred tax assets

The calculation of deferred tax assets requires assumptions to be made relating to the future taxable income and temporal use of deferred tax assets. These assumptions take into account the anticipated development and effect on earnings from the reversal of taxable temporary differences. As future business developments cannot be foreseen with certainty and are not entirely within the CeramTec Holding Group’s sphere of influence, the measurement of deferred tax assets involves a level of uncertainty.

As of the reporting date, deferred tax assets of EUR 2,874k (31 December 2013: EUR 2,183k) were recognized.

2.4 Adoption of amended and new standards and interpretations: Changes in accounting policies due to first-time adoption of revised and new IFRS and IFRIC

The following amended IFRSs and IFRICs were adopted for the first time in the fiscal year:

Amendments to IAS 36: “Impairment of assets”

The amendment to IAS 36 serves to clarify the disclosure obligations with regard to the measurement of the recoverable amount of impaired assets. The amendments are mandatory with retroactive effect for fiscal years beginning on or after 1 January 2014. This amendment does not have any effect on the CeramTec Holding Group, as it had already taken this into account in its first financial statements.

IFRS 10: “Consolidated Financial Statements”

IFRS 10 establishes a uniform definition for control and thus a uniform basis for determining whether a parent-subsidiary relationship exists and, in turn, for delimiting the consolidated Group. The new standard replaces the previously applicable IAS 27 (2008) Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities. IFRS 10 is applicable for fiscal years from 1 January 2014. It does not have any effect on the consolidated financial statements of CeramTec Holding.

IFRS 11: "Joint Arrangements"

IFRS 11 governs the accounting treatment of situations where a company exercises joint control over a joint venture or a joint operation. The new standard replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, which had previously governed the accounting treatment of joint ventures. The most significant change in IFRS 11 compared with IAS 31 is the removal of proportionate consolidation for joint ventures; in future, joint ventures must always be accounted for using the equity method. IFRS 11 is applicable for fiscal years from 1 January 2014. This amendment does not have any effect on the consolidated financial statements of CeramTec Holding.

IFRS 12: "Disclosure of Interests in Other Entities"

The objective of IFRS 12 is to prescribe disclosures on information that provides the users of financial statements with a basis for assessing the nature of interests in other entities (e.g. subsidiaries, associates) and the related risks and effects of these interests on the Group's net assets, financial position and results of operations. IFRS 12 is applicable for fiscal years from 1 January 2014. This does not result in any effects for the CeramTec Holding Group.

Amendments to IFRS 10, IFRS 11 and IFRS 12: "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transitional Provisions"

The amendments contain clarifications on certain transitional provisions upon the first-time application of IFRS 10, IFRS 11 and IFRS 12. The date on which these amendments come into force is the same as that for IFRS 10, IFRS 11 and IFRS 12.

Amendments to IFRS 10, IFRS 12 and IAS 27: "Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment entities"

An additional amendment, which was published by IASB in October 2012, relates to the definition of investment entities. The amendment stipulates that investment entities be removed from the scope of the consolidation provisions of IFRS 10 and that all investments they control be measured at fair value through profit or loss. The standard is effective for the first time for fiscal years beginning on or after 1 January 2014. It does not have any effect on the consolidated financial statements of CeramTec Holding.

IAS 27: "Separate Financial Statements"

The amendment to IAS 27 was issued in May 2011 and becomes effective for the first time for fiscal years beginning on or after 1 January 2014. As a consequence of the new IFRS 10 and IFRS 12, the scope of IAS 27 is limited to the accounting treatment of subsidiaries, jointly controlled entities, and associates in separate financial statements. It does not have any effect on the consolidated financial statements of CeramTec Holding.

IAS 28: "Investments in Associates"

The amendment to IAS 28 was issued in May 2011 and becomes effective for the first time for fiscal years beginning on or after 1 January 2014. This relates to the follow-up changes from the new IFRS 10, 11 and 12. The scope of IAS 28 has been extended to include the accounting treatment of joint ventures. It does not have any effect on the consolidated financial statements of CeramTec Holding.

Amendments to IAS 32: "Financial Instruments: Presentation"

The amendment specifies the rules on offsetting. In order to satisfy the new offsetting criteria in accordance with IAS 32, the current, legally enforceable right of the reporting entity must not be contingent on any future event and must be applicable in the normal course of business as well as in the event of default or insolvency of a counterparty. In addition, the standard clarifies that a gross settlement mechanism satisfies the criteria for offsetting provided it eliminates or results in insignificant credit and liquidity risks, processes receivables and payables in a single settlement process or cycle and, therefore, ultimately is equivalent to a net settlement. The amendments will become effective for the first time for fiscal years beginning on or after January 1, 2014. The amendments do not have any effect on the consolidated financial statements of CeramTec Holding.

Amendments to IAS 39: "Novation of Derivatives and Continuation of Hedge Accounting"

The amendments to IAS 39 allow hedge accounting to be continued even in those cases where a counterparty to a non-listed hedging instrument changes in order to meet the clearing obligations for the instrument. The instrument must remain otherwise unchanged and the novation must be due to laws or regulatory requirements. The effects on the consolidated financial statements are currently being assessed. The amendments take effect on 1 January 2014, whereby early adoption is permitted. The amendments do not result in any effects for the consolidated financial statements of CeramTec Holding.

IFRIC 21 "Levies"

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. The interpretation applies both to levies that are recognized pursuant to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and to levies for which both the timing and amount are already known. The interpretation governs the accounting treatment of levies which are imposed by governments (including public authorities and similar bodies) on companies within the framework of laws and regulations. IFRIC 21 is effective for accounting periods beginning on or after 1 January 2014. This does not result in any effects for the consolidated financial statements of CeramTec Holding.

Not yet compulsory and newly issued IFRSs and IFRIC

Adoption of the following IFRSs and IFRIC was not yet compulsory in the fiscal year and/or they had not yet been endorsed by the European Commission for adoption in the European Union. In the fiscal year, none of these new or amended standards and interpretations were adopted earlier.

IFRS 9: "Financial Instruments"

The International Accounting Standards Board (IASB) has published the final version of IFRS 9 'Financial Instruments' bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The Standard is effective for periods beginning on or after 1 January 2018. The CeramTec Holding Group has not yet concluded its assessment of any potential impact.

IFRS 14: "Accounting for Regulatory Deferral Accounts"

IFRS 14 was published in January 2014 and is effective for the first time for fiscal years beginning on or after 1 January 2016. The standard permits companies to continue to account for regulatory deferral accounts from rate regulation in their first IFRS financial statements in accordance with their previous generally accepted accounting principles when they adopt IFRS. No effects are expected on the consolidated financial statements of CeramTec Holding.

Amendments to IAS 19: "Employee Benefits"

The amendment to IAS 19 was published in November 2013 and is effective for the first time in fiscal years beginning on or after 1 July 2014. The amendment regulates the recognition of contributions by employees or third parties to a pension plan as a reduction in service cost provided that these reflect the service rendered in the reporting period. The amendment is applicable retrospectively. Early adoption is permitted. No effects are expected on the consolidated financial statements of CeramTec Holding.

Annual Improvements Project (2010 - 2012) – December 2013

The amendments encompass corrections and clarification of content and terminology of the standards IFRS 2, 3, 8, 13 and IAS 7, 16/38 and 24. The amendments are effective for the first time for fiscal years beginning on or after 1 February 2015. No effects are expected on the consolidated financial statements of CeramTec Holding.

- *IFRS 2: "Share-based Payment":* Definition of vesting conditions

- *IFRS 3: "Business Combinations":* Classification of contingent consideration

- *IFRS 8 "Operating segments":* Aggregation of operating segments and reconciliation of segment assets to the entity's assets

- *IFRS 13: "Fair Value Measurement":* IFRS 13 was adjusted by subsequent amendments made to IFRS 9 and IAS 39

- *IAS 16/IAS 38: "Property, Plant and Equipment/Intangible Assets":* Treatment of accumulated depreciation using the revaluation method

- *IAS 24: "Related Party Disclosures":* Key management personnel

Annual Improvements Project (2011 - 2013) – December 2013

The amendments encompass corrections and clarification of content and terminology of the standards IFRS 1, 3, 13 and IAS 40. The amendments are effective for the first time for fiscal years beginning on or after 1 January 2015. No effects are expected on the consolidated financial statements of CeramTec Holding.

- *IFRS 1: "First-time Adoption of IFRSs":* Clarification of the relevant version of the standard

- *IFRS 3: "Business Combinations":* Exclusion of the founding of joint ventures from the scope of IFRS 3

- *IFRS 13: "Fair value measurement":* Scope of measurement on a portfolio basis

- *IAS 40: "Investment Property":* Clarification of the mutual relationship of IAS 40 and IFRS 3

Amendments to IFRS 11: "Accounting for Acquisitions of Interests in Joint Operations"

The amendments to IFRS 11 clarify that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. The amendments are effective for periods beginning on or after 1 January 2016. No effects are expected on the consolidated financial statements of CeramTec Holding.

Amendments to IAS 16 and IAS 38: "Acceptable Methods of Depreciation and Amortisation"

The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amendments are effective for periods beginning on or after 1 January 2016. No effects are expected on the consolidated financial statements of CeramTec Holding.

Amendments to IAS 16 and IAS 41: "Agriculture: Bearer Plants"

The amendments bring bearer plants into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. The amendments are effective for periods beginning on or after 1 January 2016, with earlier application being permitted. The amendments do not have any effect on the CeramTec Holding Group.

Amendments to IAS 27: "Equity Method in Separate Financial Statements"

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an investor's separate financial statements. The amendments are effective for periods beginning on or after 1 January 2016, with earlier application being permitted. No effects are expected on the consolidated financial statements of CeramTec Holding.

