ROY CERAMICS SE

Q3/2015

INTERIM REPORT

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

In the first half of 2015 we began to see signs that the PRC growth rate was slowing to less than 7% annual GDP growth with a significant decrease in new property and resort developments. In the third quarter of 2015 this slowing down trend continued in the PRC with much fewer new projects in the real estate sector. I believe that this slowdown in the China economy will keep getting worse in the next three to five years.

An important event in the third quarter was the decision to sell our operating subsidiaries in China and to relocate our production to the USA. On August 2015, the Administrative Board of ROY Ceramics SE ("ROY") resolved to accept an offer to Lion Legend Holdings Limited ("LLH"), the principal subsidiary of ROY, from White Horse Holdings Limited ("White Horse") regarding the sale of all the issued share capital of LLH's subsidiaries, Kingbridge Investment Limited and Hillmond International Holdings Limited, including their interests in the two operating subsidiaries in China but excluding moveable plant and machinery and all intellectual property, such as manufacturing processes, patents and trademarks under the ROY name. The proposed purchase price amounts to approximately US$ 80 million. All legal formalities of the agreement with White Horse have been concluded at the end of September 2015 and under the terms of the agreement White Horse has time until June 30, 2016 to settle the consideration of US$ 80 million with interest being payable at 6% per annum on any unpaid balance from September 30, 2015. Consequently the results to the third quarter of 2015 reflected the winding down of the business in the PRC, which obviously had a short-term negative impact.

Part of the sales proceeds will be utilised to build a new state of the art ceramics production facility in the USA. It is likely that the new factory will be located in Houston, Texas. A detailed feasibility study is being conducted and a decision will be made once a proper financial analysis has been completed.

Due to the winding down of the business in the PRC, we have started to develop the market in the Association of Southeast Asian (ASEAN) countries. The Heads of Agreement between Lion Legend Holding Limited, the principal subsidiary of ROY and Stone Master Corporation Berhad ("Stone Master"), a company listed on the Bursa Malaysia Main Market is our first step in developing the market in ASEAN countries for ROY's products.

We now plan to start focusing 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.

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.

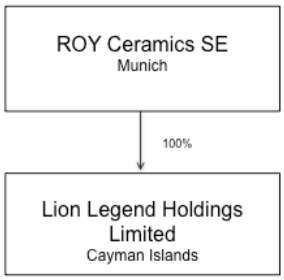
Sincerely yours,

Siegfried Lee
CEO of ROY Ceramics SE

INTERIM GROUP MANAGEMENT REPORT

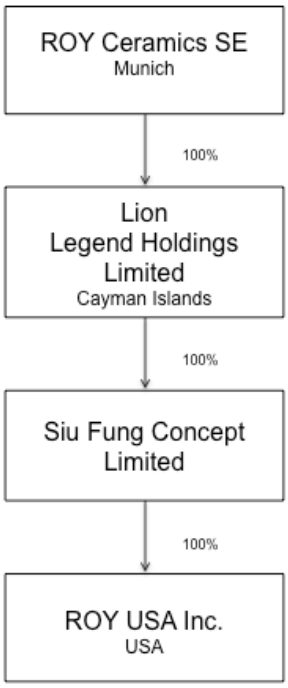
GENERAL INFORMATION ON ROY CERAMICS SE

As a result of the sale of the Group's principal subsidiaries to White Horse effective from September 30, 2015, the organizational structure of ROY is as follows:



In October 2015, as part of the further restructuring of the Group, Lion Legend Holdings Limited ("LLH") acquired 100% of the issued share capital of Siu Fung Concept Limited, a private company incorporated in the British Virgin Islands, which was previously owned by Mr. Surasak Lelalertsuphakun, the Deputy Chairman of ROY Ceramics SE. Siu Fung Concept Limited has an authorised share capital of US$ 60 million and owns 100% of ROY USA Inc., based in California. ROY USA Inc. will manage the Group's new state-of-the-art ceramics factory in the USA.

