

28<sup>th</sup> February, 2014 No. 1-256  
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 twelve 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, RAB Interim Report for the twelve months of 2013.

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė



**DVARČIONIŲ KERAMIKA RAB**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE TWELVE MONTHS OF 2013**

FEBRUARY, 2014, Vilnius

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

The company 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, 2013 were not audited. Financial statements for the year ended 31 December 2012 were audited accordingly.

#### STATEMENT OF FINANCIAL POSITION (LTL THOUSAND)

ASSETS	2013 12 31	2012 12 31
<b>NON CURRENT ASSETS</b>	<b>25 232</b>	<b>28 559</b>
INTANGIBLE ASSETS	-	2
TANGIBLE ASSETS	24 919	28 235
Land	-	-
Buildings	19 450	21 431
Other tangible assets	5 469	6 804
INVESTMENTS PROPERTY	13	22
NON CURRENT FINANCIAL ASSETS	300	300
LONG TERM RECEIVABLES	-	-
DEFERRED TAXES	-	-
<b>CURRENT ASSETS</b>	<b>7 113</b>	<b>14 411</b>
INVENTORIES	3 493	10 802
STOCK	3 413	10 504
PREPAYMENTS	76	296
NOT COMPLETED WORKS	4	2
CURRENT RECEIVABLES	2 492	3 552
INVESTMENTS AND TERM DEPOSITS	-	-
CASH	1 128	57
<b>TOTAL ASSETS</b>	<b>32 345</b>	<b>42 970</b>

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

<b>EQUITY AND LIABILITIES</b>	<b>2013 12 31</b>	<b>2012 12 31</b>
<b>CAPITAL AND RESERVES</b>	<b>3 856</b>	<b>10 767</b>
<b>SHARE CAPITAL</b>	<b>19 811</b>	<b>19 811</b>
Authorized	19 811	19 811
Subscribed uncalled share capital	-	-
<b>SHARE PREMIUM</b>	<b>-</b>	<b>-</b>
<b>REVALUATION RESERVE</b>	<b>10 1864</b>	<b>10 186</b>
<b>OTHER RESERVES</b>	<b>125</b>	<b>125</b>
<b>RETAINED EARNINGS</b>	<b>(26 266)</b>	<b>(19 355)</b>
Previous years	(19 355)	(14 721)
Current year	(6 911)	(4 634)
<b>GRANTS AND SUBSIDIES</b>	<b>-</b>	<b>-</b>
<b>DEFERRED TAX &amp; ACCRUED LIABILITIES</b>	<b>1 950</b>	<b>1 950</b>
Accrued expenses	-	-
Deferred tax liability	1 950	1 950
<b>LIABILITIES</b>	<b>28 489</b>	<b>30 253</b>
<b>NON CURRENT LIABILITIES</b>		
Financial liabilities		
Trade payables	-	-
Advances received	2 692	1 698
Other non current payables	-	-
<b>CURRENT LIABILITIES</b>	<b>23 847</b>	<b>28 555</b>
Current part of long term financial liabilities	-	-
Other financial liabilities	18 013	19 123
Trade payables	5 081	7 035
Advances received	178	178
Taxes and salaries payable	201	829
Other payables	517	1 390
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32 345</b>	<b>42 970</b>

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

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

	2013.10.01 2013.12.31	2012.10.01 2012.12.31	2013.01.01 2013.12.31	2012.01.01 2012.12.31
<b>SALES INCOME</b>	2 005	5 771	16 137	24 358
<b>COST OF SALES</b>	-1 628	-5 198	-13 212	-20 548
<b>GROSS PROFIT</b>	377	573	2 925	3 810
Operating expenses	-3 181	-1 995	-10 553	-8 966
<b>OPERATING PROFIT (LOSS)</b>	<b>-2 804</b>	<b>-1 422</b>	<b>-7 628</b>	<b>-5 156</b>
<b>OTHER ACTIVITIES</b>	286	140	993	533
Income	294	145	1 013	592
Expenses	-8	-5	20	-59
<b>FINANCIAL AND INVESTING ACTIVITIES</b>	-41	-97	-276	-280
Income	-	8	2	32
Expenses	-41	-105	-278	-312
<b>PROFIT (LOSS) BEFORE PROFIT TAX</b>	<b>-2 559</b>	<b>-1 379</b>	<b>-6 911</b>	<b>-4 903</b>
Profit tax.	-	-	-	-
<b>NET PROFIT (LOSS)</b>	<b>-2 559</b>	<b>-1 379</b>	<b>-6 911</b>	<b>-4 903</b>

