ROY CERAMICS SE

Q1/2015

INTERIM REPORT

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

With the successful listing of the Company's shares on the Frankfurt Stock Exchange on 30 April 2015, we have achieved an important landmark in our Company's history.

In the first quarter of 2015 we continued to build on the growth of the business achieved in the PRC market in recent years. Revenue of EUR 30.9 million exceeded the first quarter revenue of 2014 by 64%, whilst net profit after tax of EUR 3.6 million exceeded the first quarter of 2014 by 29%. The continued growth of the business in the PRC was achieved due to the growth of the PRC economy together with accelerated urbanisation, an aggressive marketing campaign, and the increasing distributor network in the PRC.

However we are beginning to see signs that the PRC growth rate is slowing to less than 7% annual GDP growth and we are operating in a very competitive market where consumers are very price sensitive as well as quality conscious.

Consequently in the second half of 2015 we plan to focus on building brand recognition for ROY in new international markets such as Europe and the USA. We aim to attend trade fairs in these new markets in order to raise the profile and awareness of the ROY brand on an international level. In the medium term we aim to achieve strategic alliances in both Europe and the USA that will help us gain a foothold in these new markets, whilst the PRC will remain the main market for us.

I would like to express my thanks to all our shareholders for supporting the Company, and to our business partners, employees and customers for their trust, hard work and loyalty.

Sincerely yours,

Dipl.-Ing. Harald Paul Goldau
Managing Director of ROY Ceramics SE

INTERIM GROUP MANAGEMENT REPORT

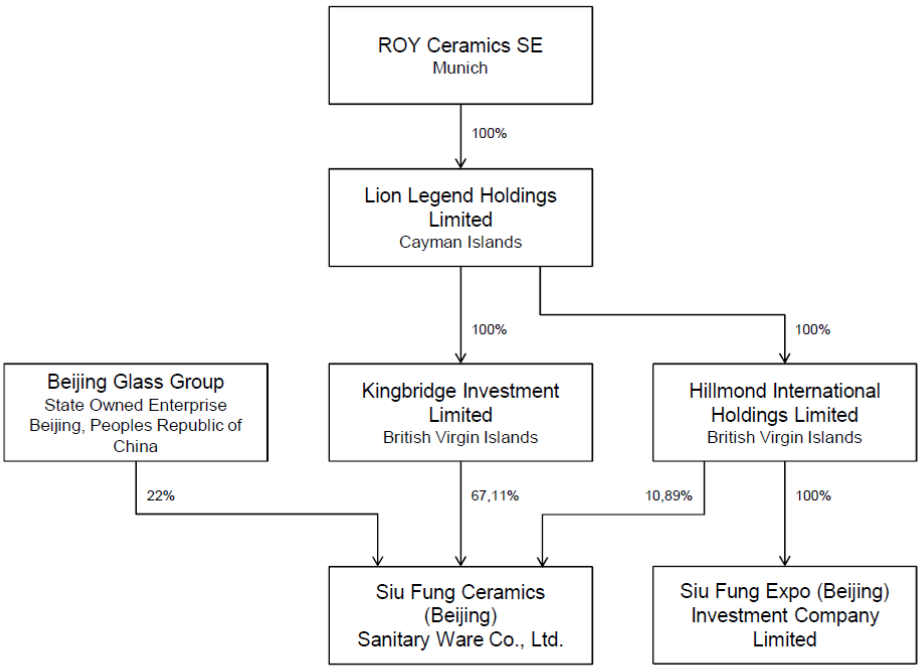
GENERAL INFORMATION ON ROY CERAMICS

ROY Ceramics SE (the "Company") is the parent company of the Group. The Company is an European stock corporation, founded on 8 May 2014, recorded in the commercial register (HRB 211752) of Munich, Germany, with business address at Bockenheimer Landstraße 17/19, 60325 Frankfurt am Main.

On 5 and 14 November 2014 all shareholders of LION LEGEND HOLDINGS LIMITED (LLH), incorporated in the Cayman Islands, entered into a contribution agreement with the Company whereby they undertook to transfer and arrange for the transfer of all issued shares in LLH, 12,990,000,000 shares of USD 0.01 each, to the company against the issuance of 12,990,000 no par value ordinary bearer shares in the Company in proportion to their stakes in the share capital of LLH.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacturing and sales of ceramic sanitary wares and accessories. The Company acts as an investment holding company.

The current structure chart of ROY is as follows:



ROY Ceramics offers a full range of sanitary bathroom amenities for use in mid-to-high priced premises. ROY Ceramics aims to provide quality and aesthetically pleasing sanitary ware and targets to become a leading bathroom solutions provider in the PRC and international markets.

The operational business of ROY is exclusively carried out by Fiu Fung Ceramics (SFC) and Siu Fung Expo (SFE). SFC is mainly engaged in the production of sanitary ceramic articles, but also in the marketing of those products, SFE is exclusively engaged in the

sale and marketing of bathroom ceramics products produced by SFC and the purchase and sale of all non-ceramics bathroom accessories. ROY Ceramics SE is an investment holding company, which has been established recently for the purpose of listing the Group on the regulated segment of the Frankfurt Stock Exchange [WKN: RYSE88 / ISIN: DE000RYSE888].

