



Annual Prospectus-Report 2006

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I. GENERAL PROVISIONS

1. Accounting period, in respect of which the annual prospectus-report is prepared

The annual prospectus-report is prepared in respect of 2006.

2. Principal data on the issuer

Name of the issuer: Dvarčionių Keramika public limited liability company.

Address of principal office: Keramikų Str. 2, Vilnius, Republic of Lithuania;

Tel.: (8-5) 2317021;

Fax: (8-5) 2317061.

Webpage: www.keramika.lt;

E-mail: info@keramika.lt.

Legal-organisation form: legal entity, public limited liability company.

Authorised capital of the company: 19,810,920 Lt.

Place of registration: Ministry of Economy of the Republic of Lithuania;

Registration date: 10 June 1994; re-registered as AB (public limited liability company) on 27 February 1997.

Company number: 1106 28481.

3. Nature of principal activity of the issuer

Principal activities of the company include production and sales of ceramics; import and sales of sanitary equipment and construction materials.

4. Information on where and when it is possible to get acquainted with reports and documents, on the basis of which it was prepared (financial reports, auditor conclusions, etc.), and name of publication media.

Reports and documents, on the basis of which it was prepared (financial reports, auditor conclusions, etc.), can be obtained in registered office of the Dvarčionių Keramika AB: Keramikų Str. 2, Vilnius; on business hours (8.00 am - 4.42 p.m.). Name of publication media – “Respublika”.

5. Persons responsible for information provided in the report:

5.1. The report is responsibility of members of management bodies of the issuer, its employees and the head of administration (name, last name, position, telephone and fax numbers are specified);

President of the Dvarčionių Keramika AB - Juozas Raišelis (tel. 2317021; fax 2317061);

Financial Manager of Dvarčionių Keramika AB – Geraldas Kudrevičius (tel. 2317272; fax 2317061).

5.2 Financial Broker Company, Stock Company “Finasta” (“A” level Financial Broker Company, VPK licence No. A 087, main office address: Konstitucijos pr. 23, Vilnius, telephone: 8- 5 278 68 33 fax: 8-5 278 68 38, represented by Financial Broker Gintaras Gliožaitis (qualifications certificate No. A 146)) provided the Issuer with consulting services on the issues of annual prospectus – report preparation and is responsible for complete and orderly data disclosure in the report being provided.

6. Confirmation of members of management bodies of the issuer, its employees and the head of administration being responsible for preparation of the report that the information presented herein is true and no fact are concealed with possible impact on investors' decision to purchase or sell securities of the issuer, on price of the securities, and evaluation of the securities:

We, the undersigned herein, by this certify that the report for the year 2006 includes information, which corresponds the reality and that there are no facts concealed, which shall have any vital effect on the investors' decisions to sell or purchase the Issuer's securities or on both market value and evaluation of these securities:

President Juozas Raišelis
Chief of the Board

General Accountant Vanda Kalpokienė

24 April 2007
Vilnius

Report prepared by AB "Dvarčionių keramika"

II. INFORMATION ON AUTHORISED CAPITAL OF THE ISSUER AND SECURITIES ISSUED

7. Authorised capital of the issuer:

7.1. Authorised capital as registered in the register of companies;

Authorised capital as registered in the register of companies – 19,810,920 Lt.

The capital is divided into 9,905,460 ordinary registered shares.

Nominal value of one share is 2 Lt.

All the shares of the company are fully paid-up.

7.2. Information on the planned increase of capital by converting or exchanging issued promissory notes or derivative securities into shares.

None.

8. Shareholders

General meeting of shareholders of Dvarčionių Keramika AB took place on 18 April 2007.

Accounting day of the general meeting of shareholders is 18 April 2006.

On the day of the general meeting of shareholders, the shares of the company were held by 1398 shareholders.

Shareholders, who on the day of ordinary (accounting) meeting of shareholders held or controlled under title of ownership more than 5% of authorised capital of the issuer:

Full name of shareholder (company name), personal number (number of company register)*	Number of shares held (pieces)	Number of votes held, %
OPOCZNO AB, company No. 57075, Przemyslowa 5, Opoczno	5,968,317	60.25
Raišelis Juozas, Moliakalnio Str. 10, Vilnius	1,779,860	17.97

Persons acting jointly – managers of the issuer:

Name, last name	Number of shares	Portion of capital held (%)
Raišelis Juozas, Moliakalnio Str. 10, Vilnius	1,779,860	17.97
Liudmila Suboč, Keramikų Str. 6-35, Vilnius	193	0.002
Total:	1,780,053	17.97

9. Principal characteristics of shares issued for public circulation of securities

9,905,460 ordinary registered shares are issued for public circulation.

Nominal value of one share is 2 Lt., total nominal value of issued securities is 19,810,920 Lt.

The shares are issued for public circulation without using services of stock exchange.

10. Data on shares that were registered for non-public circulation and distributed

None.

11. Information on depository notes issued on the basis of the shares

None.

12. Principal characteristics of debt securities issued for public circulation of securities

None.

13. Data on debt securities that were registered for non-public circulation and distributed

None.

14. Securities, which do not certify participation in authorised capital, but circulation of which is regulated by the Law on Public Circulation of Securities, except for debt securities

None.

III. DATA ON SECONDARY CIRCULATION OF SECURITIES ISSUED BY THE ISSUER

15. Securities included into sales lists of stock exchanges

Ordinary registered shares issued by Dvarčionių Keramika AB are included into Current list of the National stock exchange. 9,905,460 ordinary registered shares of Dvarčionių Keramika AB are included into Current list.

Total nominal value of securities included into the Current list is 19,810,920 Lt.

16. Trade in securities of the issuer in stock exchanges and other organised markets:

16.1. Trade in the Vilnius stock Exchange:

16.1.1. Maximum and minimum price of securities quoted on central market and sold on the central market during previous 8 quarters (separately); maximum and minimum circulation of sales session (Lt); price in and circulation of (Lt) the last stock exchange session of the accounting period; total circulation (in pieces and Lt) of previous 8 quarters (separately) according to types and classes of securities;

Ordinary registered shares of Dvarčionių Keramika AB quoted in Current list of the NSE (security code 12231).