Effective from October 2015 the current structure of ROY is as follows:



BUSINESS AND OPERATING ENVIRONMENT

Overall economic environment

In 2014 the Chinese economy grew at 7.4%, which is 0.3% lower than 2013. And for the first half of 2015 the Chinese economy grew by 7.0% which slowed to 6.8% for Q3 2015. The slowdown in GDP (Gross Domestic Product) was mainly attributable to the slowdown in fixed asset investment and domestic consumption. In addition Industrial Profits in China had their biggest fall in four years in August 2015 registering a decline of 8.8% compared to August 2014. Besides, the slowdown also represents the challenging economic outlook in China for the remainder of 2015 and the first half of 2016 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 a weaker Chinese economy from those described in the Group Management Report section of the 2014 Annual Report especially with regard to the real estate sector.

Sanitary ware industry globally and in China

Industry sentiment indicators point to a weaker environment for the sanitary ware business in China from that described in the combined management report of the 2014 annual report and in the Q1 and Q2 interim reports 2015 and increasingly tougher environmental regulations will soon be implemented for manufacturing operations in China.

Summary on business development and performance

ROY's business and financial performance in Q3 2015 was adversely affected by the sale of the Group's principal and operating subsidiaries to White Horse in August 2015 which necessitated closing the production facility in Beijing.

Compared to Q3 2014, the group's revenue decreased by 65% due to the closure of the Beijing factory in Q3 2015. In the first 9 months of 2015, group revenues decreased by 4.5%, revenues from ceramics products fell by 33.9% whilst revenues from non-ceramics products increased by 35.3%. The gross profit margin on ceramics products fell from 43.4% to 25.6% whilst the gross profit margin on non-ceramics products fell from 34% to 20.3%. The reduction in operating margins was mainly due to lower sales in Q3 2015 prior to the closure of the factory in Beijing. Overall we are satisfied with the Q3 results despite the negative short-term impact from the sale of the operating subsidiaries, which took place in Q3 2015.

RESULTS OF OPERATIONS

The table below shows the condensed consolidated income statements for the reporting period ended September 30, 2015 compared to the period ended September 30, 2014.

kEUR	Q3 2015	Q3 2014	Change in %	9M 2015	9M 2014	Change in %
Revenue	**9,667**	**28,189**	***(65.7)***	**70,682**	**74,010**	***(4.5)***
Cost of sales	16,017	17,169	*(6.7)*	54,837	44,829	*22.3*
Gross profit	**(6,350)**	**11,020**	***(157.6)***	**15,845**	**29,181**	***(45.7)***
Other operating income	0	0	*0*	0	0	*0*
Loss on disposal of subsidiaries	12,126	0	*>100*	12,126	0	*>100*
Distribution expenses	596	2,756	*(78.4)*	5,467	6,721	*(18.7)*
Administrative expenses	1,677	2,223	*(24.6)*	8,050	6,177	*30.3*
Profits from operations/ EBIT	**(20,749)**	**6,041**	***(443.5)***	**(9,798)**	**16,283**	***(160.2)***
Finance income	37	39	*(5.1)*	142	104	*36.5*
Finance expenses	0	0	*0*	0	0	*0*
Profit before income tax	**(20,712)**	**6,080**	***(440.7)***	**(9,656)**	**16,387**	***(158.9)***
Income tax	(1,888)	1,613	*(217.0)*	1,608	4,493	*(64.2)*
Net profit for the period	**(18,824)**	**4,467**	***(521.4)***	**(11,264)**	**11,894**	***(194.7)***
Gross margin in %	(65.7)	39.1	*(104.8 pp)*	22.4	39.4	*(17.0 pp)*
EBIT margin in %	(214.6)	21.4	*(236.1 pp)*	(13.9)	22.0	*(35.9 pp)*
Net profit margin in %	(194.7)	15.8	*(210.6 pp)*	(15.9)	16.1	*(32.0 pp)*

Revenue

ROY's revenues were derived from ROY's two operating companies, SFC and SFE until the sale of these operating subsidiaries to White Horse in Q3 2015. Revenue represents the amount received and receivable for sales of sanitary ware products and accessories, net of sales related taxes.

