

31 August, 2015 No. *101-773*  
Vilnius

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

CONFIRMATION OF RESPONSIBLE PERSONS

In behalf DVARČIONIŲ KERAMIKA, AB we, General manager Liudmila Suboč and Chief accountant Elona Suveizdienė, hereby confirm that, to the best of our knowledge, the unaudited Financial Statements for the 1 half year of 2015 prepared in accordance to International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss, cash flow.

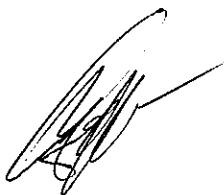
The six-month interim report of the year 2015 includes a fair business development and activities.

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė



DVARČIONIŲ KERAMIKA, AB  
INTERIM REPORT FOR THE SIX MONTHS OF 2015

AUGUST, 2015, Vilnius

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## 1. Reporting period for which this report has been prepared

January – June, 2015

## 2. Issuer and its contact details

Name of the Issuer:	Dvarčionių Keramika, stock company (thereinafter- Company or Issuer).
Registered office:	Keramikų str. 2, Vilnius, Republic of Lithuania
Phone:	+370 52317021
Fax:	+370 52317061
Web page:	<a href="http://www.keramika.lt">www.keramika.lt</a>
E-mail:	<a href="mailto:info@keramika.lt">info@keramika.lt</a>
Legal form:	Legal entity, Stock Company.
Authorized capital:	5 745 166,80 Eur.
Place of registration:	Ministry of Economy of the Republic of Lithuania;
Date of registration:	10 June 1994; Re-registered as AB (Stock company) 27 February 1997
Code of Enterprise:	110628481

## 3. Nature of Issues core activity

Production and sales of ceramic and gres tiles, wholesale and retail trade.

## 4. Agreements with intermediaries of public trading in securities

The Company has signed a service agreement with AB FINASTA Vilnius. Under this agreement, AB NASDAQ OMX is responsible for accounting of securities of the Company.

## 5. Data about securities traded on regulated market

AB Dvarcioniu Keramika securities are included in to the Secondary list of Vilnius stock Exchange (Ticker of Vilnius stock Exchange- DKR1L):

Type of shares:	Ordinary registered shares
Number of shares (pcs.):	9.905.460
Nominal value (Eur):	0,58
ISIN number:	LT0000122319

## 6. Information about results on Issuer's activities

Company revenue for the six month of 2015 was 73 thousand Eur. 2014 six month revenue amounted to 502 thousand Eur.

Net loss for 2015 year six month period reached 296 thousand Eur., compared to the same period of last year net loss totaled 799 thousand Eur.

Additional information on Company's activity and financial results for the six month of 2015 is provided in AB Dvarčionių Keramika Interim financial statements.

## **7. Information about own shares of the Issuer**

Issuer has not acquired its own shares.

## **8. Information about subsidiaries of the Issuer**

The Company also holds 30,6 per cent of JSC „Baltijos keramika“ (Družių vil., Širvintų reg., Lithuania) of total share capital.

## **9. Essential events of reporting period**

2015. February 5. The extraordinary general meeting of shareholders elected the audit company UAB "Grant Thornton Rimess check the company's 2014 financial statements.

2015. 27 April. The General Shareholder Meeting took place, which approved the Company's 2014 financial statements and profit (loss) distribution.

The year 2015. May 20th. Vilnius Regional Court discontinued the company's restructuring case.

The year 2015. May 29th. the company submitted 3-month report to NASDAQ OMX

2015. June 01d. the company filed lodged a complaint to Lithuanian Court of Appeal for the 2015 05 20 decision of the Vilnius Regional Court.

The year 2015. June 18th. the company announced an extraordinary general meeting of shareholders and provided the agenda to change the Articles of Association concerning the conversion of the authorized capital of the litas to the euro.

The year 2015. June 29th., the addition of the Extraordinary General shareholders Meeting agenda was a question on the company's restructuring.

The year 2015. July 23th. Lithuanian Court of Appeals upheld the ruling of the Vilnius Regional Court for the restructuring of the termination of the company.