Trade on central market:

Accounting Period	Price (in Lt)		
	Maximum	Minimum	Last Session
1 st quarter of 2005	3.58	3.73	3.20
2 nd quarter of 2005	3.80	2.61	3.55
3 rd quarter of 2005	5.15	3.40	4.65
4 th quarter of 2005	4.85	3.80	4.21
1 st quarter of 2006	4.45	3.30	3.62
2 nd quarter of 2006	4.08	2.65	3.20
3 rd quarter of 2006	3.70	2.64	3.30
4 th quarter of 2006	5.10	3.2	5.00

Accounting Period	Maximum Circulation (in Lt)	Minimum Circulation (in Lt)	Circulation of the Last Session (in Lt)	Total Circulation (pcs)	Total Circulation (in Lt)	Date of the Last Session
1 st quarter of 2005	11 546 958	0	19 049	13 129 093	6 528 911	2005-03-31
2 nd quarter of 2005	438 320	0	11 121	3 759 818	1 231 463	2005-06-30
3 rd quarter of 2005	142 973	0	10 299	1 631 215	394 887	2005-09-30
4 th quarter of 2005	85 012	0	2 069	16 563 565	10 394 363	2005-12-30
1 st quarter of 2006	35 414	0	13 496	3 77 812	94 595	2006-03-31
2 nd quarter of 2006	122 655	0	6 203	688 494	226 429	2006-06-30
3 rd quarter of 2006	137 284	0	16 569	561 015	173 750	2006-09-30
4 th quarter of 2006	511 905	0	32 220	4 096 518	990 033	2006-12-31

16.1.2. Direct transactions:

None.

16.2. Trade in other stock exchanges

Non-performed.

16.3. Trade on other organised markets

Non-performed.

17. Capitalisation of securities

Capitalisation of issued securities:

1 st quarter of 2004	24 565 541
2 nd quarter of 2004	30 706 926
3 rd quarter of 2004	26 744 742
4 th quarter of 2004	25 258 923
1 st quarter of 2005	31 697 472
2 nd quarter of 2005	35 164 383
3 rd quarter of 2005	46 060 389
4 th quarter of 2005	41 701 987
1 st quarter of 2006	35 857 765
2 nd quarter of 2006	31 697 472
3 rd quarter of 2006	32 688 018
4 th quarter of 2006	49 527 300

18. Trade in securities of the issuer outside stock exchange

Trade of the issue outside stock Exchange 2004 – 2006:

Accounting Period	Price (Lt)		Total Circulation (pcs)
	Maximum	Minimum	
1 st quarter of 2004	-	-	-
2 nd quarter of 2004	-	-	-
3 rd quarter of 2004	2.5	2.5	20 000
4 th quarter of 2004	1.22	1.15	11 199
1 st quarter of 2005	2	1.22	17 546
2 nd quarter of 2005	2.45	2	195 857
3 rd quarter of 2005	3.3	2	91 000
4 th quarter of 2005	3.25	2.11	622 893
1 st quarter of 2006	-	-	-
2 nd quarter of 2006	-	-	-
3 rd quarter of 2006	-	-	-
4 th quarter of 2006	-	-	-

19. Data on purchase of own shares by the issuer

None.

20. Announcement of the official offer

There was no official announcement in 2006

21. Payment agents of the issuer

None.

22. Agreements with securities public circulation intermediaries

The issuer has entered into servicing agreement with Finasta AB FMI, located in Konstitucijos Av. 23, Vilnius. Under the agreement, the Finasta AB FMI manages accounting of securities of the issuer.

IV. DATA ON ACTIVITIES OF THE ISSUER

23. Legal basis for activities of the issuer

In its activities, Dvarčionių Keramika AB follows its articles of association, Law on Companies of the Republic of Lithuania, Law on Securities Market, other laws and legislation being in force in the Republic of Lithuania, regulating activities of companies.

24. Participated in associated structures

“Dvarčionių keramika“ AB is a member of the Confederation of Lithuanian Industrialists (CLI), Lithuanian Builders Association as well as Association of Lithuanian Glass Re-manufacturers. The activities of the associations are governed by the laws and regulations of associations of the Republic of Lithuania.

As the company belongs to associated structures, it participates in debating general problems of the sphere and in making decisions. Operative information, which is vital to the Company's functioning, is more effectively received via associations.

The Company pays regular membership fees, however, it does not participate in the capital of other members of confederation.

25. Brief description of history of the issuer

Dvarčionys alliance of construction materials (previously – factory) is operating from 1888. In the beginning the enterprise was owned by a peasant Undrevičius, and from 1896 it was acquired by land surveyor Fiodoras Fiodorovičius Doskalčiukas. In December 1897 operation of the factory was terminated. It was purchased by a peasant Martynas Matviejevičius Stecha. In spring 1899, a brick factory with kiln (“Gofman” system) was constructed in Dvarčionys lot. Bricks made in the Dvarčionys factory were used for construction of Vilnius Polytechnic Institute in Olandų Street, the Naujoji Vilnia church, and many private houses in Vilnius.

After reconstruction of 1951, operation of the factory was restarted. Mechanisms and equipment were installed during construction of the factory, handwork was replaced with mechanisation, except for removal of unburnt bricks from conveyors and putting it on drying carriages, placing into ring kilns, also loading of finished products to vehicles. These processes were performed manually.

On 21 December 1960 factory of ceramics “Krosnis” was closed and on 1 January 1961 affiliated to the Dvarčionys brick factory. The enterprise was also joined by Jašiūnai workshop, previously owned by the “Krosnis” factory of ceramics, and Punžonys workshop of the same factory, producing PR-8 blocks. On 01-05-1961 the Dvarčionys brick factory was renamed to “Dvarčionys Factory of Ceramic Products”.

On 22-01-1962 the Dvarčionys Factory of Ceramic Products was renamed to the New Experimental Factory of Construction Materials.

On 26-02-1962 the Jašiūnų workshop was transferred to Šalčininkai district industrial alliance. For a period of one year the Jašiūnai workshop was called “Spindulys” Factory of Domestic Chemistry.

On 01-07-1963 the Jašiūnai workshop of the “Spindulys” factory of domestic chemistry joined NSVJEG.

On 31-03-1964, workshop No. 2 “Krosnis” was transferred to Kaunas factory of reinforced concrete articles, controlled by the Ministry of Construction.

In 1965 the factory was renamed to Dvarčionys brick factory.

On 12-01-1967 the Dvarčionys brick factory was joined by Širvintos factory of drainage pipes, comprising Družai brick workshop and Ukmergė tile workshop.