BUSINESS AND OPERATING ENVIRONMENT

Overall economic environment

In 2014 the Chinese economy grew at 7.4%, which is 0.3% lower than 2013. The slowdown in GDP (Gross Domestic Product) was mainly attributable to the slowdown in fixed asset investment and domestic consumption. Besides, the slowdown also represents the challenging economic outlook in China in Q1 2015 whereby the sentiment is relatively weak and consumers are becoming more cautious in their spending. In addition, despite the Chinese economy being mainly driven by its domestic consumption, it will also be affected by the headwinds from the world's economy, to a certain extent. The recent incidents, for example, political unrest in Ukraine, slowing European economy, in particular, the economic crisis in Russia and Greece, plummeting crude oil price etc. are likely to have an adverse impact on China's economy in 2015.

Current sentiment indicators so far in 2015 point largely to unchanged levels from those described in the Group Management Report section of the 2014 Annual Report.

Sanitary ware industry globally and in China

China is one of the largest sanitary ware markets in the world in terms of retail revenue and accounted for approximately 35% of the global production volume of sanitary ware products in 2011. China was also the largest exporter of sanitary ware products in the world in 2011 with its key export markets including North America, Europe and Asia, according to Frost & Sullivan.

Manufacturers of sanitary ware products compete in the areas of production expertise, design capabilities, brand strength, distribution network and sales and marketing skills. Compared to their international peers, local manufacturers have advantages in terms of lower manufacturing costs, better local market intelligence and competitive pricing.

Residential households are the largest target market for sanitary ware products in China. Commercial properties (such as hotels, business offices, shopping malls, cinemas, gymnasiums, restaurants and entertainment centers) and public buildings (such as government offices, hospitals, schools and transportation centers) are also key sources of demand for sanitary ware products in China.

Driven by demand growth for housing and an increase in home renovation activities, the sanitary ware market in China is projected to grow to RMB 144,848 million by 2015, representing a CAGR of 14.4% over the period from 2011 to 2015.

Retail sales value of the ceramic sanitary ware market in China increased from RMB 18,963 million in 2006 to RMB 45,081 million in 2011 at a CAGR of 19.4%, outpacing the growth of the overall sanitary ware market in China during the same period. Frost & Sullivan forecasts that the ceramic sanitary ware market will grow to RMB 790,004 million by 2015, representing a CAGR of 14.4% during the period from 2011 to 2015.

The ceramic toilet product segment is the largest product segment in the ceramic sanitary ware market in China, accounting for 46.0% of the ceramic sanitary ware market in 2011 with a retail sales value of RMB 21,211 million. According to Frost & Sullivan, the retail sales value of the ceramic toilet product segment is projected to grow at a CAGR of 15.9% from RMB 21,211 million in 2011 to RMB 38,292 million by 2015, and to account for 48.4% of China's ceramic sanitary ware market in 2015.

The ceramic basis product segment accounted for approximately 35.4% of the ceramic sanitary ware market in 2011 with a retail sales value of RMB 16,290 million. According to Frost & Sullivan, the retail sales value of the ceramic basin product segment is projected to grow at a CAGR of 15.0% from RMB 16,290 million in 2011 to RMB 28,456 million by 2015, and to account for 36.0% of China's ceramic sanitary market in 2015.

Summary on business development and performance

Roy's business and financial performance in Q1 2015 continued on the successful platform achieved in 2014 concentrating on the Mainland China market with an aggressive marketing campaign and growth in franchised outlets, distributors and marketing personnel in the PRC. Further details of the business development are contained in the 2014 Annual Report.

RESULTS OF OPERATIONS

The table below shows the condensed consolidated income statement for the financial period ended March 31, 2015 compared to the income statement for the financial period ended March 31, 2014:

kEUR	Q1 2015	Q1 2014	Change in %
Revenue	**30,897**	**18,834**	***64***
Cost of sales	20,138	11,166	*80*
Gross profit	**10,759**	**7,668**	***40***
Other operating income	0	0	*0*
Other operating expenses	0	0	*0*
Distribution expenses	3,095	2,112	*47*
Administrative expenses	2,750	1,786	*54*
Profits from operations/ EBIT	**4,914**	**3,770**	***30***
Finance income	52	35	*49*
Finance expenses	0	0	*0*
Profit before income tax	**4,966**	**3,805**	***31***
Income tax	1,410	1,043	*35*
Net profit for the period	**3,556**	**2,762**	***29***
Gross margin in %	34.8%	40.7%	*(5.9 pp)*
EBIT margin in %	15.9%	20.0%	*(4.1 pp)*
Net profit margin in %	11.5%	14.7%	*(3.2 pp)*

Revenue

ROY's revenues are derived from ROY's two operating companies, SFC and SFE. Revenue represents the amount received and receivable for sales of sanitary ware products and accessories, net of sales related taxes.

