

28th November, 2014 No. 12-336

Vilnius

Supervision service of Bank of Lithuania
Zirmunu str. 151
LT-09128 Vilnius
LITHUANIA

CONFIRMATION OF RESPONSIBLE PERSONS

In behalf DVARCIONIU KERAMIKA, RAB General manager Liudmila Suboč and Chief accountant Elona Suveizdienė hereby confirm that to the best of our knowledge the unaudited Financial Statements for the nine months of 2014 prepared in accordance to International Financial Reporting Standards give a true and fair view of the assets liabilities financial position profit or loss and cash flow.

Enclosure: DVARCIONIU KERAMIKA, RAB Interim Report for the nine months of 2014.

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė



DVARČIONIŲ KERAMIKA RAB
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS OF 2014

NOVEMBER, 2014, Vilnius

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DVARČIONIŲ KERAMIKA, RAB financial statements were prepared in accordance to International Financial Reporting Standards.

The Company's interim financial statements for the period January – September, 2014 were not audited. Financial statements for the year ended 31 December 2013 were audited accordingly.

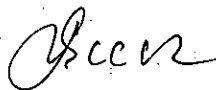
STATEMENT OF FINANCIAL POSITION (LTL THOUSAND)

ASSETS	2014 09 30	2013 12 31
NON CURRENT ASSETS	23 374	25 232
INTANGIBLE ASSETS	-	-
TANGIBLE ASSETS	23 074	24 919
Land	-	-
Buildings	17 966	19 450
Other tangible assets	5 102	5 469
INVESTMENTS PROPERTY	6	13
NON CURRENT FINANCIAL ASSETS	300	300
LONG TERM RECEIVABLES	-	-
DEFERRED TAXES	-	-
CURRENT ASSETS	4 714	7 113
INVENTORIES	2 083	3 493
STOCK	2 041	3 413
PREPAYMENTS	32	76
NOT COMPLETED WORKS	10	4
CURRENT RECEIVABLES	757	2 492
INVESTMENTS AND TERM DEPOSITS	-	-
CASH	1 874	1 128
TOTAL ASSETS	28 088	32 345

STATEMENT OF FINANCIAL POSITION (LTL THOUSAND) (continued)

EQUITY AND LIABILITIES	2014 09 30	2013 12 31
CAPITAL AND RESERVES	-352	5 494
SHARE CAPITAL	19 811	19 811
Authorized	19 811	19 811
Subscribed uncalled share capital	-	-
SHARE PREMIUM	-	-
REVALUATION RESERVE	9 581	9 581
OTHER RESERVES	125	125
RETAINED EARNINGS	(29 869)	(24 023)
Previous years	(24 023)	(19 355)
Current year	(5 846)	(4 668)
GRANTS AND SUBSIDIES	-	-
DEFERRED TAX & ACCRUED LIABILITIES	-	-
Accrued expenses	-	-
Deferred tax liability	-	-
LIABILITIES	28 440	26 851
NON CURRENT LIABILITIES	-	-
Financial liabilities	2 692	2 692
Trade payables	-	-
Advances received	-	-
Other non current payables	-	-
CURRENT LIABILITIES	25 748	24 159
Current part of long term financial liabilities	-	-
Other financial liabilities	20 201	18 208
Trade payables	5 043	5 081
Advances received	27	35
Taxes and salaries payable	95	201
Other payables	382	634
TOTAL EQUITY AND LIABILITIES	28 088	32 345

General manager



Liudmila Suboč

Chief accountant

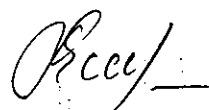


Elona Suveizdiene

STATEMENT OF COMPREHENSIVE INCOME (LTL THOUSAND)

	2014.07.01- 2014.09.30	2013.07.01- 2013.09.30	2014.01.01- 2014.09.30	2013.01.01- 2013.09.30
SALES INCOME	480	4.384	2 213	14 132
COST OF SALES	-324	-3.582	-1 728	-11 584
GROSS PROFIT	156	802	485	2 548
Operating expenses	-1 358	-2 207	-4 820	-7 372
OPERATING PROFIT (LOSS)	-1 202	-1 405	-4 335	-4 824
OTHER ACTIVITIES	131	354	511	707
Income	131	365	511	719
Expenses	-	-11	-	-12
FINANCIAL AND INVESTING ACTIVITIES	-2 015	-125	-2 022	-235
Income	1	-	2	2
Expenses	-2 016	-125	-2 024	-237
PROFIT (LOSS) BEFORE PROFIT TAX	-3 086	-1.176	-5 846	-4 352
Profit tax	-	-	-	-
NET PROFIT (LOSS)	-3 086	-1.176	-5 846	-4 352

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

CASH FLOW STATEMENT (LTL THOUSAND)