In 1967 the Dvarčionys brick factory consists of 5 workshops:

Workshop No. 1 – Dvarčionys – producing bricks;

Workshop No. 2 – Jašiūnai – producing glazed and non-glazed tiles;

Workshop No. 3 – Širvintai – bricks, drainage pipes;

Workshop No. 4 – Ukmergė – glazed and non-glazed tiles;

Workshop No. 5 – Punžonys – bricks, blocks PR-8.

On 23-03-1972 reconstruction of the factory was planned. In 1973, SMPM PKB designed the first ceramic tile production line (productive capacity – 200,000 m² per year).

In 1973, construction of ceramic tile production line was started, which was completed at the end of 1974.

On 01-01-1974 the factory was renamed to Dvarčionys alliance of construction materials.

In 1975 production line of mosaic carpet tiles SMK-122 was mounted and started operation (100,000 m² per year).

On 01-07-1975 Punžonys workshop was transferred to Factory of Polymer Articles.

On 22-03-1977 production of bricks was terminated. At the same time, construction of a new workshop for production of floor tiles was commenced instead of former brick workshop.

On 01-11-1978, Jašiūnai workshop was transferred to Institute of Thermal Insulation.

In 1980, a second Italian production assembly-line “Sakmi” was installed for production of interior tiles, decorated with silkscreen printing. First batch of products was released in April 1980. In 1983, second floor clay tile production line was installed with glazing unit.

In 1984-1985, production of glazed and silkscreen decorated floor tiles was mastered.

In 1985, Širvintai workshop of chemicals mastered production of polymer paint for roads and façades CHV-161.

In 1986, production line for ceramic interior embossed tiles was installed in Ukmergė workshop, with production capacity of 100,000 m² per year.

In 1988, a workshop was constructed where production line for façade tiles was installed and started operation, with production capacity of 124,000 m² per year.

In 1994, second major stage of reconstruction was started. A joint Italian-Lithuanian company was established Dvarčionių Keramika, construction of new modern production line for ceramic wall and floor tiles.

In 1997, the modernisation of the company was completed. Factory began producing new-generation ceramic tiles meeting global quality standards.

Lithuanian Federation of Industrialists selected Dvarčionių Keramiką as one of 20 companies that in 1997 made greatest economic progress.

In 1998

- The company celebrated respectable anniversary of 110 years of operation.

- Dvarčionių Keramika took part in world’s most important exhibition of ceramic tiles CERSAIE’98, which took place in Bologna, Italy. Stand of the company was distinguished for originality.

- Glazed ceramic floor tiles RUSTIKAS 300x300 m, produced by Dvarčionių Keramika, received award of Product of the Year.

In 1999

- Lithuanian National Accreditation Bureau accredited testing laboratory of Dvarčionių Keramika. It means that the laboratory conforms to requirements of LST EN 45001 and is accredited to perform tests of glazed and non-glazed ceramic tiles.

- Quality management system ISO 9001 was installed.

- Glazed ceramic wall and floor tiles RUSTIKAS 148x148, produced by Dvarčionių Keramika, received award of Product of the Year.

In 2000

- Ceramic glazed floor tiles “Gotika” were nominated as the best Lithuanian product of 2000.

In 1998-2002 ceramic wall and floor tiles were nominated as the best Lithuanian product.

In 2002, the company implemented Environmental Management System ISO 14001.

In 2003, a new Italian SACMI glazed stone-mass tiles production line was completed.

In 2004, it was decided to stop operation of SMPM PKB production line, and it was dismantled in 2005.

On 9 March 2005, controlling interest of the company was purchased by one of the largest manufacturers of ceramic tiles – Polish company Opoczno S.A.

In 2006 JSC Dvarcioniu Keramika was awarded nomination “Successfully working company 2006”

In 2006 tiles collection “Matera” was recognized as Product of the year and awarded a gold medal.

26. Characteristics of products (services)

The Company produces ceramics, designed for house interior decoration: glazed wall tiles and porcelain stoneware floor tiles, ceramic tiles for fireplaces, clay-powder.

Production turnover over the year 2006 was 2,311 thousand m², which increased by 8% when compared to the results of 2005 – 2,147 thousand m². The introduction of new products resulted in the increased production turnover.

In the relational production structure increased production of stoneware tiles. This was caused by changes in the market of floor tiles, which the Company successfully adjusted to.

The production dynamics of "Dvarčionių keramika" AB: by quantity and its value

Name of the product	Factual measure value	2004			2005			2006		
		Quantity	Thousand Lt	%	Quantity	Thousand Lt	%	Quantity	Thousand Lt	%
Glazed wall tiles	Thousand m2	1 395	15 624	59	1 091	11 132	47	1 515	16 665	64
Glazed floor tiles	Thousand m2	668	8 082	28	294	3 148	13	-	-	
Glazed porcelain stoneware tiles	Thousand m2	292	3 533	11	762	8 898	38	774	9 288	35
Ceramic tiles for fireplaces	Units	6 459	258	1	5 506	156	1	6 313	190	1
Clay-powder	Tons	320	160	1	751	131	1	596	104	0
Total:		-	27 658	100	-	23 465	100	-	26 247	100

The average price of main products of "Dvarčionių keramika" AB

Name of the product	Measurement unit	2004	2005	2006
Glazed wall tiles	Lt/m2	13.90	13.26	15.13
Glazed floor tiles	Lt/m2	13.93	14.25	16.84
Glazed porcelain stoneware tiles	Lt/m2	22.62	14.82	15.18
Ceramic tiles for fireplaces	Lt/unit	42.00	40.00	55.00
Clay-powder	Lt/t	362.2	368.0	400.6

The production of new collections over the first quarter and changes in organizational structure in the second quarter have negatively affected annual acidity of the tiles, which, compared to that of the year 2005, decreased by 3 % down to 83%. However, the changes mentioned above have resulted in the increase of acidity up to 90 % over the fourth quarter.

Innovations introduced with new products:

In 2006 during the first quarter new collections were being instilled.