The year 2015. July 24th occurred an extraordinary shareholders' meeting, which approved the articles of association of the company and decided to apply to the court for the restructuring proceedings.

The year 2015. the company presented a new statement of the Vilnius Regional Court for the restructuring proceedings.

The year 2015. July 29th. Vilnius Regional Court adopted a statement on the company's restructuring proceedings.

The year 2015. July 30th. the company registered a new version of the Articles of Association.

## **10. Activity plans and forecasts of the Issuer**

Company does not announce its plans and forecasts.

## **11. Structure of the Issuer's share capital**

Authorized and registered capital – 5 745 166,80 Eur.  
Capital is divided into 9 905 460 ordinary registered shares

Nominal value each – 0,58 Eur.  
All shares of the Company are fully paid for.

## 12. Shareholders

Shareholders, who held or controlled more than 5 % of authorized capital of the Company:

Full name of shareholder (company name), personal number (number of company register)	Number of shares held (pcs.)	Part of capital held, %
UAB „MISOTA“ Smolensko str. 10, Vilnius Lithuania. KRS 301232691	9.206.028	92,93

## 13. Employees

Total number of employees was 30 on 30<sup>th</sup> of June, 2015. The Company has active trade-unions as well as collective agreement between employees and employer, covering remuneration, work organization, work safety, work and leisure schedules and other economical and social activities. Advanced training for the employees is constantly in progress under the program of quality management system ISO. All Company employees are covered by the insurance policy against accidents at work.

## 14. Procedure of amendment of the Issuer's By-laws

Articles of Dvarčionių Keramika, AB provide that only a general meeting of shareholders of the Company has an exclusive right to modify and supplement the articles of the Company, except cases provided by the Law on Companies of the Republic of Lithuania. A qualified majority of 2/3 of votes present during the General Meeting shall be required at the General Meeting to adopt decisions concerning the amendment of the By-laws.

## 15. Managing body of the Issuer

According to the articles of Dvarčionių Keramika, AB the managing body of the Company is a General meeting of shareholders, Management Board and a Head of Administration.

15.1 Information on the Management Board: position, names, data on ownership of the Company's capital (share capital and per cent hold):

Name, position	Service term	Company shares hold	Activities in other entities	Shares hold of the other entities
Juozas Raišelis (Chairman of Management Board)	14 07 2013 – 13 07 2017	--	UAB „Raico group”, President	UAB “Raico group” 35,4% of voting in shareholders meeting
Giedrius Kolesnikovas (Member of Management Board)	14 07 2013 - 13 07 2017	--	Lawyer of „Motieka ir Audzevičius“	

Liudmila Suboč (Member of Management Board)	14 07 2013 - 13 07 2017	--	--	UAB "Baltijos keramika" 7,5% of voting in shareholders meeting
Ernestas Šližys (Member of Management Board)	26 06 214- 13 07 2017	-	UAB "Dvarčionių prekyba" general manager	-
Paulius Linčius (Member of Management Board)	26 06 214- 13 07 2017		UAB "Misota" general manager	

15.2 Additional information on the Head of administration, the Chief financial officer: position, education:

- **Liudmila Suboč** – General manager of Dvarčionių Keramika AB since 23 07 2013. Member of the Management Board 14 07 2013 – 13 07 2017. Education – University degree.
- **Elona Suveizdienė** – Chief accountant since 27 06 2012. Education – University degree.

**16. Information on remuneration and loans to the member of the Management body:**

The total amount paid to the Members of the Management body was 37 thousand Eur. for the six months of 2015, an average remuneration amount per capital totaled 2 thousand Eur. for the same period.



**DVARČIONIŲ KERAMIKA AB**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR 1 HALF YEARS OF 2015**

AUGUST, 2015, Vilnius



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The Company's financial statements were prepared in accordance to International Financial Reporting Standards.

The Company's interim financial statements for the period January – June, 2015 were not audited.