The decrease in ROY's revenues of 65% for the third quarter 2015 compared with the third quarter 2014 and of 4.5% for the first 9 months of 2015 compared with the first 9 months of 2014 was due to the sale of the operating subsidiaries to White Horse in Q3 2015.

Cost of sales

The main components of ROY's cost of sales were 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. Overall cost of sales increased by 22% from the first 9 months of 2014 to the first 9 months of 2015 despite a decrease in revenues of 4.5%. The increase in cost of sales was mainly due to the increase in costs of non-ceramic goods and accessories as more high quality accessories were sold to augment ROY's ceramics products.

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

	9M 2015		9M 2014	
	kEUR	% of total cost of sales	kEUR	% of total cost of sales
Raw materials	8,818	*16.1*	8,562	*19.1*
Labour costs	1,488	*2.7*	1,390	*3.1*
Manufacturing overhead costs	10,642	*19.4*	14,121	*31.5*
Non-ceramic goods and accessories	33,889	*61.8*	20,756	*46.3*
TOTAL	**54,837**	***100.0***	**44,829**	***100.0***

Raw materials comprise mainly clay, clay ball, kaolinite, quartz and feldspar and account for 16.1% of cost of sales in the first 9 months of 2015 compared with 19.1% in the first 9 months of 2014. Similarly labour costs are relatively static at around 3% of cost of sales due to the highly automated production process in Beijing. Manufacturing overhead costs decreased from 31.5% of cost of sales in the first 9 months of 2014 to 19.4% in the first 9 months of 2015 due to the closure of the Beijing factory in Q3 2015. Non-ceramic goods and accessories accounted for 61.8% of total cost of sales in the first 9 months of 2015 compared with 46.3% for the first 9 months of 2014 due to a higher proportion of non-ceramic accessories sales in 2015.

Gross profit and gross margin

Gross profit decreased by 45.7% from kEUR 29,181 in the first 9 months of 2014 to kEUR 15,845 in the first 9 months of 2015 as compared with a decrease in revenue of 4.5%. The lower gross margin achieved was due to toughening market conditions in the

PRC which necessitated ROY providing discounts on prices and due to the sale of the operating subsidiaries to White Horse in Q3 2015.

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 as well as commissions paid to sales and marketing personnel.

Distribution expenses decreased from kEUR 6,721 in the first 9 months of 2014 to kEUR 5,467 in the first 9 months of 2015 due to the sale of the operating subsidiaries in Q3 2015.

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 6,177 in the first 9 months of 2014 to kEUR 8,050 in the first 9 months of 2015. The increase of 30% is due to the expansion of the business in the PRC (prior to the sale of the operating subsidiaries in Q3 2015) and Hong Kong and costs of completing the listing of the Company's shares on the Frankfurt Stock Exchange, which necessitated incorporating a new holding company in Germany.

EBIT

EBIT decreased from kEUR 16,283 in the first 9 months of 2014 to a loss of kEUR 9,798 in the first 9 months of 2015. This was principally due to the loss on disposal of subsidiaries in Q3 2015 amounting to kEUR 12,126 and the closure of the Beijing factory in Q3 2015.

Adjusted EBIT

Adjusted for the negative extraordinary effect of the disposal of subsidiaries, EBIT decreased from kEUR 16,283 in the first 9 months of 2014 to kEUR 2,328 in the first 9 months of 2015.

Finance income

Finance income consists of bank interest income, which decreased slightly from kEUR 39 in Q3 2014 to kEUR 37 in Q3 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 decreased from kEUR 4,493 for the first 9 months of 2014 to kEUR 1,608 in Q3 2015. The decrease was due to operating losses of the China business in Q3 2015 when the production facility in Beijing closed as part of the Agreement with White Horse.

Net profit

Net profit reduced from kEUR 4,467 in Q3 2014 to a net loss of kEUR 18,824 in Q3 2015 as Q3 2015 was rather exceptional due to the sale of the operating companies in China. Net loss for the first 9 months of 2015 of kEUR was 11,264 mainly due to the loss on disposal of subsidiaries in Q3 2015 amounting to kEUR 12,126.