6 new collections were started to be produced in the first quarter:

Wall tiles	250x350	Herba, Juta	10 types
Wall tiles	250x400	Flora, Matera, Leda, Xeno	17 types
Porcelain stoneware tiles	333x333	Herba, Matera, Leda, Xeno	13 types

2 new collections were introduced in the production line in the fourth quarter:

Wall tiles	250x400	Lacy, Game	16 types
Porcelain stoneware tiles	333x333	Lacy, Game	6 types

The main indicators of the Company work, their dynamics:

The main indicators of the Company work (2004-2006):

Indicators	2006	2005	2004
Gross liquidity coefficient =	1,39	1,53	0,69
Gross profitability =	0,002	-0,07	-0,42
Average return on assets =	0,001	-0,03	-0,18
Liability coefficient =	0,30	0,30	0,15
Liability-assets coefficient =	0,43	0,43	0,9
Assets turnover =	0,70	0,52	0,51
	2,48		2,39
Accounting value per stock =		2,47	
Net profit per stock =	0,01	-1,76	-0,70

Average liquidity coefficient decreased by 0, 14 down to 1, 39. This indicates improvement in short-term assets management; on the other hand, there are one and a half time more short-term assets than short-term liabilities, thus the liquidity is sufficient.

Net profitability in 2006 is 0, 2% - which is very low, but still positive; its significance has increased when compared to previous periods. Positive dynamics allow positive prognosis for indicator values for the future.

Average return on assets despite being so low, is also positive.

Liability coefficient makes up 30%. In such case the capital of the Company is being used optimally - neither more nor less than it is needed. Optimal level of this economical indicator promises the shareholders good return on their investment.

Liability and assets ratio indicates that the Company assets are covered by debt funds at major part. This shows effective use of the capital, on the other hand, this ratio is not too risky.

Assets turnover reaches up to 0, 70, which indicates that the assets were not used efficiently, however, the value of this indicator is gradually improving (2005: 0, 52).

Accounting value per stock made up 2, 48 Lt per stock.

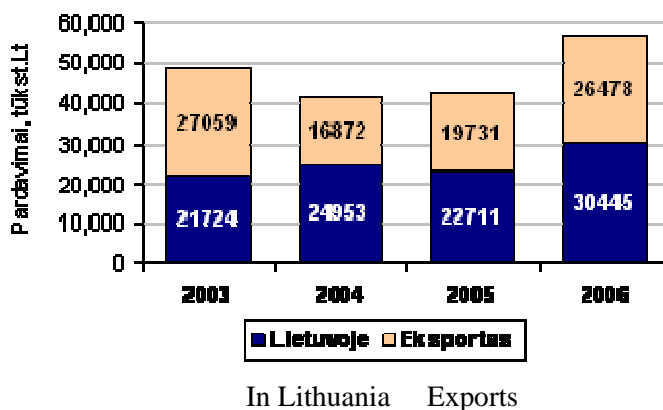
Net profit per stock made up 0, 01 Lt.

27. Sales Markets

In 2006 sales were the highest over the history of the Company work and reached 56,9 million Lt. Compared to the year 2005, the growth made up 34%. The trend towards growth in sales was noticeable all year round, starting with the first quarter +29,8 per cent, in the second quarter it was + 20,7 per cent. In fact, in the second half of the year, when the sales of new collections became very active, the growth became even more intense (in the third quarter – 39,9 per cent and in the fourth quarter - +44,8).

The main market place is still Lithuania (53,4 per cent of all sales), where both direct sales take place – via 13 Company owned shops and indirect sales – via wholesalers. Sales have increased by 34 per cent. In absolute terms the increase in sales of exported goods also exceeded local sales by almost 1 million Lt – export sales in the year 2006 increased by 6,7 million Lt, local sales by 7,7 million Lt.

In the year 2006 the trend towards sales became positive – sales, which previously tended to decrease, significantly increased. Export sales trends successfully moved towards positive direction in the year 2005 already, but the significant turning-point took place in the year 2006, when export sales level reached its peak exceeding the record result achieved in the year 2003. These trends are the result of successful sales markets and production strategy development.



Sales, thousand Lt

In Lithuania Exports

Sales in Lithuania and abroad 2003-2006

The strategic aim of the Company remains holding the leader's position in the local market and its strengthening.

On the other hand, the Company actively seeks to occupy a leading position in all three Baltic States and to secure strong positions in other neighboring markets.

Sales in Lithuania

The Company production can be found in any larger shopping centers of building materials as well as in the specialized Company shops. 13 shops in the major cities (Vilnius, Kaunas, Klaipėda, Šiauliai, Panevėžys) and average size towns make up the chain of specialized Company shops. The stock of specialized shops includes not only the Company made production but also Opoczno manufactured goods, Spanish tiles, plumbing accessories, materials necessary for tile laying; professional designers' services are provided here as well.

Sales in Lithuania, compared to the year 2005, have increased by 34 per cent, from 22, 7 million Lt to 30, 4 million Lt. The main reasons for such growth – introduction of 6 new collections and active work in sales and marketing fields in the market.

The leader in imports of ceramic tiles is Poland, whose manufacturers occupy 45 per cent of the market. Then, it is followed by manufacturers of Spain and Italy, respectively 20, 8 per cent and 12 per cent; however, their market share gradually decreases. Market share for ceramic tiles imported from China is increasing - 10 per cent of tile imports in the year 2006 came from there. Import scope in the year 2004 increased by 32 per cent, in the year 2005 about 18 per cent, and in the year 2006 import increased only by 5.5 per cent. Import scope increase resulted from extensive development of the chain of retail shops over 2004-2005, and in the year 2006 stabilization signs became noticeable and its growth equaled to the general growth of building market.

In the year 2006 the market for ceramic tiles in Lithuania, compared to the year 2005, remained at the similar level (in 2005 +18 per cent; in 2004 +32 per cent), while the sales of the Company production for the year 2006 reached 1,191,005 m² or 12 per cent more than it did in the year 2005. This growth is related to the fact that over the year 2005 the Company began selling Opoczno production in Lithuania.

General market share of the group in Lithuanian market for the year 2006 made up 26 per cent.

Export Sales

The main sales markets of the Company are the Baltic States, where production sales over the year 2006 in the related markets reached 43 million Lt in total and increased by 69 per cent, compared to the year 2005, (25, 4 million Lt). Sales in Latvia and Estonia together increased by 4.5 times, compared to the year 2005, and reached 12, 6 million Lt.

Sales in the western region in the year 2006 remained at the similar level as in the year 2005; however, effective work over the year 2006 starts giving benefits in considerably wider scope of western markets.

Even though exports to Belarus made up insignificant part of the sales of the Company, they increased by 70 per cent in the year 2006 and reached almost 0.7 million Lt. In the year 2006 distribution expansion introduced in regional areas gives hope for significant increase in sales in this market in the future.

Sales in Russia decreased by 23 per cent, compared to the year 2005, from 3.9 million Lt it came down to 3.0 million Lt; however, the introduction of new collections in the second half of the year 2006 resulted in sales increase, which gives hope for increase in the future. The Company considerably strengthened its position in the territory of Kaliningrad and started development in other areas in order to attract new clientele.