Amendments to IFRS 10 and IAS 28: "Sales or Contributions of Assets Between an Investor and its Associate/Joint Venture"

The amendments clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. They are effective for periods beginning on or after 1 January 2016. The amendments do not have any effect on the CeramTec Holding Group.

Annual Improvements Project (2012 - 2014) – September 2013

Four standards are affected by the amendments.

- *IFRS 5: "Non-current Assets Held for Sale and Discontinued Operations":* Changes in methods of disposal
- *IFRS 7: "Financial Instruments: Disclosures":* Servicing contracts
- *IAS 19: "Employee Benefits":* Discount rate: Regional market issue
- *IAS 34: "Interim Financial Reporting":* Disclosure of information "elsewhere in the interim financial report".

The amendments are effective for annual periods beginning on or after 1 January 2016. No significant effects are expected on the consolidated financial statements of CeramTec Holding.

Amendments to IAS 1: "Presentation of Financial Statements"

The amendments clarify that information needs to be disclosed in the notes only if it is not immaterial. Materiality considerations also explicitly apply if an IFRS calls for a list of minimum disclosures. In addition, the amendments include explanations on the aggregation and disaggregation of line items in the statement of financial position and statement of comprehensive income, and clarify how an entity's share of the other comprehensive income of equity-accounted companies is to be presented in the statement of comprehensive income. Finally, the structure of the notes can be designed in a manner relevant for each individual company. The amendments apply to fiscal years beginning on or after 1 January 2016. The CeramTec Holding Group has not yet concluded its assessment of any potential impact.

Amendments to IFRS 10, IFRS 12 and IAS 28: "Investment Entities: Applying the Consolidation Exception"

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. The amendments are effective for periods beginning on or after 1 January 2016. The amendments do not have any effects on the CeramTec Holding Group.

IFRS 15: "Revenue from Contracts with Customers"

The standard specifies how and when an IFRS reporter will recognize revenue. IFRS 15 replaces IAS 18 „Revenue", IAS 11 „Construction Contracts" and a number of revenue-related interpretations. The new standard provides a single, principles based five-step model to be applied to all industries and categories of sales transactions. In addition, the standard provides further guidance on specific issues. The new mandatory guidance applies to fiscal years beginning on or after 1 January 2017.

3 Notes to the consolidated statement of comprehensive income

3.1 Revenue

Revenue results primarily from the sale of goods and merchandise. Revenue breaks down into regions and product groups as follows:

	1 January to 31 December 2014 EUR k	15 July to 31 December 2013 EUR k
Regions		
Europe	202,376	64,260
Germany	134,474	44,066
North America	68,838	16,778
Asia	55,763	16,586
Rest of world	13,381	3,754
Total	**474,832**	**145,444**
Product groups		
Industrial applications	297,212	90,736
Medical applications	177,620	54,708
Total	**474,832**	**145,444**

3.2 Cost of sales

The cost of sales breaks down as follows:

	1 January to 31 December 2014 EUR k	15 July to 31 December 2013 EUR k
Material and packaging costs	88,735	42,894
Amortization and depreciation	55,519	30,529
Personnel expenses	101,337	30,120
Other costs of sales	47,917	13,016
Total	**293,508**	**116,559**

Other costs of sales primarily contain energy costs and maintenance expenses.

3.3 Selling costs

Selling costs primarily contain amortization and depreciation as well as personnel expenses.

3.4 Research and development costs

Research and development costs mainly contain personnel expenses.

3.5 General administrative costs

General administrative costs primarily contain personnel expenses.

3.6 Other income and expenses

Other income and expenses (-) break down as follows:

	1 January to 31 December 2014 EUR k	15 July to 31 December 2013 EUR k
Foreign currency results	1,842	-509
Income from reversal of provisions	1,825	0
Restructuring costs	-1,669	0
Write-downs and impairment	-425	-2
Allowance for bad debts	-164	-471
Income from recovery of receivables which had been written off	0	1,566
Losses on / gains on sales of property, plant and equipment	-28	42
Transaction costs	0	-17,787
Sundry other income	880	263
Sundry other expenses	-257	-171
Total	**2,004**	**-17,069**

Restructuring costs primarily contain personnel expenses.

3.7 Financial result

The financial result breaks down as follows:

	1 January to 31 December 2014 EUR k	15 July to 31 December 2013 EUR k
Interest income and other finance income		
Gains on derivative valuations	0	3,936
Exchange rate gains	0	3,245
Other interest income	196	68
Total interest income and other finance income	**196**	**7,249**
Interest expenses and other finance costs		
Interest expense from syndicated loan	30,244	10,163
Interest expense from bond	25,303	9,981
Interest expense from effective interest method	11,389	4,579
Interest expense from shareholder loans	10,211	3,338
Losses on derivative valuations	5,752	0
Exchange rate losses	8,983	0
Other interest expenses	3,026	1,187
Less: Borrowing costs capitalized as part of qualifying assets	-828	-255
Total interest expenses and other finance costs	**94,080**	**28,993**
Total financial result	**-93,884**	**-21,744**

The exchange rate gains and losses result from loans that are not granted in the functional currency of the group companies concerned. More information on interest income and interest expenses from derivatives can be found in note 4.15.

Borrowing costs of EUR 828k (15 July to 31 December 2013: EUR 255k) were capitalized in property, plant and equipment pursuant to IAS 23.

Other interest expenses of EUR 2,209k (15 July to 31 December 2013: EUR 726k) are due to unwinding the discount on provisions.

3.8 Income tax expense

There is a consolidated tax group for income tax purposes between CeramTec Holding and its German subsidiaries. This means that German corporate income tax and trade tax is only levied at the level of the parent company, CeramTec Holding. CeramTec Holding also has indirect shareholdings in foreign corporations. The income tax expense of the CeramTec Holding Group therefore includes, in addition to German corporate income tax and trade tax, the tax expense of the foreign corporations, which was calculated based on taxable income according to local tax law and the tax rate applicable in each case.

Negative earnings before income tax of EUR 32,381k (15 July to 31 December 2013: EUR 47,617k) is allocable to Germany and abroad as follows:

	1 January to 31 December 2014 EUR k	15 July to 31 December 2013 EUR k
Germany	-36,128	-47,431
Abroad	3,747	-186
Total	**-32,381**	**-47,617**

Tax income of EUR 1,029k (15 July to 31 December 2013: tax income of EUR 4,162k) breaks down as follows:

	1 January to 31 December 2014 EUR k	15 July to 31 December 2013 EUR k
Current income tax expense	-9,834	-680
Deferred tax income	10,863	4,842
Tax income	**1,029**	**4,162**

Overall, this produces a weighted tax rate for the CeramTec Holding Group of 28.5 % (15 July to 31 December 2013: 28.5 %). The following table presents a reconciliation of the nominal to the effective tax rate (i.e., tax expense in relation to earnings before tax). The effective tax rate factors in both the current and the deferred tax expense and takes into account all influences, such as non-deductible operating expenses or a change in the assessment base.

	1 January to 31 December 2014		15 July to 31 December 2013	
	EUR k	%	EUR k	%
Earnings before tax	**-32,381**		**47,617**	
Expected tax income	9,228	28.5	13,570	28.5
Permanent differences	-2,003	-6.2	-3,685	-7.7
Non-recognition of deferred taxes on interest carryforwards	-6,959	-21.5	-5,767	-12.1
Adjustments from prior years	432	1.3	-7	0.0
Other adjustments	331	1.1	51	0.1
Tax income and effective tax rate	**1,029**	3.2	**4,162**	8.7

Deferred taxes

Deferred income taxes were calculated using the expected tax rate. The deferred taxes are offset where there is an enforceable legal right to offset current taxes and they are levied by the same tax authority. The deferred tax assets and liabilities stem from the following:

	31 December 2014		31 December 2013	
	Assets EUR k	Liabilities EUR k	Assets EUR k	Liabilities EUR k
Tax loss carryforwards	505	0	5,571	0
Property, plant and equipment	439	34,483	268	29,012
Goodwill and other intangible assets	16,182	173,519	19,120	182,793
Inventories, receivables and other assets	2,677	1,455	3,918	4,751
Non-current provisions	21,866	2,953	8,246	555
Current provisions and other liabilities	1,434	1,117	8,134	16,745
Other	0	0	0	1
Total deferred taxes	**43,103**	**213,527**	**45,257**	**233,857**
Offsetting	-40,229	-40,229	-43,074	-43,074
Deferred taxes	**2,874**	**173,298**	**2,183**	**190,783**

Other comprehensive income contains accumulated deferred tax income on the remeasurement of pension provisions of EUR 8,407k (31 December 2013: deferred tax expenses of EUR 202k) and accumulated deferred tax expenses on gains/losses from cash flow hedges of EUR 1,386k (31 December 2013: deferred tax income of EUR 1,490k).

Unused tax losses

Unused tax losses break down as follows:

	31 December 2014 EUR k	31 December 2013 EUR k
Interest carryforwards	48,324	22,675
on which no deferred tax assets are recognized	48,324	22,675
Foreign unused tax losses	4,885	3,813
on which no deferred tax assets are recognized	2,318	767
Total unused tax losses	4,885	38,410
on which no deferred tax assets are recognized	2,318	767

Deferred tax assets were recognized on unused tax losses of EUR 2,568k (31 December 2013: EUR 37,643k).

Foreign unused tax losses, for which deferred taxes have been capitalized, mainly result from the earnings of group companies in the Czech Republic EUR 1,595k (31 December 2013: EUR 2,550k) and in Spain EUR 309k (31 December 2013: EUR 292k) as well as the USA EUR 664k (31 December 2013: EUR 0k). They can only be utilized for a limited time.

