

ROY Asset Holding SE
(formerly ROY Ceramics SE)

2019 half-year financial report



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LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

No profits were generated from the sale of sanitary ware products during the first half of 2019. The net loss of EUR 7.5 million in H1 2019 was, as in the comparable period of 2018 (EUR 6.1 million), largely due to depreciation of EUR 6.2 million on movable property, plant and equipment and real estate.

With the acquisition of Klingenberg Dekoramik GmbH in July, we set the course again for generating substantial sales and positive earnings contributions in the Ceramics segment in the future. ROY will continue to build up its own ceramic sanitary ware production and will also use synergy effects resulting from ceramic tile production accordingly. We expect the Ceramics division to contribute five million euros to sales in the second half of the year.

In the growing business area of real estate, we were able to achieve stable monthly rental income amounting to EUR 1.4 million in H1 2019. Following the purchase of properties in Houston in 2017, we are now focusing on the development of these plots. We continue to assume that the first single-family homes in Los Angeles will be sold with a positive return in Q4 2019 and that the first revenues in 2020 from the realisation of the housing construction on the plots in Houston will be achieved. In the project development segment in Los Angeles, we expect to obtain the final approvals for the Jurupa Valley project in Q4 and start with construction activities. The goal is to further expand and develop the Real Estate segment as a stable source of income for the ROY Group. In addition, we are working at full speed on other promising real estate projects in the field of project development, focusing on Houston/Texas and Los Angeles/California. In the Real Estate segment, we now expect revenue of EUR 4 to 5 million for the year as a whole.

For the year as a whole, we now expect sales of around 9 to 10 million euros for both Ceramics and Real Estate. This represents a tripling of the total annual sales in 2019 compared to 2018 as a whole.

I am convinced that the ROY Group will continue its positive development under the new name.

I would like to thank all of our shareholders for their support.

Kind regards,

Matthias Herrmann
CEO of ROY ASSET HOLDING SE

SUMMARISED MANAGEMENT REPORT OF THE ROY ASSET HOLDING SE GROUP FOR THE FINANCIAL HALF-YEAR FROM 1 JANUARY 2019 TO 30 JUNE 2019

1. GROUP PROFILE

1.1 General information

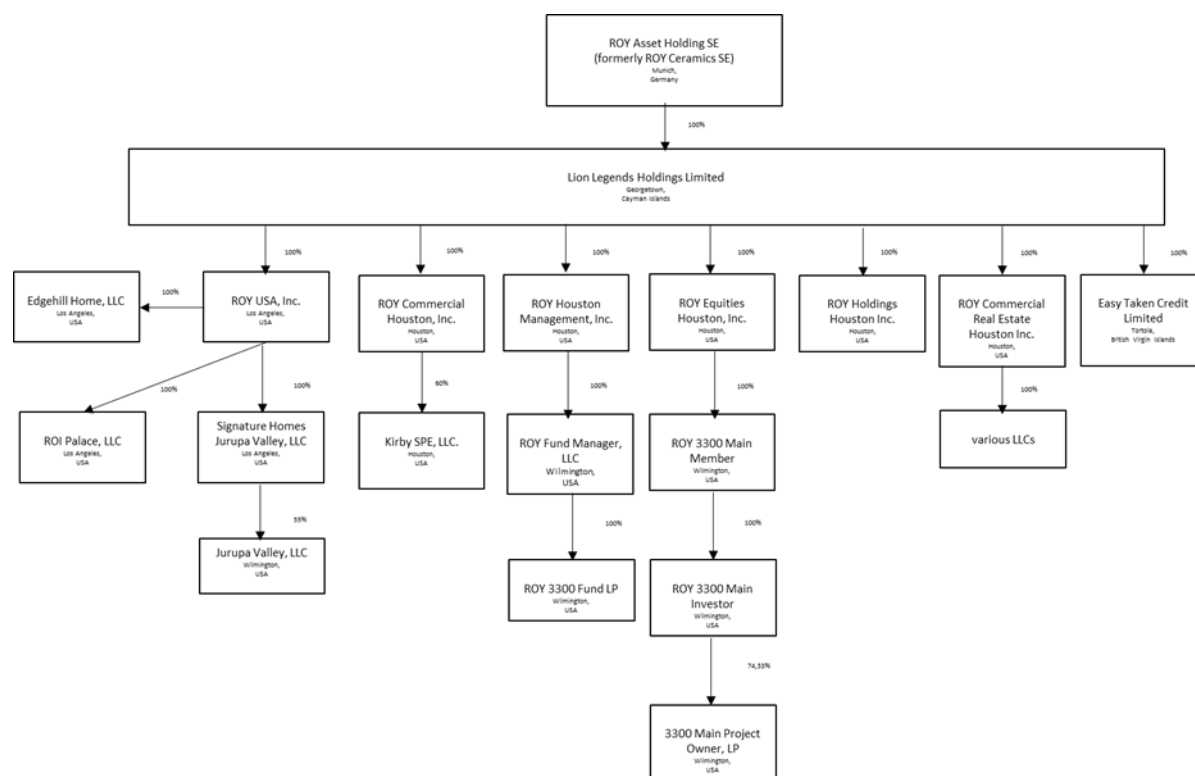
ROY Asset Holding SE (formerly ROY Ceramics SE), Munich (hereinafter referred to as the "Company" or "ROY") is the parent company of the Group. The Company is a European joint stock company founded on 8 May 2014 and entered in the Munich commercial register (HRB 211752) with its registered administrative office (business address) at Gießener Straße 42, 35410 Hungen, Germany.