Sales in Ukraine decreased by 19 per cent, compared to the year 2005, from 4, 5 million Lt it came down to 3, 6 million Lt. The main cause – growing local manufacturers and concentrated efforts of major manufacturers from abroad; however, similarly to the situation in Russia, sales increased in Ukraine in the second half of the year, which gives hope for restore the level of sales to that which was achieved in the year 2005.

Sales in Central Asia decreased by 24 per cent from 1.7 million Lt, it came down to 1.3 million Lt. Inconsistency of sales in this region is mainly related to instability of business environment.

28. Supply

Main raw materials such as glaze, frit, pigments, and packing materials are supplied by two or more suppliers. Other specific (it is not allowed to use two different components at a time) raw materials such as filed spar and clay are supplied only by one supplier and there exists 4-6 week reserve in store. To reduce any risks 12 month supply contracts were signed with the current suppliers, also alternative suppliers of raw materials were chosen and tested (samplings of raw materials were taken). The Company owned operational clay quarry also reduces the risk of specific raw material supply halt. The clay of this quarry is used for the production of wall tiles.

When choosing a supplier, such factors as reliability, the quality of both raw materials and services, the costs of transportation of raw materials, environmental requirements, economic effects and references are taken into consideration. It is worthy to mention that „Dvarčionių keramika“ AB has its raw materials (as well as designs) supplied by the companies popular in and acknowledged by the whole ceramics world; that is: Arco (Iris-group), Fritter SAL. , Ferro SAL. The Company has dealt with these companies for more than 5 years. Long-term cooperation is advantageous in the way that it allows using time efficiently for introduction of new products, exchange of vital information and development of manufacturing and logistics processes. Long-term cooperation contracts have been signed with gas and electricity suppliers.

Equipment necessary for manufacturing are acquired from foreign producers, who later supply spare parts.

Modernization in the storehouse area (modernization of loader fleet, expansion of storage space, software update) started in the year 2006 shall result in greater flexibility of the Company in adjusting to constant market changes.

29. Fixed assets and other principal means

Data on fixed assets owned by Dvarčionių Keramika AB are indicated in the table below (thousands Lt):

No .	Beginning of operation	Purpose	Book value on 31-12-2006	Condition
1.	1978	Buildings	26 338	Good
2.	1978	Buildings and machinery	24 390	Good
3.		Transport	581	Good
4.		Other fixed asset	1 580	Good
		Total:	52 889	

Land (8 ha lot located in Vilnius, Keramikų Str. 2,4) is used on the basis of rent, pursuant to Contract on State Land Rent for Non-Agricultural Purposes No. 384 N01/97 – 14225 (the contract was entered on 13 November 1997). Entry assigned in the State Land Cadastre data registry: No. 01/26183.

30. Risk factors related to activities of the issuer

Economical:

- Growth of construction sector has positive influence on potential of construction materials and products, including ceramic tiles;
- Seasonal nature of construction sector – most of works are performed during warm period of year, though some works of interior finishing are carried out during other periods as well;
- Competition – while producers in the Central Europe are getting stronger and producers in Russia and Ukraine are developing intensively, it is becoming ever harder to compete both on foreign and domestic markets. After controlling interest of the company was purchased by Opoczno S.A, its competitive capacities increased significantly.
- Replacements – while manufacturers of construction materials and wooden products are growing considerably, prices decrease and price competition increase.
- Growth of resource prices – growth of prices of energy (gas) and wages, moneys (interest rates), raw materials and transport hinders achievement of financial goals of the company;
- Growth of import – import from countries of Central Europe and Eastern Asia is increasing. This is partly determined by the large shopping centres, which are mostly oriented towards price of products supplied.
- Customs duties – due to EU membership of Lithuania (from May 2004) prices of products of the company increased in eastern export markets – in Ukraine, according to free trade treaty, the customs duty previously was not applied for Lithuania. After Lithuanian became EU Member State, the treaty between Lithuania and Ukraine on free trade had to be renounced.
- Certification – foreign markets demand product quality assessment certificates. The company has quality certificated issued and valid in Lithuania, Poland, Germany, Russia, Ukraine and other countries. But temporary export confusion is possible due to inconsistency of certification policies in some countries. The certification requirement, just as customs duty, is used by foreign governments to protect local producers from importers.

Technical-Technological:

- Closedown and dismantling of old SMK 158 line have negative consequences on financial results of the company during previous year, but it will allow avoiding additional or inefficient costs in future;
- The company aims at further automation of auxiliary processes – packaging, etc.
- Equipment and machinery are influenced by many external and internal factors during operation, which results in wearing. In order to avoid downtimes of equipment, timely maintenance of is especially efficient, just as training of maintenance personnel.

Environmental:

- The company carries out its activities in accordance with requirements of standards of environmental management system ISO 14001. On 17-10-2005 new environmental policy was approved.
- Waste products and wastewaters produced during production stage are treated in own treatment facilities;
- In 2006 no sanctions or fines for pollution of environment were applied to the company.

Social:

- Negative migration – emigration of young people and experienced specialists;
- Lack of required workforce;
- Growth of average salary.

Political:

- Political instability and unpredictable nature of foreign markets, especially eastern ones;
- Customs duties and certification (see Economical factors).

The Company owned bank loans:

Long-term loan makes up 40 429 thousand Lt and its deadline falls on 7th September in 2013. The loan has 6 month EUR Libor + 1.3% interest accrued. Interest rate for 31st December, 2006 was 4,803%.

The Company buildings, vehicles, stock and capital in cash and “Opoczno” SA issued 10 000 thousand guarantee were mortgaged for the loans. The guarantee has 0, 8% of annual interest accrued.

31. Termination or reduction of production, which had or has essential influence on activity results of the issuer during 2 last financial (economical) years (specify date, duration and reason of such events)

In 2004 old production line SMK-158 was stopped, which produced glazed wall tiles 148*148 and 200*250. Further operation of this line was economically inefficient: high energy costs, labour costs were also too high due to low automation level.

In 2005 the SMK-158 production line was dismantled.

32. Patents, licenses, contracts
33. Processes in courts and courts of arbitration

None.

34. Employees

The Company has active trade-unions and collective agreement formulated, which is an agreement between employees working in the Company, under work contracts and the Employer covering such aspects as work, remuneration, work organizing, work safety, work and leisure schedules and other economic and social conditions.