DEVELOPMENT OF THE MAIN PRODUCT LINES

The main product lines of the Group are ceramics products and non-ceramics accessories. In the first 9 months of 2015 and 2014, the Group's main product lines' revenue and gross profit developed as follows:

kEUR	9M 2015	9M 2014	Change in %
Ceramics products			
Revenue	28,131	42,556	*(33.9)*
% of total revenue	39.8	57.5	*(30.8)*
Gross profit margin in %	25.6	43.4	*(41.0)*
Non-Ceramics Accessories			
Revenue	42,551	31,454	*35.3*
% of total revenue	60.2	42.5	*41.6*
Gross profit margin in %	20.3	34.0	*(40.0)*

Ceramics products

Revenue from ceramics products dropped by 33.9% from the first 9 months of 2014 to the first 9 months of 2015 and now accounts for 39.8% 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 43.4% achieved in the first 9 months of 2014 to 25.6% achieved in the first 9 months of 2015, as discounts were necessary in 2015 to retain market share and prior to the closure of the factory in Beijing. 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 35.3% from the first 9 months of 2014 compared with the first 9 months of 2015 and now accounts for 60.2% 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 but was achieved with a lower gross profit margin of 20.3% compared with 34.0% for the first 9 months of 2014.

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 September 30, 2015 compared to the condensed consolidated statement of financial position as at December 31, 2014:

kEUR	Sep 30, 2015	Dec 31, 2014	Change in %
Non-current assets	80,831	129,110	*(37.4)*
Current assets	72,080	111,058	*(35.1)*
Equity & reserves	151,594	227,293	*(33.3)*
Non-current liabilities	0	0	*0*
Current liabilities	1,317	12,875	*(89.8)*

Non-current assets

Non-current assets comprise property, plant and equipment, prepaid lease payments and prepayments. The non-current assets decreased by 37.4% from December 31, 2014 to September 30, 2015 as under the Agreement with White Horse only moveable plant and machinery could be retained by the Group. Consequently property, plant and equipment with a net book value of EUR 43.6 million had to be disposed of. The moveable plant, machinery and equipment retained by the Group has been independently valued by a professional valuer at EUR 80.6 million. These assets will either be used by an OEM facility in China or Thailand for manufacturing ROY branded products, or will be shipped to the USA for use in the new production facility.

Current assets

Current assets comprised inventories, bank balances and cash, trade and other receivables and prepaid lease payments. The current assets decreased by 35.1% from December 31, 2014 to September 30, 2015 due to the sale of the operating subsidiaries to White Horse in Q3 2015. Comparisons are therefore not relevant.

The trade and other receivables include EUR 71.1 million (US$ 80 million) receivable from White Horse under the Agreement. This amount is payable in full on or before June 30, 2016 and interest accrues at 6% per annum on any unpaid balance from September 30, 2015.

Equity

The group's equity decreased from kEUR 227,293 at December 31, 2014 to kEUR 151,594 at September 30, 2015 due to the impact of the sale of the principal subsidiaries to White Horse. The equity ratio at September 30, 2015 is 99.1% compared to 94.6% at December 31, 2014.

Current liabilities

The current liabilities decreased by 89.8% from December 31, 2014 to September 30, 2015.

FINANCIAL POSITION

kEUR	**9M 2015**	**9M 2014**	***Change in %***
Cash inflow/(outflow) from operating activities	214	3,619	*(94.1)*
Cash inflow/(outflow) from investing activities	(35,097)	104	*>100*
Cash outflow from financing activities	0	0	*0*

The Group's cash position will be very healthy once the EUR 71.1 million (US$ 80 million) has been received from White Horse pursuant to the Agreement to the sale of the principal subsidiaries. According to latest discussions with White Horse the bulk of the payment will be received by December 31, 2015.

The cash outflow from investing activities relates primarily to the effect of the sale of the Group's principal subsidiaries to White Horse.

HUMAN RESOURCES

ROY's employees are employed in separate departments as follows. The number of employees decreased from 485 at September 30, 2014 to 20 at September 30, 2015 mainly due to the sale of the operating business in the PRC in Q3 2015.