On 30 April 2015, the shares of ROY Ceramics SE were listed on the Prime Standard of the Frankfurt exchange (Germany) for the first time and simultaneously on the unregulated market (third segment) of the Vienna exchange (Austria). The shares are traded under the Security Identification Number RYSE88 and ISIN DE000RYSE888.

ROY Ceramics SE has changed its name to ROY Asset Holding SE as part of the reorientation and US real estate business created two years ago, with unanimous shareholder approval at the Annual General Meeting on July 4, 2019.

1.2 Group structure

The Group structure changed in H1 2019, when two new companies were founded. One new company focuses on the newly created area of "house flipping" with ROI Palace LLC. In this company, foreclosed homes are bought, renovated and resold within a short time. In addition, a new property was purchased, thus founding a new subsidiary of ROY Commercial Real Estate. The ROY Group plans to establish a separate company for each new real estate transaction, as is customary in project developments. The Group structure on 30.06.2019 was as follows:



2. ECONOMIC REPORT

2.1 Growth Report and Business Review

The following discussion and analysis of the earnings, financial and asset position of ROY by the management relates to the consolidated financial statements drawn up according to IFRS of the ROY Group for the financial half-years ended 30 June 2019 and 30 June 2018 (comparison period).

The financial data in the following tables are for the most part stated in thousand euros (kEUR) and have been commercially rounded to the nearest thousand euros. The percentages included in the text and tables below have likewise been commercially rounded to one decimal place. Consequently, the total of the figures stated in the text and in the tables may not result in the precise totals stated and the total of the percentages may not necessarily amount to 100%.

Comparisons between the results and key financial performance indicators for H1 2019 and 2018, respectively, are not especially meaningful due to the suspension of operations in the Ceramics segment. Real estate is still under development and only rental proceeds have been achieved so far.

2.1.1 Earnings position

The following table contains information from the consolidated financial statements of ROY for the financial half-years ending on 30 June 2019 and 30 June 2018.

Selected information from the statement of comprehensive income of the Group:

kEUR	01.01.-30.06.2019	01.01.-30.06.2018	Change in %
Revenue	1,450	1,432	1%
Cost of sales	592	410	44%
Gross earnings	858	1,022	-16%
Administrative expenses	7,981	7,375	8%
Other income	0	690	-100%
Operating result/EBIT	-7,123	-5,663	26%
Financial income	4	13	-69%
Financial expenses	389	347	12%
Result from associates and joint ventures carried at equity	0	-5	-100%
Earnings before taxes	-7,508	-6,002	25%
Income taxes	24	-106	-124%
Net earnings in the reporting period	-7,484	-6,108	23%
<i>Gross profit margin in %</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
<i>EBIT margin in %</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
<i>Net profit margin in %</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

pp = percentage points

n/a= Since the Group operated at a loss in 2019 and 2018, the key performance indicators of gross margin, EBIT margin and net profit margin lack any explanatory value or meaningfulness. Therefore, we have not reported them for this year.

2.1.2 Revenue

In H1 2019, rental income was realised from Kirby SPE, LLC, from four other leased properties in Houston on lots purchased in 2017 which are leased until demolition or sale, and from a leased property in California. Gross rental income in H1 2019 totalled kEUR 1,450 (H1 2018: kEUR 1,432). No revenue was generated in the Ceramics segment.

2.1.3 Administrative and other operating expenses

The administrative expenses in H1 2019 amounted to kEUR 7,981 compared to kEUR 7,375 the first half of 2018. The increase in H1 2019 compared to the previous year was essentially due to currency effects and slightly higher personnel expenses and higher other administrative expenses, such as travel and consulting expenses. At kEUR 6,180, scheduled depreciation in H1 2019 was higher than in the same period of the previous year (2018: kEUR 5,746), mainly due to currency effects and real estate.

2.1.4 Net earnings

The net earnings recorded for the first half of 2019 fell to kEUR -7,484 from kEUR -6,108 in H1 2018. This was mainly due to currency effects and increased upfront investments in real estate projects.

2.2 Net assets

Consolidated accounts of ROY according to IFRS (Group)

kEUR	30.06.2019	30.06.2018
Assets		
Total non-current assets	99,417	103,178
Total current assets	10,032	17,694
Total assets	109,449	120,872
Equity and liabilities		
Total equity	92,086	105,467
Total liabilities	17,363	15,404
Total equity and liabilities	109,449	120,872

2.2.1 Non-current assets

The non-current assets essentially involved property, plant and equipment in Germany and Thailand, and real estate in the USA.

