



DVARČIONIŲ KERAMIKA, AB
INTERIM REPORT FOR THE SIX MONTHS OF 2016

AUGUST, 2016, Vilnius

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1. Reporting period for which this report has been prepared

January – June, 2016

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:	www.keramika.lt
E-mail:	info@keramika.lt
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 securities of AB DVARCIONIU CERAMICA (VSE symbol - DKR1L) are included in the included in the secondary trading list of NASDAQ Vilnius exchange.

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 2016 was 51 thousand Eur. 2015 six month revenue amounted to 73 thousand Eur.

Net loss for 2016 year six month period reached 363 thousand Eur., compared to the same period of last year net loss totaled 296 thousand Eur.

Additional information on Company's activity and financial results for the six month of 2016 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

2016. March 25. The extraordinary general meeting of shareholders elected the audit company UAB "Grant Thornton Rimess check the company's 2015 financial statements.

2016. 29 April. The General Shareholder Meeting took place, which approved the Company's 2015 financial statements and profit (loss) distribution.

The year 2016. July 25th occurred an extraordinary shareholders' meeting, who has decided to increase the authorized capital of the company approved the new wording and decided to apply to the court for the restructuring proceedings.

The year 2016. July 25th the company presented a new statement of the Vilnius Regional Court for the restructuring proceedings.

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 29 on 30th of June, 2016. 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
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 2016, 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 2016

AUGUST, 2016, 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, 2016 were not audited.

STATEMENT OF FINANCIAL POSITION (EURO THOUSAND)

ASSETS	2016 06 30	2015 06 30
NON CURRENT ASSETS	13 608	6 270
INTANGIBLE ASSETS	-	-
TANGIBLE ASSETS	13 521	6 183
Land	-	-
Buildings	10 637	4 801
Other tangible assets	2 884	1 382
INVESTMENTS PROPERTY	-	-
NON CURRENT FINANCIAL ASSETS	87	87
LONG TERM RECEIVABLES	-	-
DEFERRED TAXES	-	-
CURRENT ASSETS	300	1 050
INVENTORIES	396	396
STOCK	50	388
PREPAYMENTS	2	3
NOT COMPLETED WORKS	-	5
CURRENT RECEIVABLES	70	140
INVESTMENTS AND TERM DEPOSITS	-	-
CASH	179	514
TOTAL ASSETS	13 909	7 320

STATEMENT OF FINANCIAL POSITION (EURO THOUSAND) (continued)

EQUITY AND LIABILITIES	2016 06 30	2015 06 30
CAPITAL AND RESERVES	5 653	(878)
SHARE CAPITAL	5 745	5 745
Authorized	5 745	5 745
Subscribed uncalled share capital	-	-
SHARE PREMIUM	-	-
REVALUATION RESERVE	10 344	2 623
OTHER RESERVES	36	36
RETAINED EARNINGS	(10 473)	(9 275)
Previous years	(10 109)	(8 986)
Current year	(363)	(296)
GRANTS AND SUBSIDIES		
DEFERRED TAX & ACCRUED LIABILITIES		
Accrued expenses	-	-
Deferred tax liability	-	-
LIABILITIES	8 256	8 198
NON CURRENT LIABILITIES		
Financial liabilities	1 682	782
Trade payables	-	-
Advances received	-	-
Other non current payables	-	-
CURRENT LIABILITIES	6 574	7 416
Current part of long term financial liabilities	-	-
Other financial liabilities	5 848	5 848
Trade payables	567	1 471
Advances received	6	7
Taxes and salaries payable	25	41
Other payables	128	49
TOTAL EQUITY AND LIABILITIES	13 909	7 320

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdiene

STATEMENT OF COMPREHENSIVE INCOME (LTL THOUSAND)

	2016.01.01	2015.01.01	2016.04.01	2015.04.01
	2016.06.30	2015.06.30	-2016.06.30	-2015.06.30
SALES INCOME	51	73	28	32
	-51	-62	-31	-29
COST OF SALES				
GROSS PROFIT	-	11	-3	3
Operating expenses	-491	-649	-238	-304
OPERATING PROFIT (LOSS)	-491	-638	-241	-301
OTHER ACTIVITIES	128	350	95	32
Income	128	350	95	32
Expenses	-	-	-	-
FINANCIAL AND INVESTING ACTIVITIES	-	-8	-	-7
Income	-	-	-	-
Expenses	-	-8	-	-7
PROFIT (LOSS) BEFORE PROFIT TAX	-363	-296	-146	-276
Profit tax	-	-	-	-
NET PROFIT (LOSS)	-363	-296	-146	-276

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdiene

CASH FLOW STATEMENT (EURO THOUSAND)

2016 06 30 2015 06 30

Cash flows from operating activities		
Net profit	-363	-289
Adjustments for:		
Income tax benefit	-	-
Depreciation and amortization	201	323
(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
Other	-	-
Operating profit before working capital changes	-162	31
(Increase)/decrease in trade and other receivables excluding receivables connected with selling fixed assets	-6	36
(Increase)/decrease in inventories	5	33
Increase/(decrease) in payables excluding borrowings and loans and payables connected with purchasing fixed assets	-913	-42
Cash generated from operations	-913	27
Interest paid	-	-
Profit tax paid	-	-
Interest received	-	-
Net cash from operating activities	-1 076	58
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	900	
Repayment/receipt of loans	-	-
Financial lease payments	-	-
(Decrease)increase in factoring financing	900	-
Net cash from financing activities	-	-
Net change in cash and cash equivalents	-176	58
Cash and cash equivalents at the beginning of period	355	456
Cash and cash equivalents at the end of period	179	514

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 2014	5 738	2 623	36	-8 986	589
Profit (loss)				-296	-296
Conversion difference	7				7
Balance at 30 June 2015	5 745	2 623	36	-9 282	878
Profit (loss)				-1 043	-1 043
Decrease in revaluation reserve due to depreciation or write-off of revalued assets	-	-216			-216
Revaluation of noncurrent assets		8 668			8 668
Balance at 31 December 2015	5 745	11 075	36	-10 109	6 747
Profit (loss)				-363	-363
Decrease in revaluation reserve due to					
Balance at 30 June 2016	5 745	10 344	36	-10472	-5 653

General manager



Liudmila Suboč

Chief accountant



Elona Suveizdienē

NOTES TO FINANCIAL STATEMENTS

The securities of AB DVARCIONIU CERAMICA (symbol - DKR1L) are included in the included in the secondary trading list of NASDAQ Vilnius exchange.

Major Financial Indicators of the Company

Sales and income

Company revenue on 2016 I Half was 51 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.

Operating expenses till 30 of June 2016 was 51 thousand Eur.

Operating profit margin during the reporting period was negative.

During the first six month of this year Company has earned 128 thousand Eur. of profit from other activities.

Company Loans (Euro thousand)

The grantor	Balance at 30-06-2016
AB Swedbank	5 039
UAB Misota	133
Juozas Raišelis	285
UAB Raico Group	359