

30th November, 2013 No. 1-1239
Vilnius

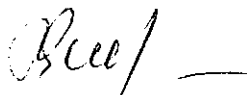
Supervision service of Bank of Lithuania
Zirmunu str. 151
LT-09128 Vilnius
LITHUANIA

CONFIRMATION OF RESPONSIBLE PERSONS

In behalf DVARCIONIU KERAMIKA, AB 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 2013 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, AB Interim Report for the nine months of 2013.

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

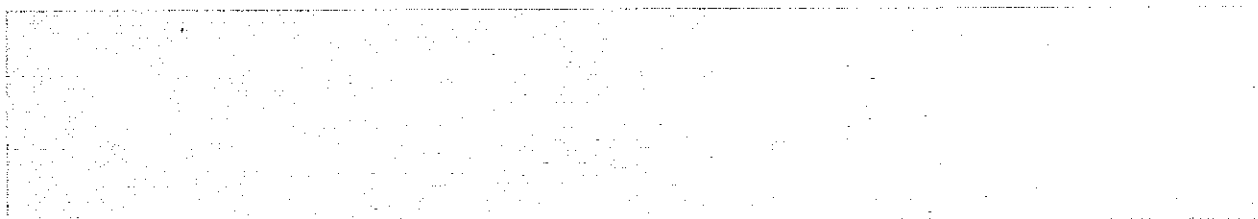


DVARČIONIŲ KERAMIKA AB
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS OF 2013

NOVEMBER, 2013, Vilnius

Table of Content

1. Balance Sheet	2
2. Income Statement	4
3. Cash Flow Statement	5
4. Statement of Changes in Equity	6
5. Notes to Financial Statements	7



The largest ceramic tiles manufacturer in the Baltic States, DVARČIONIŲ KERAMIKA, AB (hereinafter the Company) exports the production to Latvia, Estonia, Byelorussia, Ukraine, Russia, Scandinavia and Western Europe countries.

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

The Company's interim financial statements for the period January – September, 2013 were not audited. Financial statements for the year ended 31 December 2012 were audited accordingly.

STATEMENT OF FINANCIAL POSITION (LTL THOUSAND)

ASSETS	2013 09 30	2012 12 31
NON CURRENT ASSETS	25 874	28 559
INTANGIBLE ASSETS	1	2
TANGIBLE ASSETS	25 558	28 235
Land	-	-
Buildings	19 945	21 431
Other tangible assets	5 613	6 804
INVESTMENTS PROPERTY	15	22
NON CURRENT FINANCIAL ASSETS	300	300
LONG TERM RECEIVABLES	-	-
DEFERRED TAXES		
CURRENT ASSETS	9 302	14 411
INVENTORIES	5 600	10 802
STOCK	5 480	10 504
PREPAYMENTS	118	296
NOT COMPLETED WORKS	2	2
CURRENT RECEIVABLES	3 655	3 552
INVESTMENTS AND TERM DEPOSITS	-	-
CASH	47	57
TOTAL ASSETS	35 176	42 970

STATEMENT OF FINANCIAL POSITION (LTL THOUSAND) (continued)

EQUITY AND LIABILITIES	2013 09 30	2012 12 31
CAPITAL AND RESERVES	6 415	10 767
SHARE CAPITAL	19 811	19 811
Authorized	19 811	19 811
Subscribed uncalled share capital	-	-
SHARE PREMIUM	-	-
REVALUATION RESERVE	10 186	10 186
OTHER RESERVES	125	125
RETAINED EARNINGS	(23 707)	(19 355)
Previous years	(19 355)	(14 721)
Current year	(4 352)	(4 634)
GRANTS AND SUBSIDIES		
DEFERRED TAX & ACCRUED LIABILITIES	1 950	1 950
Accrued expenses	-	-
Deferred tax liability	1 950	1 950
LIABILITIES	26 811	30 253
NON CURRENT LIABILITIES		
Financial liabilities	2 685	
Trade payables	-	-
Advances received	-	1 698
Other non current payables	-	-
CURRENT LIABILITIES	24 126	28 555
Current part of long term financial liabilities	-	-
Other financial liabilities	18 011	19 123
Trade payables	5 359	7 035
Advances received	69	178
Taxes and salaries payable	320	829
Other payables	367	1 390
TOTAL EQUITY AND LIABILITIES	35 176	42 970

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

STATEMENT OF COMPREHENSIVE INCOME (LTL THOUSAND)

	2013.01.01- 2013.09.30	2012.01.01- 2012.09.30
SALES INCOME	14 132	18 587
COST OF SALES	-11 584	-15 350
GROSS PROFIT	2 548	3 237
Operating expenses	-7 372	-6 971
OPERATING PROFIT (LOSS)	-4 824	-3 734
OTHER ACTIVITIES	707	393
Income	719	447
Expenses	12	-54
FINANCIAL AND INVESTING ACTIVITIES	-235	-183
Income	2	24
Expenses	-237	-207
PROFIT (LOSS) BEFORE PROFIT TAX	-4 352	-3 524
Profit tax	-	-
NET PROFIT (LOSS)	-4 352	-3 524

General manager



Liudmila Suboč

Chief accountant



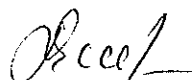
Elona Suveizdienė

CASH FLOW STATEMENT (LTL THOUSAND)