Segment-related investment information

On 30 June 2019, several properties of the Group were in the USA. One property is pledged as collateral for a loan of the Group and is encumbered with a land charge. The other real estate holdings serve as income properties.

2.2.2 Current assets

Cash and cash equivalents

As at 30 June 2019, the Group had total account balances of kEUR 5,431 (31.12.2018: kEUR 9,274). The change resulted from investments in real estate and general overheads.

Trade and other receivables

Trade and other receivables essentially comprise a receivable from the project company of 3300 Main for the EB-5 investor funds acquired in 2018 (USD 1 million; approx. EUR 0.9 million), which are still held in trust by an escrow company.

2.3 Non-current liabilities

Financial liabilities essentially comprise a loan of USD 14.1 million (EUR 13.2 million) taken out by Kirby in order to purchase a property.

2.4 Other factors relevant to results

The project planning phase for Jurupa Valley in California and the single-family homes in Houston has essentially been completed and the necessary permits are now being obtained or awaited.

3. REPORT ON OUTLOOK, OPPORTUNITIES AND RISKS

The following statements in regard to the future course of ROY's business and on the underlying assumptions judged to be important for its future course of business in regard to the economic performance of the market and industry are based on estimates that ROY considers realistic according to the currently available information. Nonetheless, there is an element of uncertainty and an inevitable risk that the forecast developments will not actually occur in terms of direction or expected scope.

For further information on the outlook and opportunities and risks, see the comments in the summarised management report dated 31.12.2018, which are essentially still accurate.

3.1 Forecast for the ROY Group

ROY had to suspend business operations after the sale of its subsidiaries in China. Therefore, until the next development phase is initiated, ROY will only have a small workforce.

In the Ceramics segment, the acquisition of Klingenberg Dekoramik GmbH is expected to generate relevant revenues of EUR 5 million in the second half of 2019. We do not expect these revenues to cover the regular costs in 2019 in the USA, Hong Kong and Germany, especially the general administrative expenses. In 2019 as a whole, we expect a slightly higher net loss than in 2018, which will be primarily attributable to the operational overheads, which cannot be fully offset despite rising rental income from real estate in the USA. An essential part is due to the ongoing high expenses for the development of real estate projects.

In the Real Estate segment, ROY generates rental income from the Kirby Interchange property, which is paid to the local subsidiary ROY Commercial Houston, Inc. every month, and four other leased properties in Houston which generate rental income for ROY Commercial Real Estate Houston, Inc, as well as one leased property in Los Angeles, which generates rental income for ROY USA Inc. ROY expects the monthly rental income in 2019 to increase with the intensification of leasing efforts, as already evident in 2018. Furthermore, high lead costs are expected for the other real estate projects being developed, which will have a correspondingly negative effect on the result of the ROY Group in 2019. Overall, the managing directors expect higher sales in the Real Estate division of around 4 to 5 million euros, previously estimated at around 3 million euros.

In addition, we anticipate additional costs mainly due to project start-up costs, but expect slightly positive earnings in subsequent years. In addition, we also plan for the ROY Group as a whole for the financial year 2019 at a loss, which will be characterized in particular by the costs related to the resumption and expansion of the operating activities in the ceramic sector and new real estate projects.

3.2 Report on opportunities and risks

The business activity, net assets, financial and earnings position of ROY SE could be influenced significantly and disadvantageously upon the occurrence of one or more of these risks. Additional risks and uncertainties at ROY that the Company is currently unaware of or whose extent it is judging incorrectly at the moment may also have a negative impact on the business of ROY and the business activity, the net assets and the financial and earnings position of the Company. At the same time, the selection and the content of the risk factors is based on assumptions that could prove to be incorrect in hindsight.

The purchase of Klingenberg Dekoramik GmbH will give ROY a great opportunity to penetrate the US and European markets in particular with high-quality ceramics in the field of tiles and later smart toilets from Germany. The risks associated with the acquisition lie in the necessary continuation of the restructuring of the Company and possible additional liquidity requirements over the amount made available. The opportunities and risks in the field of real estate activities are to be assessed in particular from the perspective of liquidity, risk distribution, security, transparency and return.

