

27th February, 2015 No. 12-155
Vilnius

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

CONFIRMATION OF RESPONSIBLE PERSONS

In behalf DVARČIONIŲ 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 twelve 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: DVARČIONIŲ KERAMIKA, RAB Interim Report for the twelve months of 2014.

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė



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

FEBRUARY, 2015, Vilnius

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DVARČIONIŲ KERAMIKA, RAB received restructuring status from 23 of December, 2013. The Company's financial statements were prepared in accordance to International Financial Reporting Standards.

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

STATEMENT OF FINANCIAL POSITION (LTL THOUSAND)

ASSETS	2014 12 31	2013 12 31
NON CURRENT ASSETS	22 766	25 232
INTANGIBLE ASSETS	-	-
TANGIBLE ASSETS	22 463	24 919
Land	-	-
Buildings	17 472	19 450
Other tangible assets	4 991	5 469
INVESTMENTS PROPERTY	3	13
NON CURRENT FINANCIAL ASSETS	300	300
LONG TERM RECEIVABLES	-	-
DEFERRED TAXES	-	-
CURRENT ASSETS	4 085	7 113
INVENTORIES	1 902	3 493
STOCK	1 879	3 413
PREPAYMENTS	22	76
NOT COMPLETED WORKS	1	4
CURRENT RECEIVABLES	608	2 492
INVESTMENTS AND TERM DEPOSITS	-	-
CASH	1 575	1 128
TOTAL ASSETS	26 851	32 345

STATEMENT OF FINANCIAL POSITION (LTL THOUSAND) (continued)

EQUITY AND LIABILITIES	2014 12 31	2013 12 31
CAPITAL AND RESERVES	-1 583	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	(31 100)	(24 023)
Previous years	(24 023)	(19 355)
Current year	(7 077)	(4 668)
GRANTS AND SUBSIDIES		
DEFERRED TAX & ACCRUED LIABILITIES	-	-
Accrued expenses	-	-
Deferred tax liability	-	-
LIABILITIES	28 434	26 851
NON CURRENT LIABILITIES		
Financial liabilities	2 692	2 692
Trade payables	-	-
Advances received	-	-
Other non current payables	-	-
CURRENT LIABILITIES	25 742	24 159
Current part of long term financial liabilities	-	-
Other financial liabilities	20 201	18 208
Trade payables	5 045	5 081
Advances received	27	35
Taxes and salaries payable	-	201
Other payables	469	634
TOTAL EQUITY AND LIABILITIES	26 851	32 345

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdiene

STATEMENT OF COMPREHENSIVE INCOME (LTL THOUSAND)

	2014.10.01 2014.12.31	2013.10.01 2013.12.31	2014.01.01 2014.12.31	2013.01.01 2013.12.31
SALES INCOME	246	2 005	2 459	16 137
COST OF SALES	-181	-1 628	-1 909	-13 212
GROSS PROFIT	65	377	550	2 925
Operating expenses	-1 434	-3 181	-6 254	-10 553
OPERATING PROFIT (LOSS)	-1 369	-2 804	-5 704	-7 628
OTHER ACTIVITIES	138	286	649	875
Income	138	294	649	1 013
Expenses	-	-8	-	138
FINANCIAL AND INVESTING ACTIVITIES	-	-41	-2 022	-470
Income	-	-	2	2
Expenses	-	-41	-2 024	-472
PROFIT (LOSS) BEFORE PROFIT TAX	-1 231	-2 559	-7 077	-7 223
Profit tax	-	-	-	1 950
NET PROFIT (LOSS)	-1 231	-2 559	-7 077	-5 273

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdiene

CASH FLOW STATEMENT (LTL THOUSAND)

2014.12.31 2013.12.31

Cash flows from operating activities		
Net profit	-7 077	-4 668
Adjustments for:		
Income tax benefit	-	-
Depreciation and amortization	2 466	3 392
(Gain)/ losses on foreign exchange	-	-
(Gain)/ losses on investment activity	-	-
(Gain)/ losses on disposals (sales) of fixed assets	-	-
Net interest	-	-
Change in deferred taxes	-	-1 950
Increase/(decrease) in inventory valuation allowance	-	-
Other	-	-
Operating profit before working capital changes	-4 611	-3 226
(Increase)/decrease in trade and other receivables excluding receivables connected with selling fixed assets	1 941	1 278
(Increase)/decrease in inventories	1 534	7 091
Increase/(decrease) in payables excluding borrowings and loans and payables connected with purchasing fixed assets	-410	-5 179
Cash generated from operations	-1 546	-36
Interest paid	-	-
Profit tax paid	-	-
Interest received	-	-
Net cash from operating activities	-1 546	-36
Cash flows from investing activities		
Purchases of property, plant and equipment	-	-80
Sales of property, plant and equipment	-	15
Other items	-	-
Net cash from investing activities	-	-65
Cash flows from financing activities	1 993	1 172
Repayment/receipt of loans		
Financial lease payments		
(Decrease)increase in factoring financing	1 993	1 172
Net cash from financing activities	-	-
Net change in cash and cash equivalents	447	1071
Cash and cash equivalents at the beginning of period	1 128	57
Cash and cash equivalents at the end of period	1575	1128

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

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)				-5.273	-5.273
Decrease in revaluation reserve due to depreciation	-	-605	-	605	605
Balance at 31 December 2013	19.811	9.581	125	-24.023	5.494
Profit (loss)				-7.077	-7.077
Decrease in revaluation reserve due to depreciation	-	-	-	-	-
Balance at 31 December 2014	19.811	9.581	125	-31.100	-1.583

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

Explanatory notes

Dvarčionių Keramika, RAB - the alone ceramic tiles manufacturer in the Baltic States. Company's shares are listed on Vilnius stock exchange secondary list (ticker: DKR1L).

Sales income and EBITDA

Company revenue for the twelve months of 2014 was 2.459 thousand LTL. Revenue for the twelve months of 2013 was 16.137 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 income distribution according to the geographical segments is as follows (Thousand LTL):

Sales	January – December, 2014	January – December, 2013
Lithuania	2.459	9.108
Other countries	-	7.029
Total sales	2.459	16.137

The Gross profit for the reporting period was 7 077 thousand Litass. During the same period of 2013 was 5.273 thousand Litass.

Operating expenses during the twelve months of 2014 compared with the same period of 2013 increased was less.

Gross profit margin decreased due to decrease in the turnover and was negative.

During the twelve months of this year Company has earned 649 thousand Litass of profit from other activities. The profit was earned renting premises.

During the reporting period, EBITDA was -2.589 thousand Lt. Year ago EBITDA was negative 3.243 thousand LTL.

Company Loans (LTL thousand)

The grantor	Currency	Balance at 31-12-2014
AB Swedbank	Litas	17.400
UAB Misota	Litas	460
Juozas Raišelis	Litas	985
UAB Raico Group	Litas	1.238