Temporary differences in connection with shares in subsidiaries in the amount of EUR 3,301k are not subject to deferred tax liabilities, because it is not likely that such temporary differences will reverse in the foreseeable future.

3.9 Additional information on the type of expenses

Cost of materials

In fiscal year 2014, cost of materials amounted to EUR 113,176k (15 July to 31 December 2013: EUR 50,481k).

Personnel expenses

Personnel expenses break down as follows:

	1 January to 31 December 2014 EUR k	15 July to 31 December 2013 EUR k
Wages and salaries	128,775	36,244
Social security contributions incl. pension expenses	28,608	9,112
Total	**157,383**	**45,356**

Personnel expenses are contained in production, selling, research and development and general administration costs as well as other expenses.

Employees

On average, the Group employed 3,188 (previous year: 3,196) people in the fiscal year. These break down as follows:

	31 December 2014 Headcount	31 December 2013 Headcount
Salaried employees	1,141	1,101
Wage earners	2,047	2,095
Total	**3,188**	**3,196**

Amortization and depreciation

Amortization and depreciation break down as follows:

	1 January to 31 December 2014 EUR k	15 July to 31 December 2013 EUR k
Amortization of intangible assets	44,376	25,782
Depreciation of property, plant and equipment	44,447	15,760
Impairment of property, plant and equipment	425	0
Total	**89,249**	**41,542**

4 Notes to the consolidated statement of financial position

4.1 Intangible assets

Intangible assets break down as follows:

		Other intangible assets					
	Good-will	Trade-marks	Technology	Customer relation-ships	Order backlog	Other	**Total**
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Cost							
14 July 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions from business combinations	548,839	51,289	236,177	406,384	10,758	3,267	1,256,714
Additions	0	0	0	0	0	449	449
Government grants	0	0	0	0	0	-18	-18
Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Exchange differences	-1,405	0	0	-686	0	-30	-2,121
31 December 2013	**547,434**	**51,289**	**236,177**	**405,698**	**10,758**	**3,668**	**1,255,024**
Additions from business combinations	0	0	0	0	0	0	0
Additions	0	0	0	0	0	1,399	1,399
Government grants	0	0	0	0	0	-10	-10
Disposals	0	0	0	0	0	-317	-317
Reclassifications	0	0	0	0	0	0	0
Exchange differences	3,386	0	0	1,145	0	74	4,605
31 December 2014	**550,820**	**51,289**	**236,177**	**406,843**	**10,758**	**4,814**	**1,260,701**

		Other intangible assets					
	Goodwill	Trade-marks	Technology	Customer relation-ships	Order backlog	Other	**Total**
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Amortization/ impairment							
14 July 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions to amortiza-tion	0	0	4,659	9,530	10,758	835	25,782
Additions to impair-ment	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Exchange differences	0	0	-2	-1	0	-3	-6
31 December 2013	**0**	**0**	**4,657**	**9,529**	**10,758**	**832**	**25,776**
Additions to amortiza-tion	0	0	13,969	28,620	0	1,786	44,376
Additions to impair-ment	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	-317	-317
Reclassifications	0	0	0	0	0	0	0
Exchange differences	0	0	0	160	0	58	218
31 December 2014	**0**	**0**	**18,626**	**38,309**	**10,758**	**2,359**	**70,054**
Net carrying amounts							
31 December 2014	550,820	51,289	217,551	368,534	0	2,454	1,190,648
31 December 2013	547,434	51,289	231,520	396,169	0	2,836	1,229,248

Goodwill is attributable to the acquisition of the high-performance ceramics division by CeramTec Holding. This was allocated to the cash-generating units CeramTec GmbH (EUR 491,617k), Emil Müller GmbH (EUR 39,807k) and CeramTec-ETEC GmbH (EUR 19,396k).

The purchase price allocation involved the trademarks CeramTec, BIOLOX and SPK being identified and recognized. These recorded a carrying amount of EUR 51,289k as of 31 December 2014 (31 December 2013: EUR 51,289k). As the recognized trademarks do not represent a product-specific trademark and do not have a limited life, the useful life for the recognized trademarks was classified as indefinite. The trademarks were allocated to the cash-generating unit CeramTec GmbH.

Technology has a carrying amount of EUR 217,551k (31 December 2013: EUR 231,520k) and primarily contains the basic technology underlying high-performance ceramics. This has an average weighted remaining useful life of 16.1 years (31 December 2013: 17.0 years).

Customer relationships have a carrying amount of EUR 368,534k (31 December 2013: EUR 396,169k) and primarily contain customer relationships from the medical technology division. This has an average weighted remaining useful life of 14.8 years (31 December 2013: 15.7 years).

Amortization of other intangible assets is recognized under cost of sales, selling, research and development costs as well as general administrative costs.

For the cash-generating units, the annual impairment test was performed as of 30 November 2014. The recoverable amount was calculated based on an asset's value in use. Value in use is calculated by discounting the future cash flows. The measurement is therefore allocable to level 3 pursuant to IFRS 13. The projected future cash flows are based on the approved earnings, investment and liquidity planning for the years 2015, 2016 and 2017. The planning is prepared on the basis of historical experience, and reflects the management's expectations for the next few years. A long-term growth rate of 1 % was determined for the years after 2018. The weighted average cost of capital results from equity costs ranging between 8.07 % - 8.10 %, and borrowing costs (before taxes) of 2.27 %. Equity costs were calculated using a base interest rate of 2.00 % and a market risk premium of 6.50 %.

	Cash-generating units		
	CeramTec GmbH	Emil Müller GmbH	CeramTec-ETEC GmbH
Weighted average cost of capital	7.51 %	7.53 %	7.49 %
Tax rate	28.50 %	26.50 %	31.93 %
EBITDA margin	34.71 %	34.57 %	21.73 %
Recoverable amount (in EUR k)	1,356,507	58,959	41,181

As value in use of the cash-generating units' assets exceeded each carrying amount, there was no need to recognize impairment losses as of 31 December 2014.

If the weighted average cost of capital were to exceed the following values, or EBITDA margins and long-term growth rates were to be below the following values, the recoverable amount of the cash-generating units would fall short of their carrying amount, assuming that the remaining parameters are unchanged:

	Cash-generating units		
	CeramTec GmbH	Emil Müller GmbH	CeramTec-ETEC GmbH
Weighted average cost of capital	7.80 %	7.73 %	7.66 %
EBITD margin	33.66 %	33.82 %	21.23 %
Long-term growth rate	0.69 %	0.78 %	0.78 %

4.2 Property, plant and equipment

Property, plant and equipment breaks down as follows:

	Land and buildings	Plant and machinery	Other equip-ment	Assets under construc-tion	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
Cost					
14 July 2013	**0**	**0**	**0**	**0**	**0**
Additions from business combinations	102,308	169,772	6,383	27,183	305,646
Additions	672	1,692	942	17,052	20,358
Government grants	-37	-42	-3	-925	-1,007
Disposals	-4	-198	-124	0	-326
Reclassifications	542	4,351	146	-5,039	0
Exchange differences	-1,257	-988	155	-254	-2,344
31 December 2013	**102,224**	**174,587**	**7,499**	**38,017**	**322,327**
Additions from business combinations	0	0	0	0	0
Additions	10,309	17,405	2,918	17,325	47,958
Government grants	-1,027	-1,272	-24	-704	-3,026
Disposals	-903	-908	-452	0	-2,263
Reclassifications	8,361	23,068	648	-32,077	0
Exchange differences	1,042	3,069	203	608	4,920
31 December 2014	**120,006**	**215,949**	**10,792**	**23,169**	**369,915**
Depreciation/impairment					
14 July 2013	**0**	**0**	**0**	**0**	**0**
Additions to depreciation	2,021	12,533	1,206	0	15,760
Additions to impairment	0	0	0	0	0
Disposals	-3	-167	-123	0	-293
Reclassifications	0	0	0	0	0
Exchange differences	-7	-25	-2	0	-34
31 December 2013	**2,011**	**12,341**	**1,081**	**0**	**15,433**
Additions to depreciation	6,273	35,221	2,953	0	44,447
Additions to impairment	0	371	55	0	425
Disposals	-15	-582	-379	0	-976
Reclassifications	0	53	-53	0	0
Exchange differences	87	766	49	0	902
31 December 2014	**8,356**	**48,170**	**3,706**	**0**	**60,232**
Net carrying amounts					
31 December 2014	111,650	167,779	7,086	23,169	309,684
31 December 2013	100,213	162,246	6,418	38,017	306,894

Depreciation of property, plant and equipment is recognized under cost of sales, selling, research and development and general administrative costs as well as other expenses.

Borrowing costs capitalized in property, plant and equipment amounted to EUR 828k in the fiscal year (15 July to 31 December 2013: EUR 255k). Capitalized interest is based on an interest rate of 3.95 %.

There were contractual commitments to acquire property, plant and equipment of EUR 12,434k as of the reporting date (15 July to 31 December 2013: EUR 38,682k).

Property, plant and equipment under finance leases contains rented buildings with a net carrying amount of EUR 1,469k (31 December 2013: EUR 1,398k) and furniture and fixtures with a net carrying amount of EUR 285k (31 December 2013: EUR 567k). The corresponding lease liabilities are explained under finance liabilities to third parties (note 4.12).