The increase in ROY's revenues of 64% from Q1 2014 to Q1 2015 was made up of 28% due to the strengthening of the RMB against the Euro and 36% due to the continued growth of the business in the PRC resulting from an aggressive marketing campaign and increasing the distributor network in the PRC in 2014. Major projects with property developers and resort projects such as the Hainan White Horse Holdings Limited's property development on Hainan Island continued to drive the growth in revenues.

Cost of sales

The main components of ROY's cost of sales are raw materials, labour costs, manufacturing overhead costs (including energy, depreciation of factory plant and equipment, consumables and packaging) and the costs of non-ceramic goods and accessories purchased from external suppliers.

The cost of sales for the period under review are as follows:

	Q1 2015		Q1 2014	
	kEUR	%	kEUR	%
Raw materials	3,952	*20*	2,364	*21*
Labour costs	653	*3*	414	*4*
Manufacturing overhead costs	5,611	*28*	3,344	*30*
Non-ceramic goods and accessories	9,922	*49*	5,044	*45*
TOTAL	**20,138**	***100***	**11,166**	***100***

Raw materials comprise mainly clay, clay ball, kaolinite, quartz and feldspar and account for 20% of cost of sales in Q1 2015 compared with 21% in Q1 2014. Similarly labour costs are relatively static at 3% to 4% of cost of sales due to the highly automated production process in Beijing. Manufacturing overhead costs were 28% of cost of sales in Q1 2015 compared with 30% in Q1 2014 due to economies of scale achieved in the production process. Non-ceramics goods and accessories accounted for 49% of the cost of sales in Q1 2015 compared with 45% in Q1 2014 due to a higher proportion of non-ceramics accessories sales so far in 2015.

Gross profit and gross margin

Gross profit increased by 40% from kEUR 7,668 in Q1 2014 to kEUR 10,759 in Q1 2015 as compared with an increase in revenue of 64%. The lower gross margin achieved of 34.8% in Q1 2015 compared with the gross margin of 40.7% achieved in Q1 2014 was due to toughening market conditions in the PRC which necessitated ROY providing discounts on prices in order to continue to increase volume of sales.

Distribution expenses

Distribution expenses comprise mainly advertising and promotional expenses, travelling and entertaining expenses, transportation costs incurred for the delivery of goods to

customers and distributors and salaries and commission paid to sales and marketing personnel.

Distribution expenses increased from kEUR 2,112 in Q1 2014 to kEUR 3,095 in Q1 2015. The increase of 47% is reasonable compared with the increase in revenue of 64%.

Administrative expenses

Administrative expenses comprise mainly of payroll and payroll related expenses of directors, management and administrative personnel, travelling and entertainment expenses incurred by management and directors, depreciation charges not related to manufacturing equipment, amortization of prepaid lease for the factory land, utilities, repairs and maintenance,rental, office expenses, transportation expenses and provision for impairment loss on trade and other receivables.

Administrative expenses increased from kEUR 1,786 in Q1 2014 to 2,750 in Q1 2015. The increase of 54% is due to the expansion of the business in the PRC and Hong Kong and costs of completing the listing of the Company's shares on the Frankfurt Stock Exchange.

EBIT

EBIT increased from kEUR 3,770 in Q1 2014 to kEUR 4,914 in Q1 2015. The increase of 30% in EBIT was achieved from an increase in revenue of 64% with lower operating margins in an increasingly competitive market.

Finance income

Finance income consists of bank interest income which increased slightly from kEUR 35 in Q1 2014 to kEUR 52 in Q1 2015.

Income tax

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI. Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rates of the PRC operating subsidiaries are 25%.

The income tax charge increased from kEUR 1,043 in Q1 2014 to 1,410 in Q1 2015. The increase of 35% is consistent with the increase in operating profits in the PRC.

Net profit

Net profit increased from kEUR 2,762 in Q1 2014 to kEUR 3,556 in Q1 2015, representing a satisfactory start to the fiscal year 2015 and an improvement of 29% from Q1 2014.

DEVELOPMENT OF THE MAIN PRODUCT LINES

The main product lines of the Group are ceramics products and non-ceramics accessories. In Q1 2015 and Q1 2014, the Group's main product lines' revenue and gross profit developed as follows:

kEUR	Q1 2015	Q1 2014	Change in %
Ceramics products			
Revenue	12,475	13,004	*(4%)*
% of total revenue	40.4%	69.0%	*(41%)*
Gross profit margin %	31.3%	40.9%	*(23.5%)*
Non-Ceramics Accessories			
Revenue	18,422	5,830	*216%*
% of total revenue	59.6%	30.9%	*193%*
Gross profit margin %	37.2%	40.4%	*(7.9%)*

Ceramics products

Revenue from ceramics products dropped by 4% from Q1 2014 to Q1 2015 and now accounts for 40.4% of total revenue. The market for ceramics products in the PRC is very competitive which results in a very price sensitive environment. This also explains the fall in gross profit margin on ceramics products from 40.9% achieved in Q1 2014 to 31.3% achieved in Q1 2015, as discounts were necessary in 2015 to retain market share. Sales of ceramics products were also offered on attractive terms as part of a package deal to include suitable non-ceramics accessories.