CONDENSED CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDING 30 JUNE 2019

ROY Asset Holding SE, Munich

CONSOLIDATED BALANCE SHEET

ASSETS	Note	30.06.19 in in kEUR	31.12.18 in in kEUR	LIABILITIES AND EQUITY	Note	30.06.19 in in kEUR	31.12.18 in in kEUR
I. Current assets				I. Current liabilities			
1. Cash and cash equivalents		5,431	9,274	1. Trade and other payables	12	2,697	2,450
2. Trade and other receivables	11	4,601	3,029				
Total current assets		10,032	12,303	Total current liabilities		2,697	2,450
II. Non-current assets				II. Non-current liabilities			
1. Investment properties	16	29,052	28,109	1. Financial liabilities	15	14,152	14,302
2. Property, plant and equipment	10	38,160	43,587	2. Deferred tax liability		514	0
3. Non-current loans		0	0	Total non-current liabilities		14,666	14,302
4. Deferred tax assets		871	44	III. Equity			
5. Amounts owed by a managing director	13	1,767	1,658	1. Subscribed capital	14	18,109	18,109
6. Investments in associates and joint ventures carried at equity	5	29,568	29,302	2. Provisions		73,977	80,142
Total non-current assets		99,417	102,700	Total equity		92,086	98,251
Total assets		109,449	115,003	Total liabilities and equity		109,449	115,003

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

	Note	Q2 2019 in kEUR	Q2 2018 in kEUR	H1 2019 in kEUR	H1 2018 in kEUR
1. Revenue	6	762	767	1,450	1,432
2. Cost of sales		233	228	592	410
3. Gross earnings		529	539	858	1,022
4. Other income		0	690	0	690
5. Gains from the sale of investment properties		0	0	0	0
6. Administrative and other operating expenses	7	4,134	3,927	7,981	7,375
7. Operating income		-3,605	-2,698	-7,123	-5,663
8. Financial income		1	1	4	13
9. Financial expenses	9	192	208	389	347
10. Result from associates and joint ventures carried at equity		0	-5	0	-5
11. Earnings before taxes		-3,796	-2,910	-7,508	-6,002
12. Income tax expense / income		-12	-69	24	-106
13. Loss		-3,808	-2,979	-7,484	-6,108
Other comprehensive incomes to be reclassified to the income statement in the subsequent period:					
14. Exchange differences on currency translation		1,262	1,576	1,319	1,902
15. Other comprehensive income		1,262	1,576	1,319	1,902
16. Total comprehensive income		-2,546	-1,403	-6,165	-4,206
Total earnings, attributable to:		-2,546	-1,403	-6,165	-4,206
17. Owners of the Company					
Loss, attributable to:		-2,546	-1,403	-6,165	-4,206
18. Owners of the Company					
Earnings per share					
Weighted average:		-0.14	-0.08	-0.34	-0.23

ROY Asset Holding SE, Munich

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Subscribed capital in kEUR	Capital reserve* in kEUR	Translation reserve in kEUR	Profit/loss carried forward in kEUR	Total in kEUR
As at: 1 Jan. 2018	18,109	78,527	14,591	-1,680	109,547
Currency translation difference	0	0	3,956	0	3,956
Profit/Loss	0	0	0	-15,252	-15,252
Total comprehensive income	0	0	3,956	-15,252	-11,296
As at: 31 Dec. 2018	18,109	78,527	18,547	-16,932	98,251
As at: 1 Jan. 2019	18,109	78,527	14,591	-16,932	109,547
Currency translation difference	0	0	1,319	0	1,319
Profit/Loss	0	0	0	-7,484	-7,484
Total comprehensive income	0	0	1,319	-7,484	-6,165
As at: 30 June 2019	18,109	78,527	19,866	-24,416	92,086

* The amount of kEUR 78,327 included in the capital reserve results from the reverse acquisition, including contributions in kind from the 2014 financial year.

CONSOLIDATED CASH FLOW STATEMENT

	Note	01.01. - 30.06.2019 in kEUR	01.01. - 30.06.2018 in kEUR
Operating activities			
Earnings before taxes		-7,508	-6,002
Adjusted by			
(interest income) / interest expense		385	334
Loss/(gain) on disposal of property, plant and equipment and investment properties		0	0
Depreciation and amortisation		6,180	5,591
Impairments on property, plant and equipment		0	0
Other non-cash expenses		0	0
Operating cash flow before changes in current assets		-943	-77
Decrease / (increase) in inventories		0	0
Decrease / (increase) in trade and other receivables		-2,399	-105
Decrease / (increase) in liabilities / receivables to / from a director		-109	-937
(Decrease) / Increase in trade payables, other payables and financial liabilities		611	625
Cash flow from operating activities		-2,840	-494
Income tax paid		0	-8
Cash flow from operating activities		-2,840	-502
Investment activities			
Interest received		4	12
Cash outflows for investments in investment properties	16	-943	-3,171
Cash outflows for investments in "at-equity" and associates		0	-28,728
Cash outflows for investments in property, plant and equipment		0	-580
Cash inflows from disposal of subsidiaries		0	12,176
Cash inflows from the sale of investment properties		0	0
Cash flow from investment activities		-939	-20,291
Financing activities			
Interest paid	9	-389	-347
Cash inflows from equity contributions by shareholders of the parent company		0	0
Cash inflows from borrowing		592	408
Transactions involving raising EB-5 capital		0	0
Net cash flow from financing activity		203	61
Net increase /(decrease) in cash and cash equivalents		-3,576	-20,732
Currency translation effects		-267	1,410
Cash and cash equivalents at the beginning of the period		9,274	25,690
Cash and cash equivalents at the end of the period		5,431	6,368

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ROY Asset Holding SE (hereinafter referred to as the "Company") is the parent company of the Group. The Company is a European joint stock company founded under the name ROY Ceramics SE on 8 May 2014 and entered in the Munich commercial register (HRB 211752), Germany, with its registered office (business address) at Gießener Strasse 42, 35410 Hungen, Germany.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") include manufacturing and selling of ceramic sanitary ware and accessories and buying and selling of real estate, as well as property development and property investment activities. The Company acts as an investment holding company.