4.3 Other financial assets

The following table breaks down other financial assets by their maturity:

	31 December 2014 EUR k	31 December 2013 EUR k
Other non-current financial assets		
Derivative financial instruments	22,336	0
Separated termination rights	7,465	6,918
Insurance claims	162	164
Total	**29,963**	**7,082**
Other current financial assets		
Derivative financial instruments	2,265	0
Receivables from energy tax refunds	909	826
Other financial assets	91	32
Total	**3,265**	**858**

The CeramTec Holding Group has a termination option for the issued bond. This termination option represents an embedded derivative, which is accounted for separately from the underlying transaction. Further explanations can be found in note 4.15.

4.4 Other assets

The following table breaks down other assets by their maturity:

	31 December 2014 EUR k	31 December 2013 EUR k
Other non-current assets		
Accrued finance costs for the revolving credit line	1,255	1,725
Other assets	420	200
Total	**1,675**	**1,925**
Other current assets		
Sundry assets	4,097	2,524
VAT receivables	1,122	3,516
Investment grants	0	3,009
Total	**5,219**	**9,049**

Sundry current assets primarily contain prepayments as well as the current portion of accrued finance costs for the revolving credit line of EUR 471k.

4.5 Inventories

Inventories break down as follows:

	31 December 2014 EUR k	31 December 2013 EUR k
Raw materials	19,733	23,849
Work in progress	25,196	24,580
Finished goods	20,052	19,512
Merchandise	1,719	2,050
Other	1,218	1,363
Total	**67,918**	**71,354**

At the reporting date the write-downs on inventories amount to EUR 10,034k (31 December 2013: EUR 10,921k). The gain resulting from a reduction of EUR 887k in the write-downs is reported under cost of sales.

4.6 Trade receivables

Trade receivables of EUR 47,517k (31 December 2013: EUR 43,374k) are recognized in the statement of financial position after taking into account impairment of EUR 459k (31 December 2013: EUR 471k).

The value and maturity structure of trade receivables before impairment breaks down as follows:

	31 December 2014 EUR k	31 December 2013 EUR k
Carrying amount before impairment	**47,976**	**43,845**
thereof not yet due on the reporting date	41,771	38,192
thereof past due on the reporting date	6,205	5,653
past due up to 30 days	4,704	4,443
past due up to 60 days	737	596
past due up to 90 days	224	130
past due more than 90 days	540	484

The age structure of the impairment losses recognized through profit or loss as of the reporting date breaks down as follows:

	31 December 2014 EUR k	31 December 2013 EUR k
past due up to 30 days	0	18
past due up to 60 days	205	48
past due up to 90 days	15	66
past due more than 90 days	239	339
Total	**459**	**471**

The impairment losses are based on the estimated likelihood of default. They primarily relate to specific bad debt allowances on receivables from customers on whose assets insolvency proceedings were initiated or who are experiencing significant financial difficulty.

The age structure of receivables past due which are not impaired breaks down as follows:

	31 December 2014 EUR k	31 December 2013 EUR k
past due up to 30 days	4,704	4,336
past due up to 60 days	532	546
past due up to 90 days	209	0
past due more than 90 days	13	0
Total	**5,458**	**4,882**

There was no indication as of the reporting date that the debtors of receivables that were not impaired and not past due would not meet their payment obligations.

The following table shows the development of valuation allowances on trade receivables during the past reporting period.

	31 December 2014 EUR k	31 December 2013 EUR k
Valuation allowance as of 31 December 2013	**471**	**0**
Addition	165	471
Reversed	-13	0
Utilization	-119	0
Foreign currency translation and other	-45	0
Valuation allowance on 31 December 2014	**459**	**471**

4.7 Cash and cash equivalents

Cash and cash equivalents contain bank balances of EUR 62,221k (31 December 2013: EUR 66,938k) and cash in hand of EUR 25k (31 December 2013: EUR 25k).

4.8 Equity

Issued capital

The fully paid in capital stock of the parent company CeramTec Holding amounts to EUR 25k (31 December 2013: EUR 25k).

Capital reserves

Effective as of 31 August 2013/ 1 September 2013, Faenza Luxembourg S.à.r.l, Luxembourg, increased CeramTec Holding's capital reserves by EUR 378,148k. The capital reserves are freely available and not subject to any earmarking.

Revenue reserves and net income for the period

The revenue reserves and net income for the period contain current losses incurred by the CeramTec Holding Group and those incurred in the comparative period. This also includes reserves for the remeasurement of pension obligations (after taxes) amounting to EUR -20,879k (31 December 2013: EUR 968k).

Other comprehensive income

Accumulated other comprehensive income relates to currency translation adjustments and a reserve for cash flow hedges, taking into account deferred taxes recorded for the reserve and currency translation adjustments.

4.9 Provisions for pension obligations

Within the CeramTec Holding Group, there are defined benefit and contribution plans in place granting eligible employees benefits in the event of retirement, occupational disability or death – in the latter case to employees' surviving dependents. These benefits are generally based on the length of employee service and level of remuneration or contributions of the eligible employees taking into account conditions in terms of tax, labor and welfare law in the respective country.

In Germany, there are various direct commitments which depend on the pay and period of service and are capped. These commitments do not contain any rights to inflation-related pension adjustments. These defined benefit plans were closed for employees that joined after 1 January 2002. There is also a defined benefit plan in place with direct commitments for a fixed pension amount which depends on the employee's length of service. This plan was also closed for employees that joined after 1 January 2002. For the management of the German CeramTec Holding group companies, there are direct commitments in place comprising benefits that depend on pay and length of service and are capped as well as benefits that are calculated based on the performance of the Company. The eligible employees are also entitled to deferred compensation which is subsidized by the CeramTec Holding Group depending on the achievement of personal targets by employees.

Since the end of 2014, the Company has committed itself to directly providing benefits as compensation for a realignment of pension funds for all employees who have been enrolled into Höchster Pensionskasse VVaG as part of the realignment which might be to their disadvantage. The obligation is measured annually by an actuarial expert.

The pension plan in the UK is a funded defined benefit plan. The plan is administered by an external institution managed by employer and employee representatives. The representatives are legally obligated to represent the interests of the entitled employees and are responsible for investment decisions and managing the asset. The pension plan is closed. The plan grants the entitled employees annual pension payments, the amount of which depends on the length of service and the last salary earned. Pension payments are also made in the event of death. The obligation is measured annually by an actuarial expert.

The provisions for pension obligations break down as follows:

	31 December 2014 EUR k	31 December 2013 EUR k
Germany	83,726	55,599
UK	7,406	5,277
Other	319	256
Total	**91,451**	**61,131**

The following table shows the amount of the obligation and plan assets as well as the provisions disclosed in the consolidated statement of financial position as of 31 December 2014.

	2014		
	German plans	Foreign plans	Total
Change in benefit obligations	EUR k	EUR k	EUR k
Benefit obligations at the beginning of the fiscal year	**55,599**	**10,237**	**65,836**
Service cost	649	34	683
Interest expense	1,893	451	2,344
Remeasurements	28,667	1,502	30,169
from the change in financial assumptions	*23,413*	*1,495*	*24,908*
Experience adjustments	*5,254*	*7*	*5,261*
Foreign currency translation	0	864	864
Benefits paid	-3,082	-267	-3,349
Benefit obligations at the end of the year	**83,726**	**12,821**	**96,547**
Change in plan assets			
Market value of plan assets at the beginning of the fiscal year	**0**	**4,704**	**4,704**
Interest income from plan assets	0	208	208
Expense for managing the plans	0	-144	-144
Employer contributions	0	263	263
Remeasurements	0	-33	-33
from the change in financial assumptions	*0*	*-33*	*-33*
Foreign currency translation	0	358	358
Benefits paid	0	-260	-260
Market value of the plan assets at the end of the year	**0**	**5,096**	**5,096**
Net obligation amount/provisions for benefits	**83,726**	**7,725**	**91,451**

The following table shows the amount of the obligation and plan assets as well as the provisions disclosed in the consolidated statement of financial position in the comparative period as of 31 December 2013.

	2013		
Change in benefit obligations	German plans EUR k	Foreign plans EUR k	Total EUR k
Benefit obligations at the beginning of the fiscal year	**0**	**0**	**0**
Addition from changes to the consolidated group	56,344	9,877	66,221
Service cost	470	11	481
Interest expense	634	134	768
Remeasurements	-1,069	30	-1,039
from the change in financial assumptions	*-850*	*29*	*-821*
Experience adjustments	*-219*	*1*	*-218*
Foreign currency translation	0	255	255
Benefits paid	-780	-99	-879
Other changes	0	29	29
Benefit obligations at the end of the year	**55,599**	**10,237**	**65,836**
Change in plan assets			
Market value of plan assets at the beginning of the fiscal year	**0**	**0**	**0**
Addition from changes to the consolidated group	0	4,500	4,500
Interest income from plan assets	0	66	66
Expense for managing the plans	0	-67	-67
Employer contributions	0	82	82
Remeasurements	0	130	130
from the change in financial assumptions	*0*	*130*	*130*
Foreign currency translation	0	92	92
Benefits paid	0	-99	-99
Market value of the plan assets at the end of the year	**0**	**4,704**	**4,704**
Net obligation amount/provisions for benefits	**55,599**	**5,533**	**61,131**

The calculation of the pension obligation was based on the following assumptions as of 31 December 2014:

	Germany	Abroad
Interest rate (in %)	1.90	3.30 – 3.50
Wage and salary trend (in %)	3.00	N/A
Pension increases (in %)	2.00	3.00 – 3.20
Life expectancy	2005 G standard tables	Mortality tables

The calculation of the pension obligation was based on the following assumptions as of 31 December 2013:

	Germany	Abroad
Interest rate (in %)	3.50	4.25
Wage and salary trend (in %)	3.00	N/A
Pension increases (in %)	2.00	3.25
Life expectancy	2005 G standard tables	Mortality tables

The average term of the benefit obligations amounts to 21.0 years in Germany and 16.8 years abroad.