Non-Ceramics Accessories

Revenue from non-ceramics accessories increased significantly by 216% from Q1 2014 to Q1 2015 and now accounts for 59.6% of total revenue as ROY concentrates on shifting emphasis from lower margin core ceramics products to more value added non-ceramics accessories such as intelligent toilet seats with advanced automated features. The growth in sales of non-ceramics accessories is significant and achieved with a slight fall in gross profit margin from 40.4% achieved in Q1 2014 to 37.2% achieved in Q1 2015.

Overall ROY is positioning itself in a very competitive market where the trend is for consumers to demand ceramics products with the latest technology accessories.

NET ASSETS AND FINANCIAL POSITION

NET ASSETS

The following table shows the condensed consolidated statement of financial position as at March 31, 2015 compared to the condensed consolidated statement of financial position as at December 31, 2014:

kEUR	Mar 31, 2015	Dec 31, 2014	Change in %
Non-current assets	144,250	129,110	*11.7%*
Current assets	130,175	111,058	*17.2%*
Equity & reserves	260,147	227,293	*14.5%*
Non-current liabilities	0	0	*0%*
Current liabilities	14,278	12,875	*10.9%*

Non-current assets

Non-current assets comprise property, plant and equipment, prepaid lease payments and prepayments. The non-current assets increased by 11.7% from Q4 2014 to Q1 2015. The main impact are investments in property, plant and equipment. The book value increased from kEUR 120,656 in Q4 2014 to kEUR 135,030 in Q1 2015. The prepaid lease payments amount to kEUR 8,383 and the longterm prepayments amount to kEUR 838.

Current assets

Current assets comprise inventories, bank balances and cash, trade and other receivables and prepaid lease payments. The current assets increased by 17.2% from Q4 2014 to Q1 2015.

The cash position of the Group improved from kEUR 34,888 at 31st December 2014 to kEUR 41,864 at 31st March 2015.

Inventories comprise of raw materials, work in progress, and finished goods products in stock.

	Q1 2015 kEUR	Q4 2014 kEUR
Raw materials	381	165
Finished goods	18,177	15,234
	18,558	15,399

The trade and other receivables increased from kEUR 59,300 in Q4 2014 to kEUR 68,642 in Q1 2015.

Equity

The share capital amounts to € 13,110,000.00 and consists of 13,110,000 non-par-value shares which are bearer shares for which a global share certificate was issued.

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity. The amounts are explained as follows:

- Statutory reserve: The statutory reserve represents amounts transferred from profit after taxation of the Group established in the PRC in accordance with the PRC laws and regulations.

- Capital reserve includes the increase of the share capital of the parent company (kEUR 200) and the contribution in kind (kEUR 78,327) arising from the acquisition of the subsidiary LLH resulting from the difference between the nominal value of the newly issued shares received by the owners and the nominal value of the shares acquired in LLH.

- Translation reserve: The translation reserve arose from the translation of the financial statements of the Group and is not distributable by way of dividends.

- Retained earnings: The retained earnings reserve comprise the cumulative net gains recognised in the Group's profit or loss.

Current liabilities

The current liabilities increased by 10.9% from Q4 2014 to Q1 2015. The trade and other payables increased from kEUR 10,785 to kEUR 12,805. The income tax payables dropped from kEUR 2,090 to kEUR 1,473.

FINANCIAL POSITION

kEUR	**Q1 2015**	**Q1 2014**	***Change in %***
Cash inflow/(outflow) from operating activities	(9,808)	(1,683)	*(483%)*
Cash inflow/(outflow) from investing activities	52	35	*49%*
Cash outflow from financing activities	0	0	*0%*

The Group continues to sustain itself from revenues generated internally and without assistance of any financing activities from external sources. The cash position of the Group is healthy and improved from kEUR 21,375 at 31 December 2013 to kEUR 26,191 at 31 March 2014, kEUR 34,888 at 31 December 2014 and kEUR 41,864 at 31 March 2015.

HUMAN RESOURCES

ROY's employees are employed in separate departments as follows. The number of employees increased from 468 in Q1 2014 to 499 in Q1 2015 mainly due to additional sales and marketing personnel recruited to drive the growth of the business in the PRC.

Department	**Q1 2015**	**Q1 2014**
Research and design development	17	15
Sales and marketing	185	164
Management and administration	85	80
High pressure and micro casting	60	60
Raw materials	18	17
Glazing and finishing	25	25
Quality control and testing	25	24
Molding workshop	15	15
Equipment maintenance	13	12
Boiler	9	9
Electricity and natural gas	14	14
Cleaning	11	11
Internal security	10	10
Guards	12	12
Total permanent employees	**499**	**468**
Temporary contract workers	0	0
Total employees and temporary contract workers	**499**	**468**

RESEARCH AND DEVELOPMENT ("R&D")

ROY has a dedicated team of 17 experienced personnel concentrating on research and design development including product development and improvement of production technology and processes.