2014.09.30 2013.09.30

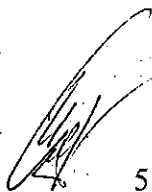
Cash flows from operating activities		
Net profit	-5 846	-4 352
Adjustments for:		
Income tax benefit	-	-
Depreciation and amortization	1 858	2 759
(Gain)/ losses on foreign exchange	-	-
(Gain)/ losses on investment activity	-	-
(Gain)/ losses on disposals (sales) of fixed assets	-	-
Net interest	-	-
Change in deferred taxes	-	-
Increase/(decrease) in inventory valuation allowance	-39	-695
Other	-	-
Operating profit before working capital changes	-4 027	-2 288
(Increase)/decrease in trade and other receivables excluding receivables connected with selling fixed assets	1 773	75
(Increase)/decrease in inventories	1 372	5 024
Increase/(decrease) in payables excluding borrowings and loans and payables connected with purchasing fixed assets	-365	-4 293
Cash generated from operations	-1 247	-1583
Interest paid	-	-
Profit tax paid	-	-
Interest received	-	-
Net cash from operating activities	-1 247	-1583
Cash flows from investing activities		
Purchases of property, plant and equipment	-	-
Sales of property, plant and equipment	-	1 583
Other items	-	-
Net cash from investing activities	-	1 583
Cash flows from financing activities	1 993	
Repayment/receipt of loans	-	1 573
Financial lease payments	-	-
(Decrease)increase in factoring financing	1 993	-
Net cash from financing activities	-	1 573
Net change in cash and cash equivalents	746	-10
Cash and cash equivalents at the beginning of period	1 128	57
Cash and cash equivalents at the end of period	1 874	47

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienē

STATEMENT OF CHANGES IN EQUITY (LTL THOUSAND)

	Share capital	Revaluation reserve	Legal reserve	Retained earnings	Total equity
Balance at 31 December 2012	19.811	10.186	125	-19.355	10.767
Profit (loss)				-4.352	-4.352
Balance at 30 September 2013	19.811	10.186	125	-23.707	6.415
Profit (loss)				-1.492	-1.492
Decrease in revaluation reserve due to depreciation or write-off of revalued assets		-605			-605
Balance at 31 December 2013	19.811	9.581	125	-24.023	5.494
Profit (loss)				-5.846	-5.846
Balance at 30 September 2014	19.811	9.581	125	-29.869	-352

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

NOTES TO FINANCIAL STATEMENTS

Dvarčionių Keramika, RAB shares are listed on Vilnius stock exchange secondary list (ticker: DKR1L).

Major Financial Indicators of the Company

Financial Indicators	January – September, 2014	January – September, 2013
Income (thousand Lt)	2 213	14 132
EBITDA (thousand Lt)	-3 987	-1 359
EBITDA margin (percent)	-180	-9,6
Profit (loss) from operations (thousand Lt)	-4 335	-4 824
Operational profit margin (percent)	-196	-34,1
Profit before taxes (thousand Lt)	-5 846	-4 352
Net profit (loss) (thousand Lt)	-5 846	-4 352
Net profit margin (percent)	-264	-30
Earnings per share (in Litas)	-0,59	-0,44
Debt to equity ratio	-81	4,5
Liquidity ratio (percent)	0,18	0,38
Earnings to asset ratio (percent)	-1.2	18

Sales income and EBITDA

Company revenue for the nine month of 2014 was 2.213 thousand LTL. Revenue for the nine month of 2013 was 14.132 thousand LTL.

The main reason of the fall in revenue – the production line stopped from August 2013. It was difficulties to complete the required tiles assortment.

The company sells its products in the biggest Lithuanian commercial networks and the own brand shops.

The Company income distribution according to the geographical segments is as follows (Thousand LTL):

Sales	January – March, 2014	January – March, 2013
Lithuania	2 213	7 638
Other countries	-	6 494
Total sales	2 213	14 132

The Gross profit for the reporting period was 485 thousand Litas. During the same period of 2013 was 2 548 thousand Litas.

Gross profit fell down, because decreased sales income.

Operating expenses decreased by 35 percent compared with the year 2013 the same period. Operating profit margin during the reporting period was negative.

During the first six month of this year Company has earned 511 thousand Litas of profit from other activities. The profit was earned renting premises.

During the reporting period, EBITDA was negative -3.987 thousand Lt. Year ago EBITDA was negative -1.359 thousand LTL. EBITDA margin – 180 percent (During the first nine month of 2013 – 9.6 percent).

Company Loans (LTL thousand)

The grantor	Currency	Balance at 30-09-2014
AB Swedbank	Litas	17.400
UAB Misota	Litas	460
Juozas Raišelis	Litas	985
UAB Raico Group	Litas	1.238