The contributions, which the employer is expected to pay into the plans until the reporting date 31 December 2015 amount to EUR 276k. Benefit payments of EUR 2,623k are expected to be paid for fiscal year 2015.

The risk from changes in actuarial assumptions underlying the measurement of defined pension plans is borne by the CeramTec Holding Group. The sensitivity analyses presented in the table below were performed based on reasonably possible changes in assumptions as of the reporting date, although each of the remaining assumptions remained unchanged. The change in key actuarial assumptions would have the following impact (in EUR k) on the present value of pension obligations:

	Change	Effect 31 December 2014
Discount rate	- 0.50 % points	10,441
	+ 0.50 % points	-8,963
Wage and salary trend	- 0.50 % points	-165
	+ 0.50 % points	172
Increase in pensions	- 0.50 % points	-9,259
	+ 0.50 % points	10,896
Life expectancy	+ 1 year	3,577

The change in key actuarial assumptions would have had the following impact (in EUR k) on the present value of pension obligations in the previous year:

	Change	Effect 31 December 2013
Discount rate	- 0.50 % points	5,246
	+ 0.50 % points	-4,669
Wage and salary trend	- 0.25 % points	-57
	+ 0.25 % points	58
Increase in pensions	- 0.25 % points	-2,088
	+ 0.25 % points	2,180
Life expectancy	+ 1 year	1,949

There are no plan assets for German plans. The plan assets of the foreign plans break down into the following assets:

	31 December 2014 EUR k	31 December 2013 EUR k
Securities/shares	3,606	3,426
Fixed-interest securities	1,069	913
Real estate	421	365
	5,096	**4,704**

The fair value of the securities and shares were determined based on prices quoted on active markets, while the fair value of real estate was not based on prices quoted on active markets. The real estate contained in plan assets does not relate to owner-occupied property in the UK. The investment horizon for plan assets takes into account the expected payout profile.

From 1 January 2002 to 31 December 2014, all new hires at CeramTec GmbH, CeramTec Service GmbH and Emil Müller GmbH joined the pension fund Dynamit Nobel VVaG. Furthermore, some active and former employees of CeramTec GmbH and Emil Müller GmbH are members of the pension fund Hoechst-Gruppe VVaG. These pension funds are multi-employer plans which are basically defined benefit plans. The two pension funds are subject to regulatory supervision. In the event that the funds are unable to settle their obligations, the employer is legally liable for the vested benefits (secondary liability). This obligation remains in place even if the CeramTec Group were to terminate its participation in the plans. However, terminating its participation would generally not directly result in having to make supplementary payments. In the consolidated financial statements, these pension plans are classified as defined contribution plans in accordance with IAS 19.34. As several employers are responsible for these pension funds, contributions made by the CeramTec Holding Group can under certain circumstances be used to finance another entity's employee benefits.

Dynamit Nobel VVaG is funded for commitments made before 1 December 2007 with income-based contributions by entitled employees as well as variable employer contributions. The employers' contribution must, together with the member contributions and return on plan assets, sufficiently fund the agreed payments according to actuarial principles. Once pension payments have begun, the pension fund assumes the statutory pension adjustments provided it has the sufficient means to do so. In the last few years, the pension adjustments could not be assumed by the pension fund and had to be funded by the employers. For commitments made as of 1 December 2007, the employees and employer made a fixed, income-based contribution. There is no obligation on the part of the employer to adjust current pension benefits. Surpluses are used to increase the pension benefits. Although the existing obligations were fully covered by assets in accordance with German accounting standards for pension funds, the additional capital requirements have not been satisfied. There is a plan approved by regulatory authorities in place to remedy the contravention of requirements by 31 December 2014. Deficits, for example due to the pension fund earning an insufficient return on assets, may result in the CeramTec Holding Group having to make additional payments. The proportion of members whose membership is based on an existing or former work contract with CeramTec GmbH, CeramTec Service GmbH or Emil Müller GmbH of the total number of pension fund members amounts to around 26% for active employees, around 11% for non-contributory employees and around 4 % for pensioners.

The pension fund Hoechst-Gruppe VVaG is funded with income-based contributions by entitled employees as well as variable employer contributions. The employers' contribution must, together with the employees' member contributions and pension fund surpluses, sufficiently fund the agreed payments according to actuarial principles. Once pension payments have begun, the pension fund assumes the statutory pension adjustments provided it has the sufficient means to do so. The proportion of members whose membership is based on an existing or former work contract with the CeramTec Holding Group for active employees, non-contributory employees and pensioners ranges between around 0.1 % and 0.15 % in each case.

As of 1 December 2014, company pension schemes underwent some realignment, and all employees whose membership was based on an existing contract with the pension fund Dynamit Nobel VVaG were enrolled into Höchster Pensionskasse VVaG. From 1 January 2015, contributions are not paid anymore to the pension fund Dynamit Nobel VVaG, and the employees become extraordinary members. All new hires become members of Höchster Pensionskasse VVaG. The employees and employer make a fixed, income-based contribution to Höchster Pensionskasse VVaG. There is no obligation on the part of the employer to adjust current pension benefits. Surpluses are used to increase the pension benefits. CeramTec GmbH has committed itself to directly providing benefits as compensation for the realignment which involved enrolling the employees into another pension fund, and might be to their disadvantage.

The contributions made to the pension fund amounted to EUR 2,814k in the fiscal year (15 July to 31 December 2013: EUR 878k). The expenses are recorded in cost of sales, selling, research and development as well general administrative costs. Contributions of EUR 871k are expected to be made in 2015.

Expenses for additional defined contribution plans amount to EUR 9,770k (15 July to 31 December 2013: EUR 3,550k).

4.10 Provisions

Provisions developed as follows in the fiscal year:

	Balance as of 31 December 2013	Additions	Utilization	Reversal	Unwinding of the discount	Exchange difference	Balance as of 31 December 2014
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Provisions for employee bonuses	2,876	8,454	2,306	438	0	164	8,750
Provisions for warranties	2,382	789	488	576	7	3	2,117
Provisions for environmental risks	644	1	165	0	11	42	533
Provisions for long-service awards	1,083	184	104	0	0	0	1,163
Provisions for litigation risks	1,041	733	204	68	1	1	1,504
Provisions for taxes	402	0	342	0	0	6	66
Other provisions	4,453	3,248	2,816	1,282	1	43	3,647
	12,881	13,409	6,425	2,364	20	259	17,780

Provisions for environmental risks relate to the elimination of residual pollution, renovation measures and water conservation practices. Estimations and, where possible, external expert opinions were used to measure the amount of the provision.

The provision for taxes includes anticipated income tax payments for past assessment periods.

Other provisions primarily comprise provisions for severance pay, legal and consulting fees as well as provisions for other contingent liabilities.

The maturities of the provisions were as follows:

	31 December 2014 EUR k	31 December 2013 EUR k
Current provisions	14,033	9.395
Non-current provisions	3,747	3.486
	17,780	12,881

The cash outflow of other provisions is expected to be 79% within one year and 21% between more than one and 15 years.

4.11 Financial liabilities to affiliates

Financial liabilities to affiliates are non-current and comprise a loan payable to Faenza Luxembourg S.à.r.l, Luxembourg, of EUR 129,906k (31 December 2013: EUR 120,000k), and the interest expense accrued of EUR 3,643k (31 December 2013: EUR 3,338k). The loan increases every year as of 29 August by the amount of incurred expenses for interest.

4.12 Financial liabilities to third parties

The financial liabilities to third parties are broken down as follows:

	31 December 2014 EUR k	31 December 2013 EUR k
Non-current financial liabilities		
Liabilities to banks	636,948	600,195
Liabilities from the bond	296,814	295,765
Derivative financial instruments	13,896	20,815
Finance lease liabilities	1,433	1,371
Purchase price for technology	308	490
Total	**949,399**	**918,636**
Current financial liabilities		
Liabilities to banks	22,329	11,525
Liabilities from the bond	9,489	9,981
Derivative financial instruments	4,846	5,873
Discounts and bonuses	2,731	1,746
Liabilities from finance leases	189	275
Other current financial liabilities	1,240	2,103
Profit or loss transferred to RSGG	0	26,922
Subsequent purchase price payment	0	3,500
Total	**40,824**	**61,924**

Liabilities to banks nominally amount to EUR 291,300k from a tranche in EUR and EUR 382,554k from a tranche in USD. These loans have variable interest rates and mature on 30 August 2020. Transaction costs associated with the loan of EUR 19,733k are spread over the term of the loan using the effective interest method. The tranche in USD of EUR 263,900k is secured by currency swaps concluded against foreign currency risks. This hedging relationship is recognized as a cash flow hedge.

The bond has a fixed interest rate and a nominal volume of EUR 306,700k. This bond matures on 15 August 2021. The CeramTec Holding Group has a termination option for this bond, which is recognized as a separate financial asset (note 4.3). Associated transaction costs of EUR 13,120k are spread over the term of the bond using the effective interest method. Further information on the loans, the bond and derivatives can be found in note 4.15.

In the comparative period, current financial liabilities include, among other things, the amount of EUR 26,922k to be distributed to Rockwood Specialties Group, Inc. (RSGG), the former parent company of CeramTec GmbH, in line with the profit and loss transfer agreement as of 31 August 2013 as well as the subsequent purchase price payment for the acquisition of the high-performance ceramics division of EUR 3,500k. In the reporting year, both amounts were settled.