Design concepts introduced by Mr. Enrico Taranta are refined into functional product designs by ROY's in house engineering design team using the latest CAD software. The completed designs drawings are vetted and passed to the factory for manufacturing assessment including any new molds and components.

Two to three series of new products are developed every year. There is a dedicated mold development centre on the factory site in Beijing concentrating on improving production methods.

Accordingly the main focus of research and development activities since 2011 until today has been threefold:

- Firstly, developing new design concepts into functional products using ROY's in house engineering team;

- Secondly, developing and completing the design for the universal outlet adaptor for ROY's toilets which enables ROY's toilets to comply with both European and American industry standards. This has taken 3 years to perfect and the patent application has recently been filed in the PRC;

- Thirdly, developing a set of bespoke bathroom designs specifically suitable for use by the elderly and physically handicapped in collaboration with Henderson Land Group (a major property developer listed on the Hong Kong Stock Exchange).

RISK AND OPPORTUNITY REPORT

In the Combined Management Report section of the 2014 Annual Report, the Group reported extensively on the opportunities and risks arising from business activities and other resources. There have been no significant risks identified beyond those previously reported which might have a significant impact on the results of operations and financial position of the Group within the remainder of 2015.

DEVELOPMENTS AFTER THE END OF THE REPORTING PERIOD

On 29 April 2015 the Company's shares were admitted for trading on the Prime Standard (regulated market) of the Frankfurt Stock Exchange.

OUTLOOK

Overall economic environment and industry development

The medium-term outlook is for a further easing of growth to 6.7% in 2015 and a stable outlook thereafter, reflecting a gradual slowdown in China, which will be offset by a pick-up in the rest of the Asian region in 2016-17. In China, structural reforms, a gradual withdrawal of fiscal stimulus, and continued prudential measures to slow non-bank credit expansion will result in slowing growth to 6.5% by 2017 (from 7.4% in 2014). In the rest of the region, excluding China, growth will strengthen to 5.5% by 2017 (from 4.6% in 2014) supported by firming exports, improved political stability, and strengthening investment.

Forecast ROY Ceramics

The Q1 2015 revenue and net profit achieved was better than we had expected. The business continues to grow in the PRC but operating margins and overhead costs are increasing in a very competitive environment. It should also be noted that the results for Q1 2015 when converted from the Group's functional currency of RMB into Euros also had a positive effect due to the weakening of the Euro against the RMB currency in the period under review.

We expect the second, third and fourth quarters of 2015 to reflect the slower growth rate in the PRC and the slowdown in major new property development projects. In order to mitigate the impact of the slower growth rate in the PRC, we are planning to commence sales of ROY's products in Europe and the USA in the second half of 2015. These will be two new markets for ROY and there will be an investment cost before we begin to generate profits in these markets.

Consequently we expect that the net profit level achievable for the financial year 2015 will only be on a par with or slightly better than in financial year 2014.

Frankfurt am Main, 28 May 2015
ROY Ceramics SE

The Administrative Board

DAVID HIRST SURASAK LELALERTSUPHAKUN DIPL.-ING. HARALD PAUL GOLDAU

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement of Comprehensive Income

kEUR	Q1 2015	Q1 2014
Revenue	**30,897**	**18,834**
Cost of sales	20,138	11,166
Gross profit	**10,759**	**7,668**
Other income		
Distribution expenses	3,095	2,112
Administrative expenses	2,750	1,786
Profit from operations	**4,914**	**3,770**
Finance income	52	35
Finance expenses	0	0
Profit before income tax	**4,966**	**3,805**
Income tax	1,410	1,043
Net profit for the period	**3,556**	**2,762**
Other comprehensive income for the period that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on foreign currency translation	29,298	(2,856)
Total comprehensive income for the period:	**32,854**	**(94)**
Profit for the period attributable to:		
– Owners of the parent	2,921	2,361
Total comprehensive profit for the period attributable to:		
– Owners of the parent	32,219	(495)
Basic and diluted earnings per share (in EUR)	0.22	0.18

Condensed Consolidated Statement of Financial Position

kEUR	31 Mar 2015	31 Dec 2014
Assets		
Non-current assets		
Property, plant and equipment	135,030	120,656
Prepaid lease payments	8,383	7,492
Prepayments	837	962
Total non-current assets	**144,250**	**129,110**
Current assets		
Bank balances and cash	41,864	34,888
Trade and other receivables	68,642	59,300
Inventories	18,558	15,399
Amount due from director	825	1,047
Prepaid lease payments	286	254
Amount due from a related company	0	170
Total current assets	**130,175**	**111,058**
Total assets	**274,425**	**240,168**
Equity and liabilities		
Equity		
Share capital	13,110	13,110
Reserves	216,013	183,794
Non-controlling interests	31,024	30,389
Total equity	**260,147**	**227,293**
Current liabilities		
Trade and other payables	12,805	10,785
Income tax payables	1,473	2,090
Total liabilities	**14,278**	**12,875**
Total equity and liabilities	**274,425**	**240,168**