The consolidated financial statements are presented in thousands of euros (kEUR).

The exchange rates applied in the consolidated financial statements are as follows:

- EUR/USD 1.1298 for H1 2019 profit or loss and comprehensive income items and EUR/USD 1.1349 for balance sheet items as at 30.06.2019.
- EUR/HKD 9.4863 for H1 2018 profit or loss and comprehensive income items and EUR/HKD 9.1468 for balance sheet items as at 30.06.2018.

The numbers in the tables have been calculated exactly and added up. The numbers shown are rounded. This can result in rounding differences in the totals.

The interim financial report was not audited.

2. BASIS OF PREPARATION

These condensed consolidated half-year financial statements for the period ending 30 June 2019 have been prepared in accordance with IAS 34 as published by the IASB and as applicable for interim financial statements in the EU. They are to be read in connection with the published consolidated financial statements for the period ending 31 December 2018. The applied accounting policies are fundamentally in line with the policies applied in the notes to the consolidated financial statements for the period ending 31 December 2018, with the exception of the new applicable standards that are explained briefly in the following. See section 1.2 of the interim management report regarding the change in the scope of consolidation.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (HEREINAFTER "IFRS")

Over the past years, the International Accounting Standards Board (IASB) has made various changes to existing IFRS and published new IFRS and interpretations of the IFRS Interpretations Committee (IFRS IC). As part of an annual procedure, the IASB publishes amendments to existing standards. The primary goal is to eliminate inconsistencies and to clarify the wording.

a) First-time adoption of new and revised IFRS in the 2019 financial year:

Several new and amended standards went into effect in the current reporting period. The effects of the first-time application of the new IFRS are presented below. IFRS 16, which will be applied as a standard from 1 January 2019, was applied for the most part. In addition, IFRIC 23 "Uncertainty over Income Tax Treatments" and various other amendments to standards and interpretations were applicable for the first time in financial year 2019. However, these changes had no effect on the consolidated financial statements of ROY Asset Holding SE.

(b) New and revised IFRS published but not yet effective

The Managing Directors are currently considering the impact of new standards that have not yet come into force. This includes the amendments to IFRS 3 "Business Combinations" (effective from January 1, 2020) and IFRS 17 "Insurance Contracts" (effective from January 1, 2021).

The managing directors believe that the adoption of the other new IFRS will not have a material impact on the Company's financial statements.

4. FINANCIAL INSTRUMENTS

kEUR	as at 30.06.2019		as at 30.06.2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables (including trade and other receivables, as well as non-current assets and amounts owed by a member of the Board of Directors)	4,601	4,601	11,326	11,326
Total	4,601	4,601	11,326	11,326
Financial liabilities				
Liabilities measured at amortised cost (including amounts owed to a member of the Board of Directors, trade payables and other liabilities, excluding payroll and personnel cost liabilities and social security and other tax liabilities)	17,363	17,363	14,186	14,186
Total	17,363	17,363	14,186	14,186

5. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES CARRIED AT EQUITY

There are no other commitments from the at equity companies, nor are there any significant restrictions or effects on net income for the period. The changes in the carrying amount of investments in associates and joint ventures carried at equity in H1 2019 were as follows:

kEUR	30.06.2019	30.06.2018
Carrying amount 1 January	29,302	0
Additions	0	28,087
currency changes	266	0
Net income	0	-5
Dividend payments	0	0
Carrying amount 31 December	29,568	28,082

6. REVENUE

Revenue includes proceeds or receivables from the sale of sanitary ware and accessories, less sales-related taxes as well as regular rental income from real estate.

kEUR	01.01.- 30.06.2019	01.01.- 30.06.2018
Turnover from ceramics business	0	0
Sales from real estate activities (rentals)	1.450	1.432
	1.450	1.432

7. ADMINISTRATIVE EXPENSES

The administrative expenses include the following expenses:

kEUR	01.01.- 30.06.2019	01.01.- 30.06.2018
Auditor's fee	44	50
Property management fee	86	7
Depreciation/amortisation	5,621	5,181
Write-downs on trade and other receivables (IFRS 9)	75	0
Write-downs on property, plant and equipment	0	0
Minimum payments for operating leases for rented premises	173	145
Personnel costs:	444	374

Salaries and expenses (including the remuneration of managing directors)		
Legal and advisory costs	350	303
Other administrative expenses	1,188	1,315
Total	7,981	7,375

8. SEGMENT REPORTING

The business of the ROY Group is organised into business units and has the following two segments, which are subject to reporting requirements:

- The Ceramic segment covers the area of development, production and marketing of high-quality ceramic. The activities in this business segment are currently dormant as of 30th June 2019.
- The Real Estate segment covers property development and property sales and letting. In the year under review, this business segment mainly comprised investment properties with leased office space and properties in Houston and California, which are developed and owned by ROY.