Payment obligations from finance leases break down as follows over future years:

	Total	up to 1 year	1 to 5 years	more than 5 years
Present value of minimum lease payments	1,622	189	262	1,171
Interest effect	1,173	8	388	777
Minimum lease payments	2,795	197	650	1,948

Lease payments of EUR 189k, which are due in 2015, are recognized under current financial liabilities.

Reference is made to note 4.2 as regards the items of property, plant and equipment recognized under finance leases.

All leases include contractually agreed installments. There are no sub-lease arrangements. CeramTec Suzhou has a renewal option for real estate leases.

4.13 Other liabilities

Other liabilities break down as follows:

	31 December 2014 EUR k	31 December 2013 EUR k
Other current liabilities		
Wages and salaries including taxes	6,004	4,459
Real estate transfer tax	4.120	4,108
Other current liabilities	3,455	3,101
Total	**13,579**	**11,668**

Other current liabilities are mainly attributable to liabilities to employees, liabilities from social security contributions, liabilities to pension funds as well as deferred income.

4.14 Rental and lease obligations

Operating lease commitments mainly relate to land and buildings as well as technical equipment and machinery.

The corresponding payment obligations break down as follows over future fiscal years:

	31 December 2014 EUR k	31 December 2013 EUR k
up to 1 year	1,637	1,742
1 to 5 years	1,389	1,504
more than 5 years	518	518
Total	**3,544**	**3,764**

In the fiscal year, expenses from rental and lease agreements amounted to EUR 3,293k (15 July to 31 December 2013: EUR 1,107k).

4.15 Financial instruments

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities reported in the consolidated financial statements, sorted by class and measurement category in accordance with IAS 39.

	31 December 2014		
	Measurement category of IAS 39[1]	Carrying amount EUR k	Fair value EUR k
Financial assets			
Trade receivables	LaR	47,517	47,517
Other financial assets	LaR	1,162	1,162
Cash and cash equivalents	LaR	62,246	62,246
Separated termination rights – HfT	FVtPL	7,465	7,465
Currency swaps in effective hedges	Hedge	24,601	24,601
Total		**142,991**	**142,991**
Financial liabilities			
Bond liabilities	FLAC	306,303	329,242
Liabilities to banks	FLAC	659,277	674,339
Trade payables	FLAC	22,424	22,424
Finance lease liabilities	FLAC	1,622	1,622
Other financial liabilities	FLAC	4,279	4,272
Liabilities to affiliates	FLAC	133,549	139,740
Separated interest rate floors – HfT	FVtPL	17,277	17,277
Interest rate cap - HfT	FVtPL	1,465	1,465
Total		**1,146,196**	**1,190,381**

[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

	Measurement category of IAS 39[1]	31 December 2013 Carrying amount	Fair value
		EUR k	EUR k
Financial assets			
Trade receivables	LaR	43,374	43,374
Other financial assets	LaR	1,022	1,022
Cash and cash equivalents	LaR	66,963	66,963
Separated termination rights – HfT	FVtPL	6,918	6,918
Total		**118,277**	**118,277**
Financial liabilities			
Bond liabilities	FLAC	305,745	335,837
Liabilities to banks	FLAC	611,719	635,579
Trade payables	FLAC	31,898	31,898
Finance lease liabilities	FLAC	1,646	1,646
Other financial liabilities	FLAC	34,761	34,712
Liabilities to affiliates	FLAC	123,338	131,510
Separated interest rate floors – HfT	FVtPL	12,571	12,571
Currency swaps in effective hedges	Hedge	14,117	14,117
Total		**1,135,795**	**1,197,870**

[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

If the fair value is not available in the form of a market price, it is calculated based on different valuation parameters. Depending on the availability of observable parameters and the significance of these parameters when calculating the fair value, the fair value is allocated to level 1, 2 or 3 of the fair value hierarchy. The allocation is based on the following factors:

- **Level 1:** Quoted (unadjusted) prices in markets for identical assets or liabilities that the entity can access at the measurement date
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3:** Non-observable measurement parameters for the asset or liability

The following table shows the fair value hierarchy for derivative financial instruments that are recognized at fair value in the consolidated financial statements:

	31 December 2014		
	Level 1 EUR k	Level 2 EUR k	Level 3 EUR k
Financial assets			
Separated termination rights – HfT	0	7,465	0
Currency swaps in effective hedges	0	24,601	0
Financial liabilities			
Separated interest rate floors – HfT	0	17,277	0
Interest rate caps – HfT	0	1,465	0

	31 December 2013		
	Level 1 EUR k	Level 2 EUR k	Level 3 EUR k
Financial assets			
Separated termination rights – HfT	0	6,918	0
Currency swaps in effective hedges	0	0	0
Financial liabilities			
Separated interest rate floors – HfT	0	12,571	0
Currency swaps in effective hedges	0	14,117	0

The following table shows the fair value hierarchy for the financial instruments that are not recognized at fair value in the consolidated financial statements; however, their fair value is provided in the notes to the financial statements. The Group does not disclose the fair value of financial instruments when the carrying amount is a reasonable approximation of fair value, such as short-term trade receivables and payables.

	31 December 2014		
	Level 1 EUR k	Level 2 EUR k	Level 3 EUR k
Financial assets			
Cash and cash equivalents	62,246	0	0
Financial liabilities			
Bond liabilities	329,242	0	0
Liabilities to banks	0	674,339	0
Finance lease liabilities	0	1,622	0
Liabilities to affiliates	0	139,740	0

	Level 1 EUR k	31 December 2013 Level 2 EUR k	Level 3 EUR k
Financial assets			
Cash and cash equivalents	66,963	0	0
Financial liabilities			
Bond liabilities	335,837	0	0
Liabilities to banks	0	635,579	0
Finance lease liabilities	0	1,646	0
Liabilities to affiliates	0	131,510	0

The fair value of the bond is equal to the nominal value multiplied by the market value at the end of the reporting period. Accordingly, the fair value measurement is allocated to level 1 of the fair value hierarchy.

Liabilities to banks are subject to interest based on the interest rates observable on the market, such as EURIBOR or LIBOR, on the basis of which the fair value is calculated. Accordingly, these are allocated to level 2 of the fair value hierarchy.

The fair values of the separated derivatives are measured using the Black-Scholes/Hull-White valuation model, which considers both the observable yield curves and the fluctuation (volatility) of the currencies concerned. All key input parameters were directly or indirectly derived from observable market data. The fair value measurement is therefore allocated to level 2 of the fair value hierarchy.

Currency swaps are measured on the basis of a discounted cash flow method, which takes into account the observable mean closing rates, yield curves and currency spreads between currencies. All currency swaps had a positive market value as of the end of the reporting period. All key input parameters were directly or indirectly derived from observable market data. The fair value measurement of the currency swaps is therefore allocated to level 2 of the fair value hierarchy.

The fair value of the interest rate cap is measured using the Black-Scholes/Hull-White valuation model, which considers both the observable yield curves and the fluctuation (volatility) of the currencies concerned. All key input parameters were directly or indirectly derived from observable market data. The fair value measurement is therefore allocated to level 2 of the fair value hierarchy.

The fair value of all other financial instruments is calculated using a discounted cash flow method as well as by taking into account measurement parameters that can be directly or indirectly observed on the market. Accordingly, these financial instruments were allocated to level 2 of the fair value hierarchy.

For assets and liabilities that are recognized at fair value in the consolidated financial statements on a recurring basis, the CeramTec Holding Group assesses whether a transfer between the levels of the fair value hierarchy took place as of the end of each reporting period (based on the lowest level that is significant to fair value measurement as a whole). There were no transfers between level 1 and 2 in the past reporting period.

Net gains and losses as well as total interest income and expenses

The following table presents the net gains and losses from financial assets and liabilities in accordance with IAS 39.

	31 December 2014			
	Change in fair value	Currency translation	Impairment loss	Total
	EUR k	EUR k	EUR k	EUR k
Loans and receivables (LaR)	0	662	-164	**498**
Cash and cash equivalents	0	1,180	0	**1,180**
Separated termination rights/ interest rate floors – HfT (FVtPL)	-5,800	0	0	**-5,800**
Financial liabilities at amortized cost (FLAC)	0	-8,096	0	**-8,096**
Intercompany loans	0	-887	0	**-887**
Total	**-5,800**	**-7,141**	**-164**	**-13,105**

	31 December 2013			
	Change in fair value	Currency translation	Impairment loss	Total
	EUR k	EUR k	EUR k	EUR k
Loans and receivables (LaR)	0	-398	-471	**-869**
Cash and cash equivalents	0	-111	0	**-111**
Separated termination rights/ interest rate floors – HfT (FVtPL)	3,952	0	0	**3,952**
Financial liabilities at amortized cost (FLAC)	0	1,907	0	**1,907**
Intercompany loans	0	1,338	0	**1,338**
Total	**3,952**	**2,736**	**-471**	**6,217**

Net losses (in the previous year, net gains) from the changes in fair value of embedded derivatives are primarily due to changes in market interest rates.

The following table shows the total interest income and expenses from financial assets and liabilities that are measured at amortized cost using the effective interest method.

	31 December 2014 EUR k	31 December 2013 EUR k
Total interest expense	76,942	28,015
Total interest income	195	68

Furthermore, finance charges of EUR 110k, which are not part of the effective interest method, were recognized in profit or loss during the reporting period.

