

ASIA CERMAICS HOLDINGS PLC

("ASIA CERAMICS HOLDINGS" OR THE "COMPANY")

INTERIM UNAUDITED RESULTS FOR THE PERIOD ENDED 30TH JUNE 2014

The Directors of Asia Ceramics Holdings are pleased to present the Company's interim results for the six months to 30th June 2014.

Key Points:

- Sales £5,194k
- Loss for period £162k
- Cash at bank £216k
- Growth in Export Division

CHAIRMAN'S STATEMENT

Sales for the six months to 30 06 2014 £5,194k (£4,002k in 2013)

Loss for the six months to 30 06 2014 £162k (£49k loss in 2013)

CURRENT TRADING AND PROSPECTS

The Group incurred a loss of £162,000 in the first half of the year, principally as a result of higher selling and marketing expenses.

The higher selling costs are due to the increase in the cost base in China due to the economic climate ,and increased competition from other suppliers and exporters.

The higher marketing costs were incurred to enable the company to attempt to maintain its market share in a highly competitive market.

I am pleased to report that export sales have however shown growth in this period ,and we are looking to achieve further growth in export sales and margins in the second half of the year, subject to improvements in the economic climate .

I look forward to reporting further progress in my statement at the year end.

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**Interim Condensed Statement of Comprehensive Income
For the six months ended 30 June 2014**

		June 30, 2014	June 30, 2013	Dec.31 2013 audited £'000
	Notes	£'000	£'000	£'000
Revenue		5,194	4,002	10,998
Cost of sales		(4,299)	(3,428)	(9,204)
Gross profit		895	574	1,794
Distribution expenses		(628)	(237)	(766)
Administrative expenses		(415)	(442)	(914)
Interest Income(expenses)		(14)	64	(71)
Non-operating income/(expenses)		1	(5)	(7)
Profit (Loss) on ordinary activities before taxation		(162)	(46)	36
Income tax expenses	3	-	(3)	(15)
Profit (Loss) after taxation		(162)	(49)	21
Other comprehensive income				
Exchange difference arising on translation of foreign operations				
Total comprehensive income for the year attributable to equity holders		(162)	(49)	21
Basic profit (loss) per ordinary share (pence)	4	(1.48)	(0.45)	0.20
Diluted profit (loss) per ordinary share (pence)		(1.48)	(0.45)	0.20

**Interim Condensed Statement of Financial Position
At 30 June 2014**

		June 30, 2014	June 30, 2013	Dec.31 2013 audited
	Notes	£'000	£'000	£'000
Non-current assets				
Property, plant and equipment	5 & 6	204	187	151
Construction in progress				-
Investments				-
Deferred tax assets				32
		<hr/> 204	<hr/> 187	<hr/> 183
Current assets				
Inventory		107	87	5
Trade and other receivables	7	3,737	3,523	3,757
Export VAT refund receivables		100	119	51
Cash and cash equivalents		216	680	288
		<hr/> 4,160	<hr/> 4,409	<hr/> 4,101
Total assets		<hr/> 4,364	<hr/> 4,597	<hr/> 4,284
Equity and reserves				
Share capital	8	55	55	55
Share premium		1,201	1,201	1,201
Other reserves		37	124	92
Retained earnings		(540)	(443)	(392)
Equity and reserves		<hr/> 753	<hr/> 937	<hr/> 956
Current liabilities				
Trade and other payables		3,107	3,012	2,760
Tax payable		4	(24)	68
Borrowing			172	
		<hr/> 3,111	<hr/> 3,160	<hr/> 2,828
Non current liabilities				
Loan from a shareholder	11	500	500	500
		<hr/> 500	<hr/> 500	<hr/> 500
Total equity and liabilities		<hr/> 4,364	<hr/> 4,597	<hr/> 4,284

The financial statements were approved by the Board of Directors and authorised for issue in August 2014.

Interim Condensed Statement of Cash Flows
For the six months ended 30 June 2014

	June 30, 2014	June 30, 2013	Dec.31 2013 audited
Notes	£'000	£'000	£'000
Net cash generated (used) in operating activities	<u>(67)</u>	<u>184</u>	<u>(49)</u>
Investing activities			
Purchase of property, plant and equipment	(5)	(2)	(2)
Construction in progress		-	
Investment in subsidiaries		-	
Interest received		1	-
Net cash used in investing activities	<u>(5)</u>	<u>(1)</u>	<u>(2)</u>
Financing activities			
Loans to subsidiaries		-	-
Loans from shareholders		-	-
Repayment of bank loan		-	(158)
Net cash from financing activities	<u>-</u>	<u>-</u>	<u>(158)</u>
Net increase (decrease) in cash and cash equivalents	<u>(72)</u>	<u>183</u>	<u>(209)</u>
Cash and cash equivalents at beginning of period	288	497	497
Exchange difference	-		
Cash and cash equivalents at end of period	<u>216</u>	<u>680</u>	<u>288</u>