Condensed Consolidated Statement of Changes in Equity

Consolidated statement of changes in equity

kEUR	Share capital	Statutory reserve	Capital reserve	Translation reserve	Retained earnings	Total	Non-Controlling interest	Total
Balance as at Dec 31, 2013/ Jan 1, 2014	**91,317**	**1,062**	**21,148**	**20,444**	**25,320**	**159,291**	**28,471**	**187,762**
Exchange differences	0	0	0	(2,856)	0	(2,856)	0	(2,856)
Profit	0	0	0	0	2,361	2,361	401	2,762
Total comprehensive income	0	0	0	(2,856)	2,361	(495)	401	(94)
Balance at Mar 31, 2014	**91,317**	**1,062**	**21,148**	**17,588**	**27,681**	**158,796**	**28,872**	**187,668**
Exchange differences	0	0	0	27,336	0	27,336	0	27,336
Profit	0	0	0	0	10,452	10,452	1,517	11,969
Total comprehensive income	0	0	0	27,336	10,452	37,788	1,517	39,305
Transfer	0	649	0	0	(649)	0	0	0
Paid Share Capital at founding	120	0	0	0	0	120	0	120
Increase of Capital Stock contributing payment	0	0	200	0	0	200	0	200
Increase of Capital Stock contribution in kind	12,990	0	0	0	0	12,990	0	12,990
Arising from contribution in kind	(91,317)	0	78,327	0	0	(12,990)	0	(12,990)
Balance at Dec 31, 2014/ Jan 1, 2015	**13,110**	**1,711**	**99,675**	**44,924**	**37,484**	**196,904**	**30,389**	**227,293**
Exchange differences	0	0	0	29,298	0	29,298	0	29,298
Profit	0	0	0	0	2,921	2,921	635	3,556
Total comprehensive income	0	0	0	29,298	2,921	32,219	635	32,854
Balance at Mar 31, 2015	**13,110**	**1,711**	**99,675**	**74,222**	**40,405**	**229,123**	**31,024**	**260,147**

Condensed Statement of Cash Flows

kEUR	Q1 2015	Q1 2014
Operating activities		
Profit before taxation	4,966	3,805
Adjustments for		
Amortisation of prepaid lease payments	68	58
Depreciation	1,090	924
Write-down of inventories	0	0
Impairment loss on trade and other receivables	0	0
Non-cash consultancy fee	224	185
Operation cash flow before changes in working capital	**6,348**	**4,972**
Decrease (increase) in inventories	(3,159)	(811)
Decrease (increase) in trade and other receivables	(9,342)	(2,492)
Decrease (increase) in amount due from a director	222	(1,748)
(Decrease) Increase in trade and other payables and accruals	(2,020)	(257)
Decrease (increase) in amounts due from a related party	170	0
Cash generated from operations	**(7,781)**	**(336)**
Income tax paid	(2,027)	(1,347)
Net cash generated from operating activities	**(9,808)**	**(1,683)**
Investing activities		
Interest received	52	35
Purchase of property, plant and equipment	0	0
Cash aquired on acquisition of subsidiaries	0	0
Net cash used in investing activities	**52**	**35**
Financing activities		
Proceeds from issue of shares	0	0
Net cash generated from financing activities	**0**	**0**
Net increase in cash and cash equivalents	**(9,756)**	**(1,648)**
Adjustments due to currency translation	16,732	6,464
Cash and cash equivalents at the beginning of the period	34,888	21,375
Cash and cash equivalents at the end of the period	**41,864**	**26,191**

Selected Notes to the Condensed Consolidated Interim Financial Statements of ROY Ceramics SE

1. Nature of operations

ROY Ceramics SE (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacturing and sales of ceramic sanitary wares and accessories. The Company acts as an investment holding company. The principal activities of its subsidiaries and the proportion of ownership interest and voting power held by the company are set out in note 29 of our Annual Report for the financial year 2014.

2. General Information and Statement of compliance with IFRS

The Group prepared these interim consolidated financial statements in compliance with IAS 34, Interim Financial Reporting. They should be read in connection with the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") for the financial year ended 31 December 2014.

ROY Ceramics SE is the parent company of the Group. The Company is an European stock corporation, founded on 8 May 2014, recorded in the commercial register (HRB 211752) of Munich, Germany, with business address at Bockenheimer Landstraße 17/19, 60325 Frankfurt am Main. The Shine Eagle Trust Reg., Balzers, Liechtenstein was the sole shareholder at the founding of the company.