Derivative financial instruments and hedge accounting

The following table shows the fair value and nominal value of derivative financial instruments as of 31 December 2014 and 31 December 2013:

	31 December 2014	
	Nominal value EUR k	Fair value EUR k
Derivatives with a positive fair value		
Separated termination rights – HfT	306,700	7,465
Currency swaps in effective hedges	263,900	24,601
Derivatives with a negative fair value		
Separated interest rate floor – HfT	674,339	-17,276
Interest rate cap - HfT	433,440	-1,465
Total	**1,678,379**	**13,325**

	31 December 2013	
	Nominal value EUR k	Fair value EUR k
Derivatives with a positive fair value		
Separated termination rights – HfT	306,700	6,918
Derivatives with a negative fair value		
Separated interest rate floor – HfT	635,111	-12,571
Currency swaps in effective hedges	269,500	-14,117
Total	**1,211,311**	**-19,770**

Embedded derivatives

As described in note 4.12, the CeramTec Holding Group took out a syndicated loan with several USD and EUR tranches with different banks in August 2013. The loans include embedded interest rate floors, which obliges the CeramTec Holding Group to pay a minimum interest rate that exceeds the variable interest rate. Furthermore, the bond issued in August 2013 contains various agreements that entitle the CeramTec Holding Group to prematurely repay the bond. Both the interest rate floors and termination rights were separated from the host contract in accordance with the provisions of IAS 39 and recognized as stand-alone derivatives at fair value through profit or loss.

Cash flow hedges

The currency swaps were designated as hedging instruments in cash flow hedges in order to hedge a portion of the foreign currency risk resulting from the loans in USD. The ongoing interest and principal repayments from the loans and the currency swaps are made at the same time each quarter and will have an impact on profit or loss until the swaps mature in 2018. There were no ineffective cash flow hedges recognized in the reporting period.

The following table shows the amount for the reporting period recognized in other comprehensive income and reclassified from there to profit or loss:

	31 December 2014 EUR k	31 December 2013 EUR k
Currency swaps in effective hedges		
Net gains/losses recognized in other comprehensive income	38,718	-14,117
Reclassification from other comprehensive income to profit or loss	-33,852	8,889
Total other comprehensive income at the end of the period	**4,866**	**-5,228**

The amounts reclassified from other comprehensive income to profit or loss were recognized in the financial result, so as to offset the effects from foreign currency translation of the secured portion of the loans in USD.

5 Additional notes to the consolidated statement of cash flows

In the statement of cash flows, cash flow from operating activities is determined using the indirect method, while cash flow from investing and financing activities is determined using the direct method. The cash and cash equivalents presented in the statement of cash flows correspond to the item of the statement of financial position and comprise cash in hand, bank balances and cash investments with an original term of up to three months. There are no restrictions on disposal.

In the comparative period, the cash flow from investing activities includes the purchase price payment of EUR 1,359,615k for the acquisition of the high-performance ceramics division. Cash and cash equivalents of EUR 183,886k were taken over from subsidiaries. It was not until the reporting year that the additionally agreed purchase price of EUR 3,500k affected cash and cash equivalents.

Other non-cash income and expenses primarily contain changes in the market value of financial instruments and accrued interest.

During the financial year, the Group invested EUR 229k in property, plant and equipment, from which cash outflows have not resulted yet, and which are hence not included in cash flow from investing activities.

Compared with the consolidated financial statements of the previous year, presentation of interest paid in the consolidated statement of cash flows for the reporting year and comparative period was adjusted. Because interest paid arises mainly from financing activities, it is reported in cash flow from financing activities now. As a result of the change, in the reporting year cash flow from financing activities was EUR 55,382k lower (in the previous year, EUR 7,756k lower), and cash flow from operating activities was EUR 55,382k higher (in the previous year, EUR 7,756k higher).

6 Other notes

6.1 Management of financial risks

The CeramTec Holding Group is exposed to credit risks and various market risks. The credit risk is mainly due to receivables from customers. Market risks are primarily attributable to the risk of changes in variable interest rates as well as exchange rate risks. Furthermore, the CeramTec Holding Group is exposed to liquidity risks, which mainly result from the loans in EUR and USD taken out in August 2013 as well as the bond also issued in August 2013.

The CeramTec Holding Group operates on the basis of an appropriate framework to manage financial risks, which is an integral part of ongoing business operations and financing activities. Taking these risk management objectives into consideration, risks are identified, assessed and managed on an ongoing basis. The CeramTec Holding Group contracts on a case-by-case basis derivative financial instruments to hedge certain financial risks. By contrast, it is not permitted to enter into derivative financial instruments for speculative purposes.

Market risks

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 risks comprise in particular exchange rate risks, interest rate risks and other price risks, such as share price risks and commodity price risks.

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. In connection with the loans in USD, the CeramTec Holding Group is in particular exposed to foreign currency risks from changes in the USD/EUR exchange rate.

The CeramTec Holding Group has secured 81.4 % of the nominal volume of the loans in USD against risks from fluctuations in the USD/EUR exchange rate by entering into USD/EUR currency swaps (further information on hedging cash flow risks can be found in note 4.15).

The following sensitivity analysis in terms of the currency risk was prepared taking into account the hedges in place on 31 December 2014 and on the basis of the assumption that the portion of financial instruments in foreign currency will remain constant. The table shows the effects on the net income for the period as well as group equity taking into account a hypothetical change of +/- 10 % to the closing rate and forward rate as of the reporting date for the CeramTec Holding Group's main foreign currency items.

EUR k	Change in the spot rate %	Change in the forward rate %	USD	GBP	CZK	PLN	***Total***
			31 December 2014				
Earnings effect before tax	+10 %		4,754	-226	-727	-3,181	**620**
	-10 %		-5,810	277	888	3,888	**-757**
Effect on equity		+10%	-3,989	0	0	0	**-3,989**
		-10%	5,949	0	0	0	**5,949**

The effects on the net income for the period are attributable to the hypothetical change in the carrying amount of non-derivative assets and liabilities in the respective foreign currency. The effect on group equity stems from the hypothetical change in the market value of the USD/EUR currency swaps, which are recognized in other comprehensive income as a result of the designation as a hedging instrument.

Interest rate risk

Interest rate risk is the risk that the fair value of fixed-interest rate financial instruments or the future cash flows of variable-interest rate financial instruments will fluctuate because of changes in market interest rates.

The variable-interest rate loans in USD and EUR expose the CeramTec Holding Group in particular to a cash flow risk from the change in the EURIBOR and LIBOR interest rates. By comparison, changes in variable interest rates relating to the fixed-interest rate bond lead to a change in fair value. However, this risk does not impact the net income for the period or group equity, as the bond is carried at amortized cost and changes in fair value are not recognized.

In the reporting year, the CeramTec Holding Group entered into an agreement governing an interest rate cap of EUR 441,040k linked to 3-month EURIBOR. The interest rate cap limits the maximum variable interest rate to 2 %.

The following table shows the effects on the interest result assuming a hypothetical change of +/- 100 basis points to the variable USD and EUR interest rates.

	31 December 2014	
	Increase/decrease in basis points	Effect on interest expense
		EUR k
EURO	+100	460
	-100	0
US Dollar	+100	202
	-100	0

A decline in the interest rate has no effect on the interest expense as a result of the interest rate floor of 1 % agreed in the syndicated loan agreement.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations from financial instruments, leading to a financial loss for the creditor. At the CeramTec Holding Group, the credit risk is primarily due to trade receivables, cash and cash equivalents and other receivables.

Trade receivables are attributable to numerous customers in various sectors and regions. Default risks in customer receivables are locally monitored, assessed and limited by using credit insurance. After taking credit insurance into account, the maximum default risk on trade receivables comes to around 56 % of the carrying amount.

Cash and cash equivalents mainly comprise bank balances and cash in hand. In connection with the investment of cash and cash equivalents, the CeramTec Holding Group is exposed to losses from credit risks if counterparties do not meet their obligations. The resulting risk position is managed by diversifying its counterparties. For example, cash and cash equivalents are only invested at banks with excellent credit ratings. There are no cash and cash equivalents past due or impaired as of the reporting date. The maximum credit risk for cash and cash equivalents corresponds to the carrying amount.

The credit risk position from other financial assets corresponds to the carrying amount of these instruments. The CeramTec Holding Group considers this credit risk to be immaterial as of the reporting date.

The termination option separated from the bond is not exposed to any credit risk as of the reporting date, because the positive market value is based solely on a potential premature repayment of the bond and an associated more favorable opportunity to refinance for the CeramTec Holding Group; there is no actual cash receivable from the banks.

Liquidity risk

Liquidity risk is the risk that the CeramTec Holding Group will not be able to fulfill its financial obligations when they fall due. The CeramTec Holding Group's objective is to minimize the liquidity risk as far as possible by ensuring sufficient financing and credit lines from banks. In light of this, the CeramTec Holding Group had an undrawn and confirmed credit line of EUR 100,000k as of the reporting date. Furthermore, the CeramTec Holding Group had cash and cash equivalents of EUR 62,246k as of the reporting date.

The table below shows the contractually agreed undiscounted cash flows for the financial liabilities and derivative financial instruments as of the reporting date. The following cash flows were taken into account:

- Undiscounted, contractually agreed interest and principal payments from the loans in USD and EUR, including payments that are attributable to the separated interest floor. Cash flows in USD were translated into EUR based on the USD/EUR forward rate applicable as of the reporting date. Premature, voluntary special payments or repayments have not been taken into account.

- Undiscounted, contractually agreed interest and principal payments for the bond. Premature, voluntary special payments or repayments have not been taken into account.

- Undiscounted, contractually agreed payments for the interest rate cap (in the previous year: for the EUR payer leg of the currency swaps).