Interim Condensed Statement of changes in Equity
For the six months ended 30 June 2014

Group	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 30 June 2013	<u>55</u>	<u>1,201</u>	<u>124</u>	<u>(443)</u>	<u>937</u>
Exchange difference arising on the translation of financial statements of overseas subsidiaries			(10)		(10)
Loss for the period				29	29
Transfer statutory reserves					
Share-based payment					
Share option reserve	-	-	(22)	22	-
Balance at 31 December 2013	<u>55</u>	<u>1,201</u>	<u>92</u>	<u>(392)</u>	<u>956</u>
Exchange difference arising on the translation of financial statements of overseas subsidiaries			(55)	14	(41)
Loss for the period				(162)	(162)
Issue of shares	-	-			
Share issue costs				-	-
Share option reserve	-	-	-		
Balance at 30 June 2014	<u>55</u>	<u>1,201</u>	<u>37</u>	<u>(540)</u>	<u>753</u>

Notes to the Condensed Group Interim Financial Statements

1. GENERAL INFORMATION

Asia Ceramics Holdings Plc is a company incorporated in Jersey under the Companies (Jersey) Law 1991. The company is governed by its articles of association and the principal statute governing the company is Jersey law. The company has an unlimited life. The liability of the members of the company is limited. The company is domiciled and has its registered office in Jersey and the company's registration number is 105875 (Jersey). The principal activity of the Company is investment holding. The Group's principal activity is the sale of ceramic products both in China and global market.

The Group's places of business are Hong Kong and the People's Republic of China ("PRC").

These financial statements are presented in pounds sterling and rounded to the nearest thousand ('000).

Asia Ceramics Holding Plc has adopted all relevant standards effective for accounting periods beginning on or after 1 January 2011.

2. BASIS OF PREPARATION

The condensed financial statements have been prepared under historical cost convention, except for the revaluation of certain financial instruments. The same accounting policies, presentation and methods have been followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2013.

The Group's Financial Statements have been prepared in accordance with International Financial Reporting Standards 34 (Interim Financial Reporting).

The report is unaudited and does not constitute the statutory accounts for the six months ended 30 June 2014.

3. INCOME TAX EXPENSE

	30 June 2014 £'000	30 June 2013 £'000	31 Dec. 2013 £'000
Current tax charge	-	3	47
Deferred tax			(32)
			<u>15</u>

The income tax expense for the year can be reconciled as follow:

Profit (Loss) before taxation	<u>(162)</u>	<u>(46)</u>	<u>36</u>
Income tax calculated at 25%	-	-	9
Effect of income that is exempt from taxation		-	36
Effect of different tax rate of subsidiary operating in other jurisdiction		3	(23)
Effect of prior year adjustment		-	2
Unrelieved tax losses c/f		-	22
Deferred tax arising from unused tax losses			(32)
Others	-	-	1
	<u>-</u>	<u>3</u>	<u>15</u>

The applicable tax of the Group is derived from the consolidation of all Group companies applicable tax band on their domestic tax rates. The applicable tax rate for Asia Ceramics (HK) Ltd is 16.5% and 25% for all Chinese subsidiaries.

4. EARNINGS PER SHARE

Basic earning per share is calculated by dividing the loss attributable to equity shareholders of the company by the weighted average number of ordinary shares in issue during the year.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares in the company are share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have issued assuming the exercise of the share options.

	30 June 2014	30 June 2013
<i>Earnings</i>		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	(162,489)	(49,453)
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	10,990,071	10,990,071
Effect of dilutive potential ordinary shares:		
Share options	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	10,990,071	10,990,071
<i>Profit (Loss) per share</i>		
Basic (pence)	(1.48)	(0.45)
Diluted (pence)	(1.48)	(0.45)

5. Property, plant and equipment

The showroom and office in Foshan has been completed and transferred to fixed assets from construction in progress in 2012.

During this period, Foshan Louis Valentino Ceramics Co., Ltd. purchased a vehicle amount to £4,744 (RMB50,000).

6. Intangible Assets

There is no addition of intangible assets during this period.

7. Trade and Other Receivables

	6 months ended 30 June 2014	6 months ended 30 June 2013	Year ended 31 December 2013
	£'000	£'000	£'000
Trade receivables	1,173	1,313	1,657
Payment on accounts	1,957	1,886	1,569
Other debtors	607	324	531
Less: allowance for doubtful debts		-	-
Total	3,737	3,523	3,757

8. SUBSIDIARIES

Details of the Company's subsidiaries at 30 June 2014 are as follows.