Advanced training for employees and their retraining were performed according to the program of quality management system ISO. All Company employees are insured against accidents.

The average number of employees in „Dvarčionių keramika“ AB, and average monthly salary:

	2004		2005		2006	
	Number of employees	Average salary	Number of employees	Average salary	Number of employees	Average salary
Managing personnel*	27	2 698 Lt	23	6 296 Lt	29	6 936 Lt
Specialists	128	1 470 Lt	93	1 820 Lt	127	2 258 Lt
Employees	211	1 011 Lt	170	1 137 Lt	147	1 764 Lt
Total average of Working personnel:	366	1 296 Lt	286	1 774 Lt	303	2 101 Lt

* Note: Managing personnel includes Senior and secondary level managers.

Education of employees in „Dvarčionių keramika“ AB.

	2004		2005		2006	
	Number of employees	%	Number of employees		Number of employees	%
University degree	121	28%	84	University degree	121	28%
College/institute (higher)	99	20%	44	College/institute (higher)	99	20%
Secondary	187	33%	104	Secondary	187	33%
Incomplete secondary (vocational)	102	18%	54	Incomplete secondary (vocational)	102	18%
Total:	509	100%	286	Total:	509	100%

35. Investment policy

35.1 31st December, 2006 companies, to which the Issuer has invested more than 30 per cent of its authorized capital, and also companies, whose authorized capital comprises more than 30 per cent of the Issuer's capital.

- “Dvarčionių keramika” SIA (Melužu st.1, Riga, Latvia), its purchase price – 14 000 Lt which makes up 100 per cent of the capital.
- JSC “Baltijos keramika”(Družių village., Širvintų region, Lithuania), its purchase price – 300 000 Lt which makes up 31 per cent of JSC “Baltijos keramika” capital.

	“Dvarčionių keramika” SIA*	JSC “Baltijos keramika”
Net profit (loss), thousand Lt	0	6
Ratio of short-term assets and short-term liabilities	0	2.34
Ratio of all assets and all liabilities	0	4,55

* the Company is being liquidated

35.2. Investment amount, making up more than 10% of authorized capital, over the last three economic years: None.

35.3. Investment prognoses for the year 2007: The Company is planning to make investments for 2,2 million Lt in the year 2007. The major part of the investments (that is, 1,2 million Lt) will be directed towards organizing production processes, the other part will be for renovation of expositions in sales points and for the modernization of the whole storehouse system.

36. Competitors (principal competitors on domestic and foreign markets)

Dvarčionių Keramika AB is the only producer of ceramic wall and floor tiles in Lithuania and the Baltic States. Annual production capacity of the company is about 2.6 mln m² of tiles. Companies producing analogous production in closest vicinity are located in Belarus, Poland, Czech Republic, Slovakia, and Russia.

Most significant competition for production of Dvarčionių Keramika AB in Lithuania is exerted by import of tiles. In 2005, import of ceramic tiles amounted to approximately 70% of total consumption. Most of the tiles were imported from Spain, Poland and Italy.

On foreign markets, the company competes with local producers, also with tiles manufactured by Polish and Italian producers.

37. Dividends paid

The company paid no dividends during last 5 years.

V. FINANCIAL SITUATION

38. Financial reports:

38.1. Balance statements of previous 3 financial years, arranged in comparative table:

Balance (thousand Lt)

Prepared according to International standards for financial accountability

Serial No.	Assets	2006.12.31	2005.12.31	2004.12.31
A.	LONG-TERM ASSETS	53,299	59,536	61,288
I.	FORMATION NET COST	-	-	-
II.	INTANGIBLES	110	59	114
III.	TANGIBLES	52,889	59,173	60,807
III.1	Land			
III.2	Buildings	26,338	28,271	27,937
III.3	Constructions and vehicles	24,390	29,781	31,650
III.4	Means of transport	581	563	737
III.5	Other equipment and tools			
III.6	Payment under loans and similar privileges		389	483
III.7	Other intangible assets	1,408	134	
III.8	Incomplete construction and prepayments	172	35	
IV.	LONG-TERM FINANCIAL ASSETS	300	300	337
IV.1	Participation in other companies	300	300	300
IV.2	Other long-term financial assets			37
V.	SUMS RECEIVED IN ONE YEAR	-	4	30
V.1	Buyers' debt			
V.2	Other sums receivable	-	4	30
B.	SHORT-TERM ASSETS	28,076	22,123	18,585
I.	RESERVE AND UNCOMPLETED CONTRACTS	19,792	16,589	13,709
I.1	Reserve	19,792	16,589	13,709
I.2	Uncompleted contracts	-		
II.	SUMS RECEIVED OVER ONE YEAR	6,935	4,947	4,539
II.1	Buyers' debt	6,764	4,811	4,089
II.2	Other sums receivable	171	136	450
III.	INVESTMENTS AND OTHER DEPOSIT ACCOUNTS			
III.1	Privately owned shares			
III.2	Other investments and deposit accounts			
IV.	CASH ON THE ACCOUNT AND IN THE CASH REGISTER	1,349	587	337
	TOTAL ASSETS	81,375	81,659	79,873

Balance (thousand Lt) continued

Serial No.	Owners' proprietorship and responsibilities	2006.12.31	2005.12.31	2004.12.31
A.	CAPITAL AND RESERVE	24,606	24,507	23,635
I.	CAPITAL	19,811	49,527	49,527
I.1.	Authorized capital (signed)	19,811	49,527	49,527
I.2.	Not required to pay in (-)			
II.	SHARE ACCESSORIES			
III.	REEVALUATION RESERVE	4,357	4,864	1,548
IV.	RESERVES	125	125	125
IV.1.	Intended by the law	125	125	125
IV.2.	Unappropriated			
IV.3.	To be Appropriated			
V.	UNAPPROPRIATED PROFIT (LOSS)	313	-30,009	-27,565
B.	FINANCING (DONATIONS AND SUBSIDIES)			
C.	SUSPENSIONS AND SUSPENDED TAXES	1,219	1,153	1,457
D.	SUMS TO BE PAID AND RESPONSIBILITIES		55,999	54,781
I.	SUMS PAID IN A YEAR AND LONG-TERM LIABILITIES		41,503	27,080
I.1.	Financial debts	35,311	41,503	26,912
I.2.	Debts from sales			168
II.	SUMS PAID IN A YEAR AND SHORT-TERM LIABILITIES	20,145	14,496	27,701
II.1.	The part of Long-term liabilities for the current year	5,123	2,392	8,972
II.2.	Financial debts	112	545	6,994
II.3.	Debts from sales	12,768	9,393	7,375
II.4.	Sums received in advance under the contracts signed	165	186	180
II.5.	Taxes, salaries and social insurance	1977	1,326	2,607
II.5.1.	Taxes	500	498	803
II.5.2.	Salaries and social insurance	652	828	1,804
II.6.	Other sums to be paid and short-term liabilities	825	654	1,573
	TOTAL PROPRIETORSHIP AND LIABILITIES	81,375	81,659	79,873