	31 December 2014						
	Carrying amount	2015	2016	2017	2018	2019	> 2019
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Trade payables	22,424	22,424	0	0	0	0	0
Liabilities to banks	659,277	33,653	32,959	33,401	34,694	35,209	672,914
Bond liabilities	306,303	25,303	25,303	25,303	25,303	25,303	357,306
Liabilities to affiliates	133,549	0	0	0	0	0	262,133
Finance lease liabilities	1,622	197	187	170	146	146	1,947
Other financial liabilities	4,279	4,074	103	103	0	0	0
Derivatives with a negative fair value							
Interest rate caps	1,465	448	448	448	336	0	0

	31 December 2013						
	Carrying amount	2014	2015	2016	2017	2018	> 2018
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Trade payables	31,898	31,898	0	0	0	0	0
Liabilities to banks	611,719	30,692	31,031	34,320	39,314	43,413	669,753
Bond liabilities	305,745	25,795	25,303	25,303	25,303	25,303	382,609
Liabilities to affiliates	123,338	0	0	0	0	0	265,441
Finance lease liabilities	1,646	290	171	175	155	132	1,879
Other financial liabilities	34,761	34,271	114	97	94	93	93
Derivatives with a negative fair value							
Currency swaps in effective hedges	14,117	14,666	23,332	32,968	39,216	193,395	0

In the previous year, the cash inflow of EUR 320,885k from the USD receiver leg of the currency swaps until maturity in 2018 was not included in the above table.

Offsetting financial assets against financial liabilities

The USD/EUR currency swaps were entered into on the basis of ISDA Master Agreements, which include conditional claims to offset financial assets and financial liabilities. These offsetting rights are only legally effective if future events (e.g. insolvency, payment arrears) should occur. As the currency swaps only had positive market values as of the reporting date, derivative assets were not matched with any corresponding liabilities that would have enabled a potential offsetting.

Collateral

In connection with the syndicated loan, the assets of the German and American companies were provided as collateral to the extent that the syndicated loan is drawn. CeramTec Service GmbH, CeramTec Acquisition Corporation and CeramTec GmbH are the borrowers of the syndicated loan. In the USA, shares in CeramTec Acquisition Corporation and in CeramTec North America Corporation, all additional assets of CeramTec Acquisition and CeramTec North America Corporation as well as CeramTec GmbH's intellectual property registered in the USA were provided as collateral. In Germany, shares in CeramTec Service GmbH, CeramTec GmbH, CeramTec-ETEC GmbH, Cerasiv GmbH Innovatives Keramik Engineering and Emil Müller GmbH, all intercompany receivables and bank accounts of CeramTec Group GmbH and CeramTec Service GmbH, all intercompany receivables, insurance receivables and trade receivables as well as bank accounts of CeramTec GmbH, CeramTec-ETEC GmbH, Emil Müller GmbH and Cerasiv GmbH Innovatives Keramik Engineering were provided as collateral. Furthermore, the intellectual property and land of CeramTec GmbH, CeramTec-ETEC GmbH, Emil Müller GmbH and Cerasiv GmbH Innovatives Keramik Engineering were provided as collateral for the syndicated loan, or encumbered.

Risk from compliance with financial covenants

Compliance with a financial covenant was also agreed in connection with the syndicated loan obtained. This must be done by the CeramTec Holding Group if the revolving credit line for EUR 100m is drawn by an amount set in the loan agreement.

Capital management

The CeramTec Holding Group's objective of capital management is securing liquidity to make investments that increase the value of the organization. The focus is therefore on optimizing the operating cash flow as well as repaying liabilities on schedule. Recognized equity amounted to EUR 285,222k (31 December 2013: EUR 326,870k). Liabilities of EUR 1,442,304k (31 December 2013: EUR 1,412,260k) were recognized as of the reporting date. The equity ratio stands at 16.51 % (31 December 2013: 18.78 %).

6.2 Contingent liabilities

There were no significant contingent liabilities as of 31 December 2014. The group companies are involved as parties in a number of lawsuits. These proceedings are linked to ordinary business activities and mainly relate to commercial, product liability and environmental processes. The group companies accrue for such obligations if it is probable that an obligation has arisen, and the expenditure required to settle the obligation is reliably measurable. Such obligations are disclosed in the notes to the financial statements if it is not unlikely that settlement can result in an outflow of resources.

6.3 Related party disclosures

Key management personnel

Key management personnel are people who are directly or indirectly responsible for the planning, directing and controlling the activities of the CeramTec Holding Group. This comprises the management of CeramTec Holding and the supervisory board of CeramTec GmbH.

In the fiscal year, the **general managers** of CeramTec Holding were:

Dr. Ulf-D. Zimmermann
Chief Executive Officer / HR director

Rolf-Michael Müller (until 23 September 2014)
Chief Financial Officer

Dominique Janbon (from 1 October 2014)
Chief Financial Officer

Sigurd Adler
Chief Technology Officer

The members of management received total remuneration (fixed and variable amounts) in the form of short-term employee benefits amounting to EUR 2,191k (15 July to 31 December 2013: EUR 747k) in the fiscal year. The payments for post-employment benefits amount to EUR 286k (15 July to 31 December 2013: EUR 175k). This amount comprises the service cost for pension obligations and contributions to defined contribution plans. As of 31 December 2014, former general managers are also granted with termination benefits of EUR 1,379k (31 December 2013: EUR 0k). Additionally, pension obligations for general managers of EUR 3,099k (31 December 2013: EUR 5,059k) as well as EUR 2,599k for former managers are existing.

As part of a management participation program (MPP), the general managers were offered the option to indirectly acquire shares in parent company Faenza Holding S.à.r.l. via Faenza MEP GmbH & Co. KG. These indirect shares were acquired at fair value, which is calculated based on the purchase price for the acquisition of the high-performance ceramics division by the ultimate parent company. The shares primarily enable them to participate in earnings if certain events occur. The Company has no obligations from the management participation program. The MPP is therefore accounted for as equity-settled share-based payments in these consolidated financial statements in accordance with IFRS 2. As the shares were acquired at fair value, no benefits were granted to the general managers. This means that no personnel expenses are incurred if or before the defined events occur.

CeramTec GmbH has a **supervisory board** in accordance with the articles of incorporation.

The total remuneration of the supervisory board in the fiscal year 2014 amounted to EUR 63k (15 July to 31 December 2013: EUR 14k). In addition, in the fiscal year consultancy fees of EUR 37k (15 July to 31 December 2013: EUR 0k) were paid to members of the supervisory board.

Transactions with related parties

Entities and natural persons are deemed to be related parties when they exercise control over the reporting company or over its subsidiaries or when they have a significant influence on the reporting company's financial and business policy. A loan of EUR 133,549k (31 December 2013: EUR 123,338k), including interest, with a fixed interest rate of 8.255 % p.a. has been obtained from CeramTec Holding's controlling shareholder, Faenza Luxembourg S.à.r.l., Luxembourg. Interest expenses of EUR 10,211k (15 July to 31 December 2013: EUR 3,338k) were incurred in the fiscal year 2014. These were not paid to the shareholder; instead, the loan will be increased with effect from 29 August 2015. The loan is not secured.

In the fiscal year, Faenza Luxembourg S.à.r.l. charged the CeramTec Holding Group EUR 601k (15 July to 31 December 2013: EUR 0k) for consultancy services and out-of-pocket expenses.

6.4 Auditor's fees

Overall, CeramTec Holding's auditor's fees for the fiscal year break down as follows:

	1 January to 31 December 2014 EUR k	15 July to 31 December 2013 EUR k
Audit services	368	411
Audit-related services	137	113
Total	**467**	**524**

6.5 Subsequent events

There were no significant events after the end of the reporting period.

7 Reconciliation to CeramTec Group GmbH

If the consolidated statement of comprehensive income of CeramTec Group had been prepared instead of the consolidated statement of comprehensive income of CeramTec Holding, which is presented in these financial statements, this would have resulted in the following changes for the fiscal year:

- Lower general administrative expenses of EUR 170k (15 July to 31 December 2013: EUR 1,065k)
- Lower interest expenses of EUR 10,211k (15 July to 31 December 2013: EUR 3,338k)
- Higher interest income of EUR 2,170k (15 July to 31 December 2013: EUR 0k)
- Lower other expense of EUR 0k (15 July to 31 December 2013: EUR 3k)
- Higher tax expenses of EUR 36k (15 July to 31 December 2013: EUR 346k)
- Higher expenses for profit transfers EUR 2,211k (15 July to 31 December 2013: higher income for loss transfers of EUR 37,804k)

The total comprehensive income of CeramTec Group would therefore have been EUR 10,304k (15 July to 31 December 2013: EUR 41,864k) higher compared to the total comprehensive income recognized in these financial statements.

If the consolidated statement of financial position of CeramTec Group had been prepared instead of the consolidated statement of financial position of CeramTec Holding, which is presented in these financial statements, this would have resulted in the following changes as of 31 December 2014:

- Lower tax receivable of 382k EUR (31 December 2013: EUR 0k)
- Higher receivables of EUR 39,617k (31 December 2013: EUR 37,894k)
- Lower trade payables of EUR 68k (31 December 2013: EUR 403k)
- Lower provisions of EUR 34k (31 December 2013: EUR 575k)
- Lower financial liabilities to affiliates of EUR 132,807k (31 December 2013: EUR 123,338k)
- Lower cash and cash equivalents of EUR 0k (31 December 2013: EUR 24k)
- Lower deferred tax assets of EUR 0k (31 December 2013: EUR 346k)

This would have resulted in a EUR 172,144k (31 December 2013: EUR 161,840k) higher level of group equity for the CeramTec Group compared to the group equity recognized in these financial statements.

There would have been no impact on the consolidated statement of cash flows if the consolidated statement of cash flows of CeramTec Group had been prepared instead of the consolidated statement of cash flows presented in these financial statements.

Plochingen, 31 March 2015

CeramTec Holding GmbH

The management

Dr. Zimmermann	Janbon	Adler