Department	9M 2015	9M 2014
Research and design development	10	16
Sales and marketing	6	176
Management and administration	4	80
High pressure and micro casting	0	60
Raw materials	0	17
Glazing and finishing	0	25
Quality control and testing	0	25
Molding workshop	0	16
Equipment maintenance	0	13
Boiler	0	9
Electricity and natural gas	0	14
Cleaning	0	11
Internal security	0	11
Guards	0	12
Total permanent employees	**20**	**485**
Temporary contract workers	0	0
Total employees and temporary contract workers	**20**	**485**

RESEARCH AND DEVELOPMENT ("R&D")

The half-year report 2015 summarises the developments on R&D activities in the first 6 months 2015.

In order to augment ROY's in house design team, a Service Agreement was entered into on September 1st, 2015 between Shine Eagle Trust reg. (the majority shareholder of ROY) and Nineteen Fifty Seven and Company Limited (a company owned and controlled by Mr. Steve Leung). Mr. Leung is a highly respected architect and his company will provide a new range of modern designs to enhance ROY's total bathroom solutions, which will be on display in 2016 in a luxury showroom in New York City. Steve Leung is also a member of the Administrative Board of ROY Ceramics SE.

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. The principal risk now is the receipt of the EUR 71.1 million (US$ 80 million) payment from White Horse which is due to be received no later than June 30, 2016. Latest indications from White Horse are that the bulk of the payment will be received by December 31, 2015.

DEVELOPMENTS AFTER THE END OF THE REPORTING PERIOD

In October 2015 LLH acquired 100% of the issued share capital of Siu Fung Concept Limited (a private company incorporated in the British Virgin Islands), which was previously owned by Mr. Surasak Lelalertsuphakun, the Deputy Chairman of the Administrative Board of ROY Ceramics SE. Siu Fung Concept Limited has an authorised share capital of US$ 60 million and owns 100% of ROY USA Inc., based in California. ROY USA Inc. will manage the Group's state-of-the-art ceramics factory in the USA, which is likely to be located in Houston, Texas.

OUTLOOK

Overall economic environment and industry development

The medium-term outlook predicts 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 is expected to result in slowing growth to 6.5% by 2017 (from 7.4% in 2014). In the rest of the Asian region growth will strengthen to 5.5% by 2017 (from 4.6% in 2014) supported by firming exports, improved political stability, and strengthening investment. With regard to the ceramics sector in the PRC, the market development is expected to become weaker at the end of 2015 and the beginning of 2016 due to the slowdown in major new property development projects. Following its strategy ROY aims to retain a foothold in the PRC market whilst opening up new market opportunities in the USA and Europe.

Forecast ROY Ceramics

We expect a net loss for Q4 2015, mainly driven by operational overhead costs. The next stage of the restructuring of the ROY Group will proceed once the first tranche of funds has been received from White Horse, which we expect by December 31, 2015. We do not expect any further revenues in Q4 2015 until such time as the OEM facility in Thailand is operational. EBIT for Q4 2015 could also be adversely affected by the cost of moving plant and machinery from Beijing to Thailand and the USA.

Frankfurt am Main, November 30, 2015

ROY Ceramics SE

The Administrative Board

SIEGFRIED LEE SURASAK LELALERTSUPHAKUN STEVE LEUNG KIMMY TSE

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement of Comprehensive Income

kEUR	Q3 2015	Q3 2014	9M 2015	9M 2014
Revenue	**9,667**	**28,189**	**70,682**	**74,010**
Cost of sales	16,017	17,169	54,837	44,829
Gross profit	**(6,350)**	**11,020**	**15,845**	**29,181**
Other income	12,126	0	12,126	0
Distribution expenses	596	2,756	5,467	6,721
Administrative expenses	1,677	2,223	8,050	6,177
Profit from operations	**(20,749)**	**6,041**	**(9,798)**	**16,283**
Finance income	37	39	142	104
Finance expenses	0	0	0	0
Profit before income tax	**(20,712)**	**6,080**	**(9,656)**	**16,387**
Income tax	(1,888)	1,613	1,608	4,493
Net profit for the period	**(18,824)**	**4,467**	**(11,264)**	**11,894**
Other comprehensive income for the period that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on foreign currency translation	(31,079)	18,431	(6,645)	15,280
Total comprehensive income for the period:	**(49,903)**	**22,898**	**(17,909)**	**27,174**
Profit for the period attributable to:				
– Owners of the parent	(18,221)	3,874	(11,661)	10,300
Total comprehensive profit for the period attributable to:				
– Owners of the parent	(49,300)	22,305	(18,306)	25,580
Basic and diluted earnings per share (in EUR)	(1.39)	0.30	(0.89)	0.79