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdiene

## CASH FLOW STATEMENT (LTL THOUSAND)

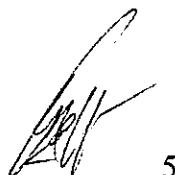
	2013.12.31	2012.12.31
<b>Cash flows from operating activities</b>		
Net profit	-6 911	-4.634
Adjustments for:		
Income tax benefit	-	-
Depreciation and amortization	3 386	4.105
(Gain)/ losses on foreign exchange	-	-
(Gain)/ losses on investment activity	-	-
(Gain)/ losses on disposals (sales) of fixed assets	-	4
Net interest	-	-
Change in deferred taxes	-	-
Increase/(decrease) in inventory valuation allowance	-657	217
Other	-	-
<b>Operating profit before working capital changes</b>	<b>-4182</b>	<b>-308</b>
(Increase)/decrease in trade and other receivables excluding receivables connected with selling fixed assets	1278	-63
(Increase)/decrease in inventories	7091	1015
Increase/(decrease) in payables excluding borrowings and loans and payables connected with purchasing fixed assets	-4639	104
<b>Cash generated from operations</b>	<b>-452</b>	<b>748</b>
Interest paid	-	-
Profit tax paid	-	-
Interest received	-	-
<b>Net cash from operating activities</b>	<b>-452</b>	<b>748</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	-80	-
Sales of property, plant and equipment	21	-9
Other items	-	-
<b>Net cash from investing activities</b>	<b>-59</b>	<b>-9</b>
<b>Cash flows from financing activities</b>		
Repayment/receipt of loans	1582	-
Financial lease payments	-	-134
(Decrease)increase in factoring financing	-	-669
<b>Net cash from financing activities</b>	<b>1582</b>	<b>-812</b>
<b>Net change in cash and cash equivalents</b>	<b>1071</b>	<b>-64</b>
Cash and cash equivalents at the beginning of period	57	121
<b>Cash and cash equivalents at the end of period</b>	<b>1128</b>	<b>57</b>

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

**STATEMENT OF CHANGES IN EQUITY (LTL 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 2010</b>	19.811	12.043	125	-10.924	21.055
Profit (loss)				-4.985	-4.985
Depreciation of revaluation reserve	-	-1.188			1.188
<b>Balance at 31 December 2011</b>	19.811	10.855	125	-14.721	16.070
Profit (loss)				-5.303	-5.303
Depreciation of revaluation reserve	-	-669	-	699	
<b>Balance at 31 December 2012</b>	19.811	10.186	125	-19.355	10.767
Profit (loss)				-6.911	-6.911
Depreciation of revaluation reserve	-	-	-	-	-
<b>Balance at 31 December 2013</b>	19.811	10.186	125	-26.266	3.856

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė



## NOTES TO FINANCIAL STATEMENTS

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).

### Major Financial Indicators of the Company

Financial Indicators	January – December, 2013	January – December, 2012	Change (percent)
Income (thousand Lt)	16 137	24.358	-33,7
EBITDA (thousand Lt)	-3 243	-518	-526
EBITDA margin (percent)	-20	-2,1	
Profit (loss) from operations (thousand Lt)	-6 911	-4.903	-41
Operational profit margin (percent)	-42.8	-20,1	
Profit before taxes (thousand Lt)	-6 911	-4.903	-41
Net profit (loss) (thousand Lt)	-6 911	-4.903	-41
Net profit margin (percent)	-42,8	-20,1	
Earnings per share (in Litas)	-0,70	-0,50	
Debt to equity ratio	7.4	2.9	-155
Liquidity ratio (percent)	0,30	0,50	
Earnings to asset ratio (percent)	11.9	24.5	

### Sales income and EBITDA

Company revenue for the twelve months of 2013 was 16 137 thousand LTL. Revenue for the twelve months of 2012 was 24 358 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):

<b>Sales</b>	<b>January-December, 2013</b>	<b>January – December, 2012</b>	<b>Change</b>
Lithuania	9.108	12.170	-25.1
Latvia and Estonia	1.534	2.881	-46.7
Ukraine	610	1.073	-43.1
Russia	2.934	4.481	-35.5
Belarus	316	386	-18.1
Poland	136	294	-53.7
Czech Republic, Slovakia	663	1.274	-47.9
Belgium	309	952	-67.5
West countries	527	847	-37.8
<b>Total sales</b>	<b>16137</b>	<b>24.358</b>	<b>-33.7</b>

The Gross profit for the reporting period was 6 911 thousand Litās. During the same period of 2012 was 4 903 thousand Litās.

Operating expenses during the twelve months of 2013 compared with the same period of 2012 increased was very similar.

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

During the twelve months of this year Company has earned 993 thousand Litās of profit from other activities. The profit was earned renting premises.

During the reporting period, EBITDA was -3 243 thousand Lt. Year ago EBITDA was negative 518 thousand LTL. EBITDA margin was negative – 20 percent (During the twelve months of 2012 – negative 2,1 percent).

#### **Company Loans (LTL thousand)**

<b>The grantor</b>	<b>Currency</b>	<b>Balance at 31-12-2013</b>	<b>Balance at 31-12-2012</b>
AB Swedbank	Litās	17.400	17.400