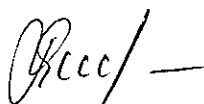
**STATEMENT OF FINANCIAL POSITION (EURO THOUSAND)**

<b>ASSETS</b>	<b>2015 06 30</b>	<b>2014 12 31</b>
<b>NON CURRENT ASSETS</b>	<b>6 270</b>	<b>6 593</b>
INTANGIBLE ASSETS	-	-
TANGIBLE ASSETS	6 183	6 505
Land	-	-
Buildings	4 801	5 060
Other tangible assets	1 382	1 445
INVESTMENTS PROPERTY	-	1
<b>NON CURRENT FINANCIAL ASSETS</b>	<b>87</b>	<b>87</b>
LONG TERM RECEIVABLES	-	-
DEFERRED TAXES	-	-
<b>CURRENT ASSETS</b>	<b>1 050</b>	<b>1 057</b>
INVENTORIES	396	428
STOCK	388	421
PREPAYMENTS	3	7
NOT COMPLETED WORKS	5	-
CURRENT RECEIVABLES	140	173
INVESTMENTS AND TERM DEPOSITS	-	-
CASH	514	456
<b>TOTAL ASSETS</b>	<b>7 320</b>	<b>7 650</b>

**STATEMENT OF FINANCIAL POSITION (EURO THOUSAND) (continued)**

<b>EQUITY AND LIABILITIES</b>	<b>2015 06 30</b>	<b>2013 12 31</b>
<b>CAPITAL AND RESERVES</b>	<b>(878)</b>	<b>(589)</b>
<b>SHARE CAPITAL</b>	<b>5 745</b>	<b>5 738</b>
Authorized	5 745	5 738
Subscribed uncalled share capital	-	-
<b>SHARE PREMIUM</b>	<b>-</b>	<b>-</b>
<b>REVALUATION RESERVE</b>	<b>2 623</b>	<b>2 623</b>
<b>OTHER RESERVES</b>	<b>36</b>	<b>36</b>
<b>RETAINED EARNINGS</b>	<b>(9 275)</b>	<b>(8 986)</b>
Previous years	(8 986)	(2 028)
Current year	(296)	(6 958)
<b>GRANTS AND SUBSIDIES</b>		
<b>DEFERRED TAX &amp; ACCRUED LIABILITIES</b>		
Accrued expenses	-	-
Deferred tax liability	-	-
<b>LIABILITIES</b>	<b>8 198</b>	<b>8 239</b>
<b>NON CURRENT LIABILITIES</b>		
Financial liabilities	782	782
Trade payables	-	-
Advances received	-	-
Other non current payables	-	-
<b>CURRENT LIABILITIES</b>	<b>7 416</b>	<b>7 457</b>
Current part of long term financial liabilities	-	-
Other financial liabilities	5 848	5 848
Trade payables	1 471	1 461
Advances received	7	8
Taxes and salaries payable	41	119
Other payables	49	21
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7 320</b>	<b>7 650</b>

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

**STATEMENT OF COMPREHENSIVE INCOME (LTL THOUSAND)**

	2015.01.01 2015.06.30	2014.01.01 2014.06.30	2015.04.01 -2015.06.30	2014.04.01- 2014.06.30
<b>SALES INCOME</b>	73	502	32	175
	-62	-406	-29	-124
<b>COST OF SALES</b>				
<b>GROSS PROFIT</b>	11	96	3	51
Operating expenses	-649	-1 003	-304	-448
<b>OPERATING PROFIT (LOSS)</b>	-638	-907	-301	-397
<b>OTHER ACTIVITIES</b>	350	110	32	46
Income	350	110	32	46
Expenses	-	-	-	-
<b>FINANCIAL AND INVESTING ACTIVITIES</b>	-8	-2	-7	-
Income	-	-	-	-
Expenses	-8	-2	-7	-
<b>PROFIT (LOSS) BEFORE PROFIT TAX</b>	-296	-799	-276	-351
Profit tax	-	-	-	-
<b>NET PROFIT (LOSS)</b>	-296	-799	-276	-351