Condensed Consolidated Statement of Financial Position

kEUR	Sep 30, 2015	Dec 31, 2014
Assets		
Non-current assets		
Property, plant and equipment	80,466	120,656
Prepaid lease payments	0	7,492
Prepayments	365	962
Total non-current assets	**80,831**	**129,110**
Current assets		
Bank balances and cash	5	34,888
Trade and other receivables	72,075	59,300
Inventories	0	15,399
Amount due from director	0	1,047
Prepaid lease payments	0	254
Amount due from a related company	0	170
Total current assets	**72,080**	**111,058**
Total assets	**152,911**	**240,168**
Equity and liabilities		
Equity		
Share capital	13,110	13,110
Reserves	138,484	183,794
Non-controlling interests	0	30,389
Total equity	**151,594**	**227,293**
Current liabilities		
Amount due to director	1,092	0
Trade and other payables	225	10,785
Income tax payables	0	2,090
Total liabilities	**1,317**	**12,875**
Total equity and liabilities	**152,911**	**240,168**

Condensed Consolidated Statement of Changes in Equity

kEUR	Share capital	Statu-tory reserve	Capital reserve	Trans-lation reserve	Retained earnings	Total	Non-Con-trolling 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	24,480	0	24,480	0	24,480
Profit	0	0	0	0	12,813	12,813	1,918	14,731
Total compre-hensive income	0	0	0	24,480	12,813	37,293	1,918	39,211
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	(6,645)	0	(6,645)	0	(6,645)
Profit	0	0	0	0	(11,661)	(11,661)	397	(11,264)
Total compre-hensive income	0	0	0	(6,645)	(11,661)	(18,306)	397	(17,909)
Disposal of group subsidi-aries	0	(1,711)	(25,293)			(27,004)	(30,786)	(57,790)
Balance at Sep 30, 2015	**13,110**	**0**	**74,382**	**38,279**	**25,823**	**151,594**	**0**	**151,594**

Condensed Statement of Cash Flows

kEUR	9M 2015	9M 2014
Operating activities		
Profit before taxation	(9,656)	16,387
Adjustments for		
Amortisation of prepaid lease payments	207	195
Depreciation	2,377	3,183
Write-down of inventories	0	0
Impairment loss on trade and other receivables	1,601	0
Non-cash consultancy fee	668	564
Operation cash flow before changes in working capital	**(4,803)**	**20,329**
Decrease (increase) in inventories	8,028	(6,989)
Decrease (increase) in trade and other receivables	7,289	(14,880)
Decrease (increase) in amount due from a director	2,139	519
(Decrease) Increase in trade and other payables and accruals	(6,860)	7,998
Decrease (increase) in amounts due from a related party	170	0
Cash generated from operations	**5,963**	**6,977**
Income tax paid	(5,749)	3,358
Net cash generated from operating activities	**214**	**3,619**
Investing activities		
Interest received	142	104
Purchase of property, plant and equipment	0	0
Proceeds from disposal of subsidiaries (net of cash and cash equivalents disposed of)	(35,239)	0
Cash aquired on acquisition of subsidiaries	0	0
Net cash used in investing activities	**(35,097)**	**104**
Financing activities		
Proceeds from issue of shares	0	0
Net cash generated from financing activities	**0**	**0**
Net increase in cash and cash equivalents	**(34,883)**	**3,723**
Adjustments due to currency translation	0	6,571
Cash and cash equivalents at the beginning of the period	34,888	21,375
Cash and cash equivalents at the end of the period	**5**	**31,669**

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") were 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 were set out in note 29 of our Annual Report for the financial year 2014. Subsequent to the sale of the Group's principal subsidiaries to White Horse in Q3 2015 the new structure of the Group is shown in the attached Interim Group Management Report. This new structure paves the way for the Group to build a new state-of-the-art ceramics production facility in the USA.

