

**BALANCE SHEET**

No.	ASSETS	2006 03 31	2005 03 31
<b>A.</b>	<b>NON CURRENT ASSETS</b>	<b>57.870.755</b>	<b>59.434.387</b>
I.	INTANGIBLE ASSETS	52.843	92.073
II.	TANGIBLE ASSETS	57.514.246	58.977.000
II.1.	land		
II.2.	Buildings	27.790.097	27.497.850
II.3.	Other fixed assets	29.724.149	31.479.150
II.4.	Construction in progress		
III.	NON CURRENT FINANCIAL ASSETS	300.000	337.314
IV.	LONG TERM RECEIVABLES	3.666	28.000
V.	DEFERRED TAXES		
<b>B.</b>	<b>CURRENT ASSETS</b>	<b>23.935.451</b>	<b>21.955.000</b>
I.	INVENTORIES	17.462.320	16.056.000
I.1.	STOCK	17.102.477	15.673.737
I.2.	PREPAYMENTS	91.395	181.163
I.3.	NOT COMPLETED WORKS	268.448	201.100
II.	CURRENT RECEIVABLES	5.753.739	4.496.000
III.	INVESTMENTS AND TERM DEPOSITS	0	
IV.	CASH	719.392	1.403.000
	<b>ASSETS TOTAL</b>	<b>81.806.206</b>	<b>81.389.387</b>

No.	EQUITY AND LIABILITIES	2006 03 31	2005 03 31
<b>A.</b>	<b>CAPITAL AND RESERVES</b>	<b>23.658.057</b>	<b>21.148.360</b>
I.	SHARE CAPITAL	49.527.300	49.527.300
I.1.	PAID IN	49.527.300	49.527.300
I.2.	UNPAID	0	0
II.	SHARE PREMIUM	125.060	125.060
III.	REVALUATION RESERVE	4.863.740	1.548.000
IV.	OTHER RESERVES		
V.	RETAINED EARNINGS	-30.858.043	-30.052.000
V.I	Previous years	-852.249	
V.II	current year	-30.005.794	-30.052.000
<b>B.</b>	<b>DOTATIONS AND SUBSIDIES</b>		
<b>C.</b>	<b>DEFERRED TAX &amp; ACCRUED LIABILITIES</b>	<b>1.030.000</b>	<b>1.431.000</b>
I.	Accrued expenses		
II.	Deferred tax liability	1.030.000	1.431.000
<b>D.</b>	<b>LIABILITIES</b>	<b>57.118.149</b>	<b>58.810.027</b>
I.	NON CURRENT LIABILITIES	41.511.893	25.997.000
I.1.	Financial liabilities	41.511.893	25.829.000
I.2.	trade payables		
I.3.	advances received		168.000
I.4.	other non current payables		
II.	CURRENT LIABILITIES	15.606.256	32.813.027
II.1.	Current part of long term financial liabilities	2.392.335	14.812.000
II.2.	Other financial liabilities	569.650	5.763.000
II.3.	trade payables	10.625.364	8.371.000
II.4.	advances received	182.063	416.376
II.5.	taxes and salaries payable	530.380	333.414
II.6.	other payables	1.306.464	3.117.237
	<b>EQUITY AND LIABILITIES</b>	<b>81.806.206</b>	<b>81.389.387</b>

0

0

No.	INCOME STATEMENT	2006 3 months	2005 3 months
<b>I.</b>	<b>SALES</b>	<b>11.245.811</b>	<b>8.661.014</b>
<b>II.</b>	<b>COST OF SALES</b>	<b>-8.811.009</b>	<b>-6.115.000</b>
<b>III.</b>	<b>GROSS PROFIT</b>	<b>2.434.802</b>	<b>2.546.014</b>
IV.	Operating expenses	-3.012.148	-3.266.000
<b>V.</b>	<b>OPERATING RESULT (EBIT 1)</b>	<b>-577.346</b>	<b>-719.986</b>
<b>VI.</b>	<b>OTHER ACTIVITY, NET</b>	<b>45.529</b>	<b>22.000</b>
VI.1.	Income	47.902	22.000
VI.2.	Expenses	-2.373	
<b>VII.</b>	<b>FINANCIAL ACTIVITY, NET</b>	<b>-443.432</b>	<b>-1.815.000</b>
VII.1.	Income	8.353	
VII.2.	Expenses	-451.785	-1.815.000
<b>VIII.</b>	<b>ORDINARY ACTIVITY RESULT</b>	<b>-975.249</b>	<b>-2.512.986</b>
IX.	Extraordinary income		
X.	Extraordinary expenses		
<b>XI.</b>	<b>RESULT BEFORE PROFIT TAX</b>	<b>-975.249</b>	<b>-2.512.986</b>
XII.	profit taxes	123.000	-26.000
<b>XIII.</b>	<b>NET RESULT</b>	<b>-852.249</b>	<b>-2.486.986</b>