On 5 and 14 November 2014 all shareholders of LION LEGEND HOLDINGS LIMITED (LLH), incorporated in the Cayman Islands, entered into a contribution agreement with the Company whereby they undertook to transfer and arrange for the transfer of all issued shares in LLH, 12,990,000,000 shares of USD 0.01 each, to the company against the issuance of 12,990,000 no par value ordinary bearer shares in the Company in proportion to their stakes in the share capital of LLH. The contribution agreement and the capital increase by way of contribution in kind was approved by an extraordinary shareholders' resolution dated 21 November 2014 and has been registered with the commercial register of the local court of Munich on 15 December 2014. The new no par value ordinary bearer shares in the company were issued to the former shareholders of LLH. The total notional value of the newly issued shares in the amount of EUR 12,990,000 is booked as registered share capital of the company. Shine Eagle Trust Reg. now holds 64.77% of the Company's shares.

In December 2014, when the Company acquired 100% of the shares in LLH by a contribution in kind the relative percentage of ownership in the Company as compared with the relative percentage ownership in LLH has not changed with this transaction. The transaction is considered to be a transaction under common control within the meaning of IFRS 3.B1, for which IFRS 3 is not applicable. The accounting as a reverse acquisition in terms if IFRS 3.B19 is also not applicable, because the presence of a business of ROY Ceramics SE prior to the transaction would have been required to apply the rules of IFRS 3.B19. The contribution of the shares of LLH into the Company has been recognised, considering the economic substance of the transaction analogous to a reverse acquisition, as described in the note for significant accounting policies.

The interim consolidated financial statements are presented in thousand units of Euro (kEUR). The functional currency of the Group is Renminbi (RMB). Rounding differences

may arise when individual amounts or percentages are added together. The exchange rates used in the preparation of the interim consolidated financial statements are presented in note 4 of these interim consolidated financial statements.

Comparative figures for Q1 2014 relate to the Q1 2014 unaudited consolidated financial information of Lion Legend Holdings Limited.

The interim consolidated financial statements for Q1 2015 were authorised for issue by the Managing Director to the Administrative Board on 28 May 2015.

3. Significant accounting policies and changes in estimates

The preparation of interim consolidated financial statements in compliance with IAS 34 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the annual financial statements for the financial year 2014.

The Group applied with no material impact the following accounting pronouncements for the first time as of the beginning of the current financial year 2015, which started on 1 January 2015:

Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions
Amendments to IFRSs - Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs - Annual Improvements to IFRSs 2011-2013 Cycle

Apart from the aforementioned first time adoptions the ROY Ceramics Group applies the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2014 annual financial statements.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to IAS 19 will have a significant impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

The *Annual Improvements to IFRSs 2010-2012 Cycle* include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 2 (i) change the definitions of “vesting condition” and “market condition”; and (ii) add definitions for “performance condition” and “service condition” which were previously included within the definition of “vesting condition”. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial Instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognized in profit and loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The *Annual Improvements to IFRSs 2011-2013 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of IAS 40; and

(b) the transaction meets the definition of a business combination under IFRS 3.

Significant accounting policies - merger accounting for the contribution of shares of LLH:

Acquisitions of businesses are accounted for using the acquisition method other than those resulting in a business combination involving only common control entities, which are outside the scope of IFRS 3. The merger accounting is used by the consolidated group to account for such common control business combinations. The contribution of shares of LLH in the Company in November/December 2014 has been accounted for applying the merger accounting for common control business combinations as follows:

Merger accounting for common control business combinations
A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired, which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been in effect throughout the current financial year.

The assets and liabilities consolidated are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of the shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is included in the capital reserve. The results of the subsidiaries being merged are included for the full financial year. The merger accounting as described was applied in the financial statements of the Group regarding the contribution in kind of the shares in LLH, the major transaction for the Group in 2014 as described in Notes 2 of these notes to the consolidated interim financial statements (General Information) and summarized as follows from an accounting policy point of view. In December 2014 ROY Ceramics SE acquired 100% of the shares in LLH by a contribution in kind. Since the relative percentage of ownership of the shares in ROY Ceramics SE after the transaction has not changed as compared with the relative percentage ownership in LLH before the transaction, the transaction is to be considered a transaction under common control within the meaning of IFRS 3.B1, for which IFRS 3 is not applicable. The accounting as a reverse acquisition in terms if IFRS 3.B19 is also not applicable, because the presence of a business of ROY Ceramics SE prior to the transaction would have been required to apply the rules of IFRS 3.B19. The contribution of the shares of LLH into the Company has been recognised, considering the economic substance of the transaction analogous to a reverse acquisition within the principles of merger accounting.

Additional information on business combination
On 5 and 14 November 2014 all shareholders of LLH entered into a contribution agreement with the Company whereby they undertook to transfer and arrange to transfer all the issued shares in LLH to the Company. This contribution agreement and the capital increase in the Company by way of contribution in kind was approved by an extraordinary shareholders' resolution dated 21 November 2014 and was formally reg-

istered with the commercial register in the Munich local court on 15 December 2014. Consequently the effective date of acquisition of LLH is considered to be 21 November 2014.