38. 2. Profit (loss) reports for the last three financial (economic) years with profit (loss) allocation reports are provided in comparative table below:

Profit (loss) report (thousand Lt)

Prepared according to International standards for financial accountability

Serial No.	Articles	2006	2005	2004
I.	SALES AND SERVICES	56,923	42,442	41,604
II.	NET COST OF THE GOODS SOLD	-41,370	-30,393	-26,552
III.	GROSS PROFIT (LOSS)	15,553	12,049	15,052
IV.	OPERATIONS EXPENDITURE	-14,205	-11,380	-28,337
VI.	OTHER ACTIVITIES	532	1,006	-2,143
	BUSINESS PROFIT (LOSS)	1,880	1,675	-15,428
VII.	FINANCIAL AND INVESTMENT ACTIVITIES	-2,082	-5,229	-1,126
X.	PROFIT (LOSS) PRIOR TAXING	-202	-3,554	-16,554
XI.	CORPORATION TAX	301	788	1,731
XII.	NET PROFIT (LOSS)	99	-2,766	-14,823
	Profit/loss per one share	0,01	-0,28	-1,50

Property change report (thousand Lt)

Prepared according to International standards for financial accountability

	Share capital LTL'000	Mandatory reserve LTL'000	Reappraisal reserve LTL'000	Losses accrued LTL'000	Total LTL'000
31st December, 2004	49,527	125	1,548	-27,565	23,635
Reappraisal of long-term assets, deducting suspended liabilities			3,638		3,638
Depreciation, related to the reappraisal of long-term assets, transfer			-322	322	0
Net profit (loss)				-2,766	-2,766
31st December, 2005	49,527	125	4,864	-30,009	24,507
Capital reduction	-29,716			29,716	0
Depreciation, related to the reappraisal of long-term assets, transfer			-507	507	0
Net profit (loss)				99	99
31st December, 2006	19,811	125	4,357	313	24,606

38.3. Cash flow report over the last 3 financial years, presented in the comparative table below;

Report on changes in financial status (cash flow) (thousand Lt)

Prepared according to International standards for financial accountability

Serial No.	Articles	2006	2005	2004
I.	Cash flow due to the Company activities			
I.1.	Net profit (loss)	-202	-3,554	-16,554
I.2.	Depreciation and wear expenses	7,353	7,291	6,693
I.3.	Negative (positive) influence of foreign currency rate	50	1,880	-2,891
I.4.	Losses incurred on long-term assets disposal	-359	-98	52
I.5.	Losses incurred due to long-term assets devaluation	0	-1,006	14,333
I.6.	Exchange in doubtful sums receivable	50	-29	-1,948
I.7.	Exchange in suspended reserves for evaluation	-74	-249	267
I.8.	Interest, factual value	2,037	3,415	3,206
I.9.	Other changes	-9		
	Changes in assets and liabilities used for the main activities:			
		8,846	7,650	3,158
I.10.	Reserve decrease(increase)	-3,129	-2,631	-1,371
I.11.	Decrease in buyers' debts(increase)	-2,034	-354	8,898
I.12.	Decrease in indebtedness to the suppliers (increase)	3,721	163	-8,028
	Cash from the main activities	7,404	4,828	2,657
I.13.	Interest paid	-2,040	-3,612	-3,000
I.14.	Corporation tax paid	-45	-358	
	<u>Cash-flow from the Company activities +/- (-)</u>	5,319	858	-343
II.	Cash-flow from investments			
II.1.	From disposition (acquisition) of long-term assets	-608	-286	87
II.2.	From disposition (acquisition) of investments	0	103	
II.3.	Dividends received	9	9	
	<u>Cash flow from investments +/- (-)</u>	-599	-174	87
III.	Cash-flow from financial activities			
III.1.	Loan increase after deducting repayment	-3,416	10,736	-783
III.2.	Covering liabilities for payments under loan(-)	-173	-44	-88
III.3.	Increase (decrease) in factoring sponsorship	-309	-591	928
III.4.	Increase (decrease) in loans on bill of exchange	-60	-10,535	493
	<u>Cash-flow from financial activities +/- (-)</u>	3,958	-434	550
IV.	Cash-flow from exclusive activities			
IV.1.	Increase (decrease) in cash-flow from exclusive activities			
	<u>Cash-flow from exclusive activities +/- (-)</u>	0	0	0
V.	Increase (decrease) in cash-flow			
		762	250	294
VI.	Money at the start of the term	587	337	43
VII.	Money at the end of the term	1,349	587	337

39. Notes to financial statements

Notes to financial statements are provided in the Company annual report.

40. Report presented board of the issuer or other management body performing its functions

Annual report is inseparable part of yearly audit reports.

41. Audit details

Financial statements for the year 2006 are prepared according to International standards for financial accountability (ISFA).

On 31st December, 2006 JSC“Deloitte Lietuva“completed balance for “Dvarčionių keramika” AB and performed audit on such reports as profit (loss) for 2006, cash-flow and changes in owned capital. The Auditor signed his report on 26 February, 2007.

The audit was carried out according to International standards for financial accountability, prepared by International Accountants Federation. These standards require to plan and perform audit in the way that would allow the Auditor to be sure that there are no essential mistakes in reports. Data, proving sums presented in the financial statements and their explanations, are being tested during the audit. Also, accounting principles applied, significant counting operations performed by management and the whole presentation of financial statements are evaluated during the audit. According to the Auditor, the audit performed proves sufficient grounds for his judgment.

According to the Auditor, financial statements represent factual and true picture of the Company's financial status on 31st December, 2006, results of activities of the year ending on the same date and cash flow according to International standards for financial accountability.

Also, the Auditor did not find any significant non-compliance between annual report and financial statement for the year 2006.