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 December 31, 2014.

ROY Ceramics SE is the parent company of the Group. The Company is an European stock corporation, founded on May 8, 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 November 21, 2014 and has been registered with the commercial register of the local court of Munich on December 15, 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 9M 2014 and Q3 2014 relate to the 9M 2014 and Q3 2014 unaudited consolidated financial information of Lion Legend Holdings Limited.

The interim consolidated financial statements for 9M and Q3 2015 were authorised for issue by the Managing Director to the Administrative Board on November 29, 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 January 1, 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 July 1, 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 July 1, 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 November 21, 2014 and was formally registered with the commercial register in the Munich local court on December 15, 2014. Consequently the effective date of acquisition of LLH is considered to be November 21, 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 November 21, 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**
September 30, 2014	7.80	8.30
December 31, 2014	7.48	8.16
September 30, 2015	**7.14**	**6.87**

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

	9M 2015 kEUR	9M 2014 kEUR
At the beginning of the period	44,924	20,444
Net currency translation difference for the period recognised in other comprehensive income	(6,645)	15,280
At the end of the period	38,279	35,724

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. On April 29, 2015 the Company's shares were admitted to the Frankfurt Stock Exchange.

In Q3 2015 LLH signed an Agreement with White Horse to sell its subsidiaries including the operating subsidiaries in China but excluding movable plant and machinery and intellectual property such as processes, technology, know-how and patents and trademarks for a cash consideration of US$ 80 million payable in full on or before 30 June 2016. Interest accrues at 6% per annum on any unpaid balance from 30 September 2015, the closing date.

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 9M 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 9M 2014 earnings per share calculation. Exchange differences arising on translation are excluded from the earnings per share calculations.

	9M 2015	9M 2014
Profit for the financial period attributable to equity holders of the parent (kEUR)	(11,661)	10,300
Weighted average number of issued and outstanding no par shares (in thousands; 9M 2014 for comparative purposes)	13,110	13,110
Basic and diluted earnings per share (EUR)	**(0.89)**	**0.79**

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 September 30, 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)	72,080	72,080	95,659	95,659
Total	**72,080**	**72,080**	**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)	(79)	(79)	9,149	9,149
Total	**(79)**	**(79)**	**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 September 30, 2015 kEUR
Within one year	27
In the second to fifth years inclusive	0
Total	27

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:

	9M 2015 kEUR	9M 2014 kEUR
Consultancy fee paid to:		
Hi Scene Industrial Ltd.	157	87
Siu Fung Concept Ltd.	0	23
Luck Connection Limited	668	583

Hi Scene Industrial Ltd. is controlled by a key management of SFE.
Siu Fung Concept Ltd. was controlled by Surasak Lelalertsuphakun until July 24, 2015, a member of the Administrative Board and a director of LLH. Mr. Siegfried Lee is now sole dicrector of the Company.
Luck Connection Ltd. is controlled by Deng Yun, a director of LLH until May 12, 2015.

The above transactions were entered into with normal commercial terms.

10. Events after the reporting date

In October 2015 LLH acquired 100% of the issued share capital of Siu Fung Concept Limited, a private company incorporated in the British Virgin Islands, which was previously owned by Mr. Surasak Lelalertsuphaukun, the Deputy Chairman of the Administrative Board of ROY Ceramics SE. Siu Fung Concept Limited has an authorised share capital of US$ 60 million and owns 100% of ROY USA Inc., based in California. ROY USA Inc. will manage the Group's new state-of-the-art ceramics factory in the USA.

Frankfurt am Main, November 30, 2015
ROY Ceramics SE

The Administrative Board

SIEGFRIED LEE SURASAK LELALERTSUPHAKUN STEVE LEUNG KIMMY TSE

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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Published by

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FINANCIAL CALENDAR 2016

Publication of Annual Report 2015

April 2016

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