President

Juozas Raišelis

Chief Accountant

Vanda Kalpokienė

## STATEMENT OF CHANGES IN EQUITY

LTL	Share capital	Share premium	Revaluation reserve	Reserve capital	Retained earnings	Total Equity
<b>As at 1 January 2005</b>	<b>49.527.300</b>	<b>0</b>	<b>1.548.000</b>	<b>125.060</b>	<b>-27.565.000</b>	<b>23.635.360</b>
Net result for I Q 2005					-2.487.000	-2.487.000
<b>As at 31 March 2005</b>	<b>49.527.300</b>	<b>0</b>	<b>1.548.000</b>	<b>125.060</b>	<b>-30.052.000</b>	<b>21.148.360</b>
Revaluation of fixed assets						<b>0</b>
Net result for 9 months 2005			3.637.740			<b>3.637.740</b>
Depreciation of Reval. reserve			-322.000		322.000	<b>0</b>
Net loss for the year					-275.794	<b>-275.794</b>
<b>As at 31 December 2005</b>	<b>49.527.300</b>	<b>0</b>	<b>4.863.740</b>	<b>125.060</b>	<b>-30.005.794</b>	<b>24.510.306</b>
Net result for I Q 2006					-852.249	<b>-852.249</b>
Depreciation of Reval. reserve						<b>0</b>
<b>As at 31 March 2006</b>	<b>49.527.300</b>	<b>0</b>	<b>4.863.740</b>	<b>125.060</b>	<b>-30.858.043</b>	<b>23.658.057</b>

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**STATEMENT OF CASH FLOWS**

	<b>2006</b>	<b>2005</b>
	<b>3 months</b>	<b>3 months</b>
<b>Cash flows from operating activities</b>		
Net result for the period	-852.249	-2.513.000
Adjustments for:		
Depreciation and amortization	1.850.884	1.761.000
(Gain)/ losses on foreign exchange	12.072	1.139.000
(Gain)/ losses on investment activity	0	17.000
(Gain)/ losses on disposals (sales) of fixed assets	0	-15.000
Net interest	436.769	675.000
Change in deferred taxes	-401.000	0
Increase/(decrease) in inventory valuation allowance	-479.119	0
Other	200.036	0
Operating profit before working capital changes	<b>767.393</b>	<b>1.064.000</b>
(Increase)/decrease in trade and other receivables excluding receivables connected with selling fixed assets	3.246.117	531.000
(Increase)/decrease in inventories	-5.302.318	-2.347.000
Increase/(decrease) in payables excluding borrowings and loans and payables connected with purchasing fixed assets		
Cash generated from operations	<b>-1.288.808</b>	<b>-752.000</b>
Income taxes paid	-436.769	-675.000
<b>Net cash from operating activities</b>	<b>-1.725.577</b>	<b>-1.427.000</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	-42.730	
Sales of property, plant and equipment	11.563	106.000
Other items	32.798	0
<b>Net cash utilized in investing activities</b>	<b>1.631</b>	<b>106.000</b>
<b>Cash flows from financing activities</b>		
Receipt of outstanding share capital contributions	3.315.740	0
Repayment/receipt of loans	6.930.276	4.689.000
Repayment/issue of promissory notes	-5.246.372	-1.834.000
Financial lease payments	-3.959.306	-468.000
Net cash from financing activities	1.040.338	2.387.000
<b>Net change in cash and cash equivalents</b>	<b>-683.608</b>	<b>1.066.000</b>
Cash and cash equivalents at the beginning of period	1.403.000	337.000
<b>Cash and cash equivalents at the end of period</b>	<b>719.392</b>	<b>1.403.000</b>

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AB "Dvarčionių keramika"  
Company registration code 110628481

NOTIFICATION  
2006 I Q Financial statement

AB "Dvarčionių keramika" company registration code 110628481, capital share amounts 49,527,300 Lt. Company activity results are presented in Net Profit (Loss) report. During the period of 2006 I Q company sales and provided services incomes amounted 11,245,811 Lt. General company income resulted from ceramic tiles, merchandise sales, goods for resale and services. Other operating income amounted 47,902 Lt., financial investment incomes - 8,353 Lt. Costs of sales and services - 8,811,009 Lt., operating activities expenses - 3,012,148 Lt. Other operating activity expenses - 2,373 Lt., financial and investment activities expenses -451,785 Lt.

Comparing sales results with 2005 IQ period, sales reached 29,84 % increase. I Q loss decreased 65,73 %. Net loss was resulted from preparatory presentation of new ceramic tile collections. 2006 IQ EBITA - 998,635 Lt, 2005 I Q.-(725,986)Lt. 2006-03-31 total number of company employees is 286.

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Chief Accountant

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