Name of	Place of incorporation (or registration)	Proportion of ownership interest	Principal activities
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subsidiary	and operation	%	
Asia Ceramics (HK) Ltd	Hong Kong	100	Retail of ceramics products in Hong Kong Market
Shenyang Louis Building Materials Ltd	P.R. China	100	Establishment of ceramics retail shops in China and sale of ceramics
Foshan Louis Valentino Ceramics Co., Ltd **	P.R. China	100	Sale of ceramics products in PRC and global market

** Held by subsidiary company

Foshan Louis Valentino Ceramics Co., Ltd was established on 5 July 2011 with registered share capital of RMB500,000. On the same day, Shenyang Louis Buildings Materials Co., Ltd subscribed 50% of the registered share capital of the company for RMB250,000. On 8 August 2011, the remaining 50% of the registered share capital was transferred to Shenyang Louis Buildings Materials Co., Ltd for RMB250,000. As a result of this, Foshan Louis Valentino Ceramics Co., Ltd is wholly owned by the Group.

Foshan Louis Valentino Ceramics Co., Ltd commenced trading in October 2011 and the results of the company were fully consolidated in these financial statements.

9. SHARE CAPITAL

The company has one class of ordinary share capital which carry no rights to fixed income, any preferences or restrictions.

	June 30,2014 £'000	June 30, 2013 £'000	December 31,2013 £'000
Authorised: 2,000,000,000 Ordinary shares of £0.005 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Issued and fully paid: 10,990,071 Ordinary shares of £0.005 each (10,311,444 Ordinary shares as at 31 Dec. 2011)	<u>55</u>	<u>52</u>	<u>52</u>

Shares issued during the year

	Note	Share numbers	Share Capital	Share Premium
On Incorporation	(i)	2	2	-
On 12 July 2010	(ii)	42,448	42,448	-
On 18 July 2010	(iii)	8,490,000	42,450	-
On 2 August 2010	(iv)	1,821,444	9,107	1,193,046
Less share issue costs	(v)	-	-	(480,955)
On 17 March 2012		678,627	3,393	488,611
Total		<u>10,990,071</u>	<u>54,950</u>	<u>1,200,702</u>

(i) On incorporation, the Company issued 2 shares at par value of £1 each.

(ii) On 12 July 2010, the Company issued 42,448 additional shares at its par value of £1 each.

(iii) Pursuant to a special resolution of the Company dated 15 July 2010 the authorized share capital of the Company was sub-divided into 2,000,000,000 shares of £0.005 each.

(iv) On 2 August 2010, the Company raised £1.20 million gross of expenses in a private placing through the issue of 1,821,444 additional shares at £0.66 each.

(v) On 17 March 2012 the company signed a share subscription agreement with Better Group (Holding) Co., Ltd where Better Group (Holding) Co., Ltd subscribes 678,627 shares at 72.5p each amount of £492,005 (HKD 6 million) and the company agrees to issue new shares within 90 days from date of this agreement. The shares were issued on 29 March 2012 and fully paid. The company received the fund in December 2011 and recorded in other creditors.

10. DERIVATIVE FINANCIAL INSTRUMENTS

On 31 August 2010 the company executed a deed poll constituting warrants to subscribe for ordinary shares in favour of WH Ireland. Pursuant to this instrument, WH Ireland will be entitled to subscribe for such number of Ordinary Shares amount to 257,786 which is equal to 2.5 percentage of the fully diluted share capital of the company on Admission at an exercise price of £0.66 until the third anniversary of Admission. On 31 August 2013, the share option has been expired and not exercised.

On the same date, the company granted warrants to Alexander David to subscribe for such number of Ordinary Shares amount to 206,229 which is equal to 2 percentage of the company's issued Ordinary Share capital following Admission at an exercise price of £0.66 per Ordinary Share. The warrants are exercisable at any time following Admission until the fifth anniversary of Admission.

Details of the share options outstanding during the year are as follows:

	2014			2013		
	Average exercise price in £ per share	Option 1	Option 2	Average exercise price in £ per share	Option 1	Option 2
At beginning of the year	0.66	-	206,229	0.66	257,786	206,229
Granted	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Executed	-	-	-	-	-	-
Expired	-	-	-	-	(257,786)	-
At end of year	0.66		206,229	0.66		206,229

As at 30 June 2014, none of the above options had been exercised.

11. RELATED PARTY TRANSACTIONS

Transactions within the Group have been eliminated in the preparation of the financial information set out in this report and are not disclosed in this note. Balance with other related parties have been disclosed under the relevant notes.

- i) On 18 August 2010, Dr Dingxin Pu, the Chief Executive Officer and the majority shareholder of the company entered into a loan facility agreement with the company, whereby Dr Dingxin Pu agreed to make available to the company a loan facility of £500,000. The loan is interest free and is repayable over five equal quarterly installments commencing from 18 months following the date of the loan facility agreement. The loan was fully drawn down on 18 August 2010.

On 20 February 2013, the loan has extended the date of repayment to five equal instalments commencing on 31 January 2015 subject to the Company having sufficient funds to meet the repayments.

- ii) At 30 June 2014, included in other debtors an amount of HKD2,114,173 due from Dr Dingxin Pu. The amount is unsecured, interest free and repayable on demand.

12. Events after the end of the reporting period

There are no events after the end of reporting period to be disclosed.

13. Approval of interim financial statements

The interim financial statements were approved by the board of directors on 22 August 2014.