

29th May, 2015 No. *102-307*
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 three months of 2015 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 three months of 2015.

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė



DVARČIONIŲ KERAMIKA RAB
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS OF 2015

MAY, 2015, 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 – March, 2015 were not audited. Financial statements for the year ended 31 December 2014 were audited accordingly.

STATEMENT OF FINANCIAL POSITION (EURO THOUSAND)

ASSETS	2015 03 31	2014 12 31
NON CURRENT ASSETS	6 418	6 593
INTANGIBLE ASSETS	-	-
TANGIBLE ASSETS	6 331	6 505
Land	-	-
Buildings	4 917	5 060
Other tangible assets	1 414	1 445
INVESTMENTS PROPERTY	-	1
NON CURRENT FINANCIAL ASSETS	87	87
LONG TERM RECEIVABLES	-	-
DEFERRED TAXES	-	-
CURRENT ASSETS	1 163	1 057
INVENTORIES	411	428
STOCK	403	421
PREPAYMENTS	4	7
NOT COMPLETED WORKS	4	-
CURRENT RECEIVABLES	151	173
INVESTMENTS AND TERM DEPOSITS	-	-
CASH	601	456
TOTAL ASSETS	7 581	7 650

STATEMENT OF FINANCIAL POSITION (EURO THOUSAND) (continued)

EQUITY AND LIABILITIES	2015 03 31	2014 12 31
CAPITAL AND RESERVES		
SHARE CAPITAL	(609)	(589)
Authorized	5 738	5 738
Subscribed uncalled share capital	5 738	5 738
SHARE PREMIUM	-	-
REVALUATION RESERVE	2 623	2 623
OTHER RESERVES	36	36
RETAINED EARNINGS	(9 006)	(8 986)
Previous years	(8 986)	(2 028)
Current year	(20)	(6 958)
GRANTS AND SUBSIDIES		
DEFERRED TAX & ACCRUED LIABILITIES		
Accrued expenses	-	-
Deferred tax liability	-	-
LIABILITIES	8 190	8 239
NON CURRENT LIABILITIES		
Financial liabilities		
Trade payables	-	-
Advances received	-	-
Other non current payables	782	782
CURRENT LIABILITIES	7 408	7 457
Current part of long term financial liabilities	-	-
Other financial liabilities	5 848	5 848
Trade payables	1 464	1 461
Advances received	7	8
Taxes and salaries payable	75	119
Other payables	14	21
TOTAL EQUITY AND LIABILITIES	7 581	7 650

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

STATEMENT OF COMPREHENSIVE INCOME (EURO THOUSAND)

	2015.01.01- 2015.03.31	2014.01.01- 2014.03.31
SALES INCOME	41	327
COST OF SALES	-33	-283
GROSS PROFIT	8	44
Operating expenses	-345	-554
OPERATING PROFIT (LOSS)	-337	-510
OTHER ACTIVITIES	318	65
Income	318	65
Expenses	-	-
FINANCIAL AND INVESTING ACTIVITIES	-1	-2
Income	-	-
Expenses	-1	-2
PROFIT (LOSS) BEFORE PROFIT TAX	-20	-447
Profit tax	-	-
NET PROFIT (LOSS)	-20	-447

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

CASH FLOW STATEMENT (EURO THOUSAND)

2015.03.31 2014.03.31

Cash flows from operating activities		
Net profit	-20	-447
Adjustments for:		
Income tax benefit	-	-
Depreciation and amortization	175	181
(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	-7	-7
Other	-	-
Operating profit before working capital changes		
(Increase)/decrease in trade and other receivables excluding receivables connected with selling fixed assets	148	-273
(Increase)/decrease in inventories	25	262
Increase/(decrease) in payables excluding borrowings and loans and payables connected with purchasing fixed assets	18	224
Cash generated from operations	-46	-67
Interest paid	145	146
Profit tax paid	-	-
Interest received	-	-
Net cash from operating activities	145	146
Cash flows from investing activities		
Purchases of property, plant and equipment		
Sales of property, plant and equipment		
Other items		
Net cash from investing activities		
Cash flows from financing activities		
Repayment/receipt of loans		
Financial lease payments	-	-
(Decrease)increase in factoring financing		
Net cash from financing activities	-	-
Net change in cash and cash equivalents		
Cash and cash equivalents at the beginning of period	145	146
Cash and cash equivalents at the end of period	456	327

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienė

STATEMENT OF CHANGES IN EQUITY (EURO THOUSAND)

	Share capital	Revaluation reserve	Legal reserve	Retained earnings	Total equity
Balance at 31 December 2013	5 738	2 775	36	-6 958	1 591
Profit (loss)				-447	-447
Decrease in revaluation reserve due to depreciation	-	-			-
Balance at 31 March 2014	5 738	2 775	36	-7 405	1 144
Profit (loss)				-1 581	-1 581
Decrease in revaluation reserve due to depreciation	-	-152	-	-	-152
Balance at 31 December 2014	5 738	2 623	36	-8 986	-589
Profit (loss)				-20	-20
Decrease in revaluation reserve due to depreciation	-	-	-		
Balance at 31 March 2015	5 738	2 623	36	-9 006	-609

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienē

NOTES TO FINANCIAL STATEMENTS

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

THE COMPANY'S FINANCIOAL INDICATORS

Sales income, expenditures and EBITDA

Due to lack of working capital in 2013 August stopped production was not renewed till now. These changes resulted in protracted legal proceedings approving the restructuring plan.

Company revenue for the first quarter of 2015 was 41 thousand Euros. Revenue for the three month of 2014 was 327 thousand Euros.

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

Sales	January – March 2015	January – March, 2014
Lithuania	41	239
Other countries	-	88
Total sales	41	327

The Gross profit for the reporting period was 8 thousand Euros. During the same period of the last year – 44 thousand Euros.

Operating expenses during the first quarter of 2015 compared with the same period 2014 increased. Operating expenses during the first quarter of 2015 was 345 thousand Euros. 2014 – 554 thousand Euros.

Operating profit margin during was negative.

During the three month of this year Company has earned 318 thousand Euros of profit from other activities. The profit was earned renting premises -35 thousand Euros and Emission rights allowances – 283 thousand Euros. During the same period of the last year Company has earned 65 thousand Euros of profit from other activities.

During the reporting period, EBITDA was – 158 thousand Euros. Year ago (the first quarter) EBITDA was negative -274 thousand Euros.

EBITDA margin was positive – 380 percent (During the three month of 2014 – positive 84 percent).

Company Loans (Euro thousand)

The grantor	Currency	Balance at 31-03-2015
AB Swedbank	Euros	5 039
UAB Misota	Euros	133
Juozas Raišelis	Euros	285
UAB Raico	Euros	359