General manager



Liudmila Suboč

Chief accountant



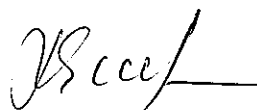
Elona Suveizdiene

## CASH FLOW STATEMENT (EURO THOUSAND)

2015 06 30 2014 06 30

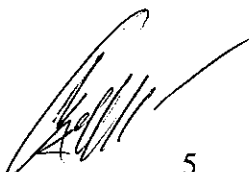
<b>Cash flows from operating activities</b>		
Net profit	-289	-799
Adjustments for:		
Income tax benefit	-	-
Depreciation and amortization	323	360
(Gain)/ losses on foreign exchange	-	-
(Gain)/ losses on investment activity	-	-
(Gain)/ losses on disposals (sales) of fixed assets	-	-
Net interest	-	-
Change in deferred taxes	-	-
Increase/(decrease) in inventory valuation allowance	-3	-11
Other	-	-
<b>Operating profit before working capital changes</b>	<b>31</b>	<b>-450</b>
(Increase)/decrease in trade and other receivables excluding		
receivables connected with selling fixed assets	36	442
(Increase)/decrease in inventories	33	328
Increase/(decrease) in payables excluding borrowings and loans and		
payables connected with purchasing fixed assets	-42	-73
<b>Cash generated from operations</b>	<b>27</b>	<b>247</b>
Interest paid	-	-
Profit tax paid	-	-
Interest received		
<b>Net cash from operating activities</b>	<b>58</b>	<b>247</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	-	-
Sales of property, plant and equipment	-	-
Other items	-	-
<b>Net cash from investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Repayment/receipt of loans		
Financial lease payments	-	-
(Decrease)increase in factoring financing	-	-
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>58</b>	<b>247</b>
Cash and cash equivalents at the beginning of period	456	327
<b>Cash and cash equivalents at the end of period</b>	<b>514</b>	<b>574</b>

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

**STATEMENT OF CHANGES IN EQUITY (EURO THOUSAND)**

	<b>Share capital</b>	<b>Revaluation reserve</b>	<b>Legal reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance at 31 December 2013</b>	<b>5 738</b>	<b>2 775</b>	<b>36</b>	<b>-6 958</b>	<b>1 591</b>
Profit (loss)				-799	-799
Decrease in revaluation reserve due to depreciation or write-off of revalued assets	-				
<b>Balance at 30 June 2014</b>	<b>5 738</b>	<b>2 775</b>	<b>36</b>	<b>-7 757</b>	<b>792</b>
Profit (loss)				-1 229	-1 229
Decrease in revaluation reserve due to depreciation or write-off of revalued assets	-	-152			-152
<b>Balance at 31 December 2014</b>	<b>5 738</b>	<b>2 623</b>	<b>36</b>	<b>-8 986</b>	<b>-589</b>
Profit (loss)				-296	-296
Decrease in revaluation reserve due to Conversion difference	7				7
<b>Balance at 30 June 2015</b>	<b>5 745</b>	<b>2 623</b>	<b>36</b>	<b>-9 282</b>	<b>-878</b>

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

## NOTES TO FINANCIAL STATEMENTS

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

### Major Financial Indicators of the Company

#### Sales income and EBITDA

Company revenue on 2015 I Half was 73 thousand Euro.

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 gross profit for the reporting period reached 11 thousand Eur.

Gross profit fell down, because decreased sales income.

Operating expenses till 30 of June 2015 was 649 thousand Eur.

Operating profit margin during the reporting period was negative.

During the first six month of this year Company has earned 350 thousand Eur. of profit from other activities. The profit was earned renting premises 67 thousand Euros and Emission rights allowances – 283 thousand Euros.

During the reporting period, EBITDA was 35 thousand Eur. EBITDA margin – 48 percent.

#### Company Loans (Euro thousand)

The grantor	Balance at 30-06-2015
AB Swedbank	5 039
UAB Misota	133
Juozas Raišelis	285
UAB Raico Group	359