The performance of the business units is monitored by the Board of Directors, which is the responsible corporate body, to make decisions about the allocation of resources and to ascertain the profitability of the units. The performance of the segments is assessed on the basis of the result generated and evaluated in line with the operating profit as reported in the consolidated financial statements.

The transfer prices between the business segments are determined on the basis of third-party market conditions.

Revenues from transactions with other segments are eliminated for consolidation purposes and are summarised in the "Other" column. Other adjustments and eliminations will be detailed in subsequent reconciliations.

Adjustments

Financial income and expenses and gains and losses on financial assets measured at fair value are not allocated to the individual business segments because the underlying financial instruments are managed at the Group level.

Current taxes, deferred taxes and certain financial assets and financial liabilities are not allocated to the individual business segments because they are managed uniformly across the Group.

Investments relate to additions to property, plant and equipment, intangible assets and investment property, including assets from the acquisition of subsidiaries. Proceeds from transactions with other segments are eliminated for consolidation purposes.

The newly added investments in associates and joint ventures are presented separately.

01.01.- 30.06.2019/ H1 2019	Investments in associates and joint ventures carried at equity				Total business segments	ROY Group
	Ceramic		Investment properties	Other		
	kEUR	kEUR	kEUR	kEUR		
Revenue	0	0	1,450	0	1,450	1,450
Total revenue	<u>0</u>	<u>0</u>	<u>1,450</u>	<u>0</u>	<u>1,450</u>	<u>1,450</u>
Other income / (expenses)	-762	<u>0</u>	-1,339	211	-2,313	-2,313
Personnel costs	0	<u>0</u>	-443	0	-443	-443
Depreciation and amortisation	-5,631	<u>0</u>	-548	0	-6,179	-6,179
Segment result	-6,393	<u>0</u>	-880	211	-7,484	-7,484
Total assets	<u>38,940</u>	<u>29,567</u>	<u>35,195</u>	<u>5,746</u>	<u>109,449</u>	<u>109,449</u>
Total liabilities	<u>-527</u>	<u>0</u>	<u>-16,503</u>	<u>-333</u>	<u>-17,363</u>	<u>-17,363</u>

Financial half-year ended 30 June 2019	Investments in associates and joint ventures carried at equity				Total business segments	ROY Group
	Ceramic		Investment properties	Other		
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Other disclosures						
Investments	0	0	-264	-679	-943	-943

01.01.-30.06.2018/ H1 2018	Investments in associates and joint ventures carried at equity				Total business segments	ROY Group
	Ceramic		Investment properties	Other		
	kEUR	kEUR	kEUR	kEUR		
Revenue						
Total revenue	<u>0</u>		<u>1,432</u>	<u>0</u>	<u>1,432</u>	<u>1,432</u>
Other income / (expenses)		-92	-1,512	140	-1,464	-1,464
Personnel costs		-189	-106	-84	-379	-379
Depreciation and amortisation		-5,102	-73	-6	-5,181	-5,181
Segment result		-5,383	-669	50	-6,002	-6,002
Total assets		<u>58,140</u>	<u>44,560</u>	<u>18,172</u>	<u>120,872</u>	<u>120,872</u>
Total liabilities		<u>-216</u>	<u>-14,872</u>	<u>-316</u>	<u>-15,404</u>	<u>-15,404</u>

Financial half-year ended 30 June 2018	Investments in associates and joint ventures carried at equity				Total business segments	ROY Group
	Ceramic		Investment properties	Other		
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Other disclosures						
Investments		0	3,171	0	3,171	3,171
At-equity investments		0	28,728	0	28,728	28,728

Reconciliation of the result	01.01- 30.06.2019	01.01- 30.06.2019	01.01- 30.06.2019	01.01- 30.06.2019	01.01- 30.06.2019
	"Investment properties"	"At-equity real estate"	"Ceramic"	"Other"	Total
	kEUR	kEUR	kEUR	kEUR	kEUR
Segment result					
Financial income	0	0	0	4	4
Financial expenses	389	0	0	0	389
Earnings before taxes	-902	0	-6,393	-213	-7,508
Reconciliation of assets					
Assets of the business segment	34,324	29,567	38,940	3,979	106,810
Loans to members of the Company's management	-	-	-	1,767	1,767
Borrower's note loan	-	-	-	-	-
Deferred tax assets	872	-	-	-	872
Total assets	35,196	29,567	38,940	5,746	109,449