2013.09.30 2012.09.30

Cash flows from operating activities		
Net profit	-4 352	-3.524
Adjustments for:		
Income tax benefit	-	-
Depreciation and amortization	2 759	2 079
(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	-695	357
Other	-	-
Operating profit before working capital changes	-2 288	-1 088
(Increase)/decrease in trade and other receivables excluding receivables connected with selling fixed assets	75	-577
(Increase)/decrease in inventories	5 024	1.759
Increase/(decrease) in payables excluding borrowings and loans and payables connected with purchasing fixed assets	-4 293	-1035
Cash generated from operations	-1583	-941
Interest paid	-	-
Profit tax paid	-	-
Interest received	-	-
Net cash from operating activities	-1583	-941
Cash flows from investing activities		
Purchases of property, plant and equipment	-	-
Sales of property, plant and equipment	1 583	1 031
Other items	-	-
Net cash from investing activities	1583	1 031
Cash flows from financing activities		
Repayment/receipt of loans	1573	-93
Financial lease payments	-	-
(Decrease)increase in factoring financing	-	-
Net cash from financing activities	1573	-93
Net change in cash and cash equivalents	-10	-3
Cash and cash equivalents at the beginning of period	57	121
Cash and cash equivalents at the end of period	47	118

General manager



Liudmila Suboč

Chief accountant

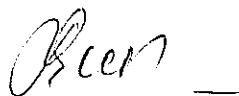


Elona Suveizdienė

STATEMENT OF CHANGES IN EQUITY (LTL THOUSAND)

	Share capital	Revaluation reserve	Legal reserve	Retained earnings	Total equity
Balance at 31 December 2010	19.811	12.043	125	-10.924	21.055
Profit (loss)				-1.065	-1.065
Decrease in revaluation reserve due to depreciation or write-off of revalued asset	-	-437			-437
Balance at 30 September 2011	19.811	11.506	125	-13.367	18.075
Profit (loss)				-2.542	-2.542
Decrease in revaluation reserve due to depreciation or write-off of revalued assets		-651			-651
Balance at 31 December 2012	19.811	10.186	125	-19.355	10.767
Profit (loss)				-4.352	-4.352
Decrease in revaluation reserve due to depreciation or write-off of revalued assets	-	-			-
Balance at 30 September 2013	19.811	10.186	125	-23.707	6.415

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

NOTES TO FINANCIAL STATEMENTS

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

Major Financial Indicators of the Company

Financial Indicators	January – September, 2013	January – September, 2012	Change (percent)
Income (thousand Lt)	14 132	18 587	-24
EBITDA (thousand Lt)	-1 359	-238	-510
EBITDA margin (percent)	-9,6	-1,3	
Profit (loss) from operations (thousand Lt)	-4 824	-3 734	-32
Operational profit margin (percent)	-34,1	-20,1	
Profit before taxes (thousand Lt)	-4 352	-3 524	-328
Net profit (loss) (thousand Lt)	-4 352	-3 524	-328
Net profit margin (percent)	-30	-19	
Earnings per share (in Litas)	-0,44	-0,36	
Debt to equity ratio	4,5	2,5	
Liquidity ratio (percent)	0,38	0,45	
Earnings to asset ratio (percent)	18	29	

Sales income and EBITDA

Company revenue for the nine month of 2013 was 14 132 thousand LTL. Revenue for the nine month of 2012 was 18 587 thousand LTL.

The main reason of the fall in revenue - reduced number of warehouse equipment, high competition. In the beginning of 2013 the production line stopped to carry out prevention equipment and repairs. In July of 2013 the production was halted due to lack of working capital. This temporarily disrupted economic activity, had a negative impact on the financial position, reduced range of products, complicated relationships with raw material and service suppliers and customers.

The company sells its products in the biggest Lithuanian commercial networks, the own brand shops, situated in major cities. It is also production exported to Latvia, Estonia, Scandinavia, Belgium, Czech Republic, Russia, Ukraine and Byelorussia.

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

Sales	January – March, 2013	January – March, 2012	Change
Lithuania	7 638	9 369	-18
Latvia and Estonia	1 329	2 321	-43
Ukraine	513	771	-33
Russia	2 837	3 211	-12
Belarus	286	214	34
Poland	136	203	-33
West countries	1 393	2 498	-44
Total sales	14 132	18 587	-24

The Gross profit for the reporting period was 2 548 thousand Litass. During the same period of 2012 was 3 237 thousand Litass.

Operating expenses during the nine month of 2013 was 7 372 thousand Litass, compared with the same period of 2012 increased 401 thousand Litass.

Gross profit margin decreased due to decrease in the turnover.

Operating profit margin during the reporting period was negative -34,1%, the nine month of 2012 – negative -20,1% .

During the nine month of this year Company has earned 707 thousand Litass of profit from other activities. The profit was earned renting premises. During the same period of the last year Company has earned 393 thousand Litass of profit from other activities.

During the reporting period, EBITDA was -1 359 thousand Lt. Year ago (the nine month) EBITDA was negative 238 thousand LTL. EBITDA margin was negative – 9,6 percent (During the nine month of 2012 – negative 1,3 percent).

Company Loans (LTL thousand)

The grantor	Currency	Balance at 30-09-2013	Balance at 31-12-2012
AB Swedbank	Litas	17.400	17.400