The primary reason for the acquisition of the LLH Group by the Company is for the purpose of acquiring the ROY Ceramics business in the PRC owned by LLH and thereby facilitating the listing of the Company's shares on the regulated market segment of the Frankfurt Stock Exchange.

Effective from the acquisition date of 21 November 2014 the Company acquired 100% of the assets and liabilities of LLH which included LLH's 100% shareholding in Kingbridge Investment Limited (which owns 67.11% of the shares issued by Siu Fung Ceramics (Beijing) Sanitary Ware Co., Ltd.) and LLH's 100% shareholding in Hillmond International Holdings Limited (which owns 10.89% of the shares issued by Siu Fung Ceramics (Beijing) Sanitary Ware Co., Ltd.) and 100% of the shares issued by Siu Fung Expo (Beijing) Investment Company Limited.

4. Currency translation

	RMB/EUR	
	Closing rate	**Average rate**
31 March 2014	8.47	8.38
31 December 2014	7.48	8.16
31 March 2015	6.63	6.92

The development of the currency translation difference, mainly based on the appreciation of the forex-rate RMB/EUR in Q1 2015 is shown on the following table:

	Q1 2015 kEUR	Q1 2014 kEUR
At the beginning of the period	44,924	20,444
Net currency translation difference for the period recognised in other comprehensive income	29,298	(2,856)
At the end of the period	74,222	17,588

5. Significant events and transactions

In Q1 2015, on 26 March, the company submitted a Prospectus to BaFin for admission to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) and a Public Offering in the Federal Republic of Austria of all the Company's issued non-par value shares. Please also refer to Note 10 of this interim report. For the economic development of the Group, please refer to the relevant sections of this interim report.

6. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares issued and outstanding during the financial period. Over the whole Q1 2015 period, the number of outstanding ordinary shares was 13,110,000. In order to provide a meaningful comparison the same number of shares issued has been applied to the Q1 2014 earnings per share calculation. Exchange differences arising on translation are excluded from the earnings per share calculations.

	Q1 2015	Q1 2014
Profit for the financial period attributable to equity holders of the parent (kEUR)	2,921	2,361
Weighted average number of issued and outstanding no par shares (in thousands; Q1 2014 for comparative purposes)	13,110	13,110
Basic and diluted earnings per share (EUR)	**0.22**	**0.18**

7. Fair values of financial instruments

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are presented in the financial statements:

	As at March 31, 2015		As at December 31, 2014	
	Carrying amount	Fair Value	Carrying amount	Fair value
	kEUR	kEUR	kEUR	kEUR
Financial assets				
Loans and receivables (including trade and other receivables, prepayments, amount due from a director and bank and cash balances)	110,791	110,791	95,659	95,659
Total	**110,791**	**110,791**	**95,659**	**95,659**
Financial liabilities				
Liabilities measured at amortised cost (including trade and other payables, excluding accruals and other tax payables, and amount due to a director)	11,514	11,514	9,149	9,149
Total	**11,514**	**11,514**	**9,149**	**9,149**

8. Commitments and contingencies

There are no commitments or contingencies other than as lessee for future minimum lease payments under non-cancellable leases, which fall due as follows:

	As at 31 March 2015 kEUR
Within one year	433
In the second to fifth years inclusive	437
Total	870

The lease payments represent rentals payable by the Group for its office and warehouse premises. The lease terms are fixed for periods of two to five years.

9. Related party disclosures – Significant related party transactions

The Group had the following material related party transactions during the period:

	Q1 2015 kEUR	Q1 2014 kEUR
Consultancy fee paid to:		
Hi Scene Industrial Ltd.	52	28
Siu Fung Concept Ltd.	0	9
Luck Connection Limited	224	185

Hi Scene Industrial Ltd. is controlled by a key management of SFE.
Siu Fung Concept Ltd. is controlled by Surasak Lelalertsuphakun, a director of LLH and a member of the Administrative Board.
Luck Connection Ltd. is controlled by Deng Yun, a director of LLH.

The above transactions were entered into with normal commercial terms.

10. Events after the reporting date

On 26 March 2015 the Company submitted a Prospectus to BaFin for admission to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) and a Public Offering in the Federal Republic of Austria of all the Company's issued non-par value shares. On 29 April 2015 the Company's shares were admitted to the Frankfurt Stock Exchange.

Frankfurt am Main, 28 May 2015
ROY Ceramics SE

The Administrative Board

DAVID HIRST SURASAK LELALERTSUPHAKUN DIPL.-ING. HARALD PAUL GOLDAU

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, which are based on the current estimates and assumptions by the corporate management of ROY Ceramics SE. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by ROY Ceramics SE and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside ROY Ceramic SE's control and cannot be accurately estimated in advance, such as the future economic environment or the actions of competitors and others involved in the marketplace. ROY Ceramics SE neither undertakes nor plans to update any forward-looking statements.

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FINANCIAL CALENDAR 2015

Annual General Meeting
To be announced in June 2015

Publication of half-year report
August 26

Publication of Q3/9M report
November 19

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