Reconciliation of liabilities

Liabilities of the business segment					
Interest-bearing loans	-15,024	-	-	-	-15,024
Other	-1,479	-	-527	-333	-2,339
Total liabilities	-16,503	-	-527	-333	-17,363

**Information about
geographical areas**

**Revenue from external
customers**

Asia	-	-	-	-	-
Europe	-	-	-	-	-
US	1,450	-	-	-	1,450

Reconciliation of the result	01.01- 30.06.2018	01.01-30.06.2018	01.01- 30.06.2018	01.01- 30.06.2018
	"Investment properties"	"Ceramic"	"Other"	Total
	kEUR	kEUR	kEUR	kEUR
Segment result				
Financial income	-	-	13	13
Financial expenses	347	-	-	347
Earnings before taxes	-669	-5,383	50	-6,002

Reconciliation of assets

Assets of the business segment	16,478	58,141	16,046	90,665
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Loans to members of the Company's management	-	-	1,658	1,658
Borrower's note loan	-	-	467	467
Investments in associates and joint ventures carried at equity	28,082	-	-	28,082
Total assets	44,560	58,141	18,171	120,872

Reconciliation of liabilities

Liabilities of the business segment				
Interest-bearing loans	-13,175	-	-	-13,175
Other	-1,697	-216	-316	-2,229
Total liabilities	-14,872	-211	-336	-15,404

Information about geographical areas

Revenue from external customers

Asia	-	-	-	-
Europe	-	-	-	-
US	1,432	-	-	1,432

9. FINANCIAL EXPENSES

In H1 2019, the Group incurred financial expenses of kEUR 389, mainly in connection with a bank loan (in H1 2018 in the amount of kEUR 347), which financed the purchase of Kirby Interchange.

10. PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2019, the Group owned one property in the US that is mortgaged.

Following the sale of the Chinese operating subsidiaries to White Horse effective 30 September 2015, moveable property, plant and equipment previously used by the Beijing plant were transferred to LLH. Property, plant and equipment is carried on the balance sheet at net book value, amortised on a straight-line basis over a projected ten-year useful life. The straight-line depreciation of machinery as property, plant and equipment amounted to kEUR 5,631 in H1 2019 (kEUR 5,175 in H1 2018).

11. TRADE AND OTHER RECEIVABLES

kEUR	30.06.2019	30.06.2018
Trade receivables	233	189
Other receivables	4,331	8,492
Prepayments	37	408
	4,601	9,089
Other receivables and prepayments, net	4,601	9,089

Less: Prepayments classified as non-current assets	0	0
Trade and other receivables	4,601	9,089

The other receivables consist of short-term investments and prepayments, as well as two EB-5 loan receivables in the amount of kEUR 864 from a trustee and a short-term receivable due from Surasak Lelalertsuphakun of kEUR 310, which is due in Q4 2019.

12. TRADE PAYABLES AND OTHER LIABILITIES

kEUR	30.06.2019	30.06.2018
Trade payables	76	17
Security deposits received	173	249
Other liabilities	1,543	743
Liabilities from salary and personnel costs as well as costs for social security contributions	0	216
Other tax liabilities	4	140
EB-5 loan	872	0
Liability to majority shareholder	38	379
Trade and other payables	2,697	1,744

13. AMOUNTS OWED BY A MANAGING DIRECTOR

kEUR	30.06.2019	30.06.2018
Amounts owed by a managing director	1,767	2,237

As at 30.06.2019 and 31.12.2018, there was a current receivable due from Siu Fung Siegfried Lee, which is unsecured, interest-free and repayable at any time upon demand.

14. SHARE CAPITAL

kEUR	Share capital 30.06.2019
As at 1 January 2018	18,109
Change in 2018	0
As at 30 June 2019	18,109

The share capital amounts to EUR 18,109,000.00 and consists of 18,109,000 non-par-value shares which are bearer shares for which a global share certificate was issued.

15. FINANCIAL LIABILITIES

The purchase of properties from Kirby Interchange was partly financed via a bank loan. As at 30 June 2019, the Group had a floating rate bank loan of kEUR 14,152 (kUSD 16,228) with Midfirst Bank. The interest is LIBOR plus 3%, and it will become due on 1 September 2020. The loan is secured by the property.

ROY offers interested and qualified investors the opportunity to invest in the 3300 Main project in Houston as part of the United States' EB-5 investment programme. As at 31 December 2018, two investors have invested a total of kEUR 864 (kUSD 1,000). The loans bear interest of 1% p.a. at customary market conditions for EB-5 investments.

16. INVESTMENT PROPERTIES

As at 30 June 2019, the item "investment property" comprises fourteen existing properties.

In addition, a plot of land was purchased in Houston in H1 2019. The total purchase price for this property amounted to kUSD 300 (kEUR 264) and was financed entirely from equity. The plot is undeveloped and there are plans to construct a representative single-family home on it.

In H1 2019, the following rental income was achieved:

kEUR	01.01.- 30.06.2019	01.01.- 30.06.2018
Rental income from investment property	1,450	1,432
Direct operating expenses (including repairs, maintenance and amortisation/depreciation) that generate rental income (included in the cost of sales)	-592	-410
Direct operating expenses (including repairs and maintenance) that do not generate rental income (included in the cost of sales)	0	0
Income from investment property	858	1,022

17. LEASE COMMITMENTS

As lessee

At the end of the reporting period, the Group had outstanding obligations from future minimum payments for lease agreements according to non-cancellable operating lease agreements that will fall due as follows:

kEUR	01.01.- 30.06.2019	01.01.- 30.06.2018
Within one year	150	150

From second to fifth year inclusive	242	288
Beyond the fifth year	0	195
Total	392	633

The leasing payments are rent payments that the Group pays for its office space and warehouses.

As lessor

The following gross rental income was generated during the reporting period:

kEUR	01.01.- 30.06.2019	01.01.- 30.06.2018
Kirby Interchange	1,368	1,378
Houston single-family homes	70	40
California	12	14
Total	1,450	1,432

At the end of the reporting period, the Group had receivables from future payments on leases which cannot be cancelled prematurely from the Kirby Interchange property, as well as the currently leased four properties in Houston and the leased property in California, which were due as follows:

kEUR	01.01.- 30.06.2019	01.01.- 30.06.2018
Within one year	2,274	2,226
From second to fifth year inclusive	4,768	4,028
Beyond the fifth year	1,607	196
Total	8,649	6,450

18. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed under Note 13 of these financial statements, the Group has not completed other material transactions with related parties in the year under review.

19. EVENTS AFTER THE BALANCE SHEET DATE

ROY Ceramics SE changed its name to ROY Asset Holding SE following the approval of the Annual General Meeting on 4 July 2019 in order to reflect the new structure and alignment.

The capital increase from company funds was entered in the commercial register on 30 July 2019 and the new shares were credited to the shareholders by way of a security deposit account credit from 14 August 2019.

On 16 July 2019, ROY signed a contract for the purchase of all shares in Klingenberg Dekoramik GmbH from Gruppo Ceramiche Ricchetti SpA. Klingenberg Dekoramik GmbH is

one of the leading German manufacturers of unglazed ceramic floor tiles, with a focus on tiling for buildings. Klingenberg Dekoramik GmbH currently mainly serves the domestic German market with a share of over 70% including the support of wholesalers and installation companies, as well as object processing for architects, planners and institutional buyers. Export sales, with a focus on the USA and Australia, currently amount to approx. 30%. Klingenberg Dekoramik GmbH generated annual sales of approx. EUR 12.5 million in 2018. The purchase price of one euro is symbolic and ROY has injected liquidity of approx. EUR 1.7 million as working capital and to repay liabilities. The preparation of the opening balance sheets at the time of first-time consolidation as well as the determination of the final purchase prices have not yet been completed and thus cannot yet be finally determined. Also not completed is the purchase price allocation.

The Board of Directors extended the contract with Mr. Hermann as CEO prematurely for five years.

RESPONSIBILITY STATEMENT BY THE STATUTORY REPRESENTATIVES

We confirm to the best of our knowledge and in accordance with the applicable accounting standards for half-year financial reporting that the half-year consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Consolidated Group and that the interim group management report conveys a fair review of the business development, including the results and the position of the Consolidated Group, together with a description of the important opportunities and risks for the expected development of the Consolidated Group for the remainder of the fiscal year.

Munich, 30 September 2019

ROY Asset Holding SE
Managing Directors

MATTHIAS HERRMANN
CEO

Dr. h.c. SIU FUNG SIEGFRIED LEE
COO

SURIYA TOARAMRUT
TECHNICAL DIRECTOR

INFORMATION ABOUT FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that are based on the current assumptions and estimates by the corporate management of ROY Asset Holding SE. Forward-looking statements are characterised by the use of words such as expect, intend, plan, foresee, assume, believe, estimate and similar formulations. These statements should not be construed as guarantees that these expectations will prove to be correct. The future development and the events actually achieved by ROY Asset Holding SE and its affiliated companies depend on a number of risks and uncertainties and can therefore deviate substantially from the forward-looking statements. Many of these factors are outside of ROY Asset Holding SE's area of influence and cannot be estimated precisely, such as the future economic environment and the conduct of competitors and other market participants. ROY Asset Holding SE does not commit to any updating of the forward-looking statements, and this is also not planned.

COMPANY AND LEGAL INFORMATION

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FINANCIAL CALENDAR 2019

Publication of the 2018 annual report

30 April 2019

Q1 interim report 2019

31 May 2019

Annual general meeting of shareholders 2019

4 July 2019

Publication of the 2019 half-year report

30 September 2019

Q3 /9M interim report 2019

29 November 2019



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