VI. INFORMATION ON MANAGEMENT BODIES OF THE ISSUER

42. Members of management bodies

42.1. Position, name, last name, data on participation in authorised capital of the issuer (held portion of authorised capital in percents);

Information on members of Supervisory Board of Dvarčionių Keramika AB:

Name, last name, position	Start and end of term of office	Number of preference registered shares of Dvarčionių Keramika AB	Participation in activities of other companies	Participation in capital of other companies
Przemysław Jaciubek (Chairperson of Supervisory Board till 15-12-2005)	2005 04 22 - 2006.11.22			
Česlav Okinčič (Assistant Chairperson)	2005 04 22 - 2009.04.22			
Sławomir Frackowiak (chairperson of Supervisory Board from 15-12-2005)	2005 12 15 - 2009.04.22			
Dariusz Gutarowski	2005 04 22 - 2006.07.26			
Piotr Źehaluk	2005 04 22 - 2009.04.22			
Liudmila Suboč	2005 04 22 - 2009.04.22	193 (0.02%)		Baltijos Keramika UAB, 7,500 preference registered shares (7.65%)
Ženius Butkus	2005 04 22 - 2009.04.22	10		
Bogusław Korneta	2006.11.22-2009.04.22			
Dariusz Wijata	2006.11.22-2009.04.22			

Information on members of Board of Dvarčionių Keramika AB:

Name, last name, position	Start and end of term of office	Number of preference registered shares of Dvarčionių Keramika AB	Participation in activities of other companies	Participation in capital of other companies
Juozas Raišelis (Chairperson of the Board)	2001.02.27 - 2009.04.22	1,779,860 (17.97%)		-
Bartosz Marczuk	2005 03 04- 2006.04.28			
Boguslaw Korneta	2005 04 22 - 2006.06.30			
Audris Imbrasas	2005 04 22 - 2009 04 22			
Bartosz Augustyn	2005 10 28- 2006 03 08			
Vigintas Bartaševičius	2006 04 04 - 2009 04 22			
Geraldas Kudrevičius	2006 02 28- 2009 04 22			
Mindaugas Bucas	2006 07 26- 2009 04 22			

42.2. On Chairperson of Supervisory Board, Management Head, and Financial Manager the following data are provided additionally: education, profession, workplaces over 10 last financial (economical years) and positions in such workplaces:

- Sławomir Franckowiak – Chairperson of Supervisory Board of Dvarčionių Keramika AB. Education – higher. Employee of Opoczno AB. Last 10 years work as a chief of Opoczno SA
- Juozas Raišelis – President of Dvarčionių Keramika AB, Chairperson of the Board. From 1 July 1994, appointed as President of Dvarčionių Keramika UAB (later reorganised into Dvarčionių Keramika AB). Holds 1779860 ordinary registered shares of the company (17.97% of authorised capital and votes), is a Chairperson of the Board of the Company. Education – higher, engineer; for the last 10 years works as Director of Dvarčionių Keramika AB.
- Geraldas Kudrevičius – Financial Manager of Dvarčionių Keramika AB. Education – higher economical. Works in the company from 12 May 2005. From 2001 till 2005 work at UAB “KPMG Lietuva” as a auditor assistant.
- Vanda Kalpokiene – chief accountant. Work as accountant from 10 October 2005. Education – higher economic.

42.3. Data on participation in activities of other companies, institutions and organisations (name of company, institution or organisation, position) and capital (name of company, institution or organisation, position, held portion of capital and votes in percents);

Information on participation of members of management bodies of the company in activities and capital of other companies is provided in Clause 43.1.

42.4. Data on non-eliminated previous conviction of members of management board for crimes against property, economical procedures, or finances.

Members of management bodies were not convicted for crimes against property, economical procedures, or finances.

43. Information on payments and loans to members of management bodies:

43.1. Information on average amounts of salaries, bonuses and other payments from profit made by the issuer during the accounting period per single person (according to categories of the abovementioned persons);

Total sum calculated for the Management and related to working terms over the year 2006 - 1 114 thousand Lt, and average salary counted for a single Manager for the year 2006 was 139 thousand Lt.

Total sum paid for both Company Manager and Finance Manager made up 625 354 Lt over reporting cycle. Average sum per one person (Company Manager and Finance Manager) - 312 676 Lt.

43.2. Amounts of salaries, bonuses and other payments from profit paid during the accounting period to members of Supervisory Board, Board and Management of the issuer (for each abovementioned category of the persons), received from companies where issuer's portion of authorised capital exceeds 20%;

None.

43.3. Loans, guarantees and collateral acceptances granted to members of management bodies during the accounting period, whereby implementation of their obligations was secured.

None.

44. Transactions with persons concerned:

“Dvarčionių keramika“AB did not conclude uncharacteristic contracts with interested parties for the main activities over the reporting cycle.

VII. NEWEST AND ESSENTIAL EVENTS IN ACTIVITIES OF THE ISSUER, ITS PERSPECTIVES
45. Newest events in activities of the issuer

Announcement date	Official description of the event																		
2007 01 15	On 15th of January, 2007 Sales and marketing director Vigintas Bartaševičius resigned of the member of the Management Board.																		
2007 02 28	JSC Dvarcioniu keramika preliminary unaudited results of the 2006 Sales incomes of the 2006 was 56.923 kLTL (16.486 kEUR) and increase 34 % 14.481 kLTL in comparison to the previous year (42.442 kLTL (12.292 kEUR)); Net results for the 2006 was 96 kLTL (28 kEUR) and increase 2.861 kLTL in comparison to the previous year (-2.766 kLTL (-773 kEUR).																		
2007 03 02	<p>JSC Dvarčionių keramika investor calendar 2007</p> <table border="0"> <thead> <tr> <th>Data</th> <th>Announcement</th> </tr> </thead> <tbody> <tr> <td>2007-02-28</td> <td>Preliminary non-audited financial result 2006</td> </tr> <tr> <td>2007-03-20</td> <td>Audited financial statement 2006 Report 2006 Project of distribution of profit for the year 2006 Audit conclusion about financial statement 2006</td> </tr> <tr> <td>2007-04-20</td> <td>Non-audited result for the I quarter 2007</td> </tr> <tr> <td>2007-04-27</td> <td>Interim non-audited financial statement for the I quarter 2007</td> </tr> <tr> <td>2007-07-20</td> <td>Non-audited result for the six month 2007</td> </tr> <tr> <td>2007-07-30</td> <td>Interim non-audited financial statement for the six month 2007</td> </tr> <tr> <td>2007-10-22</td> <td>Interim report for the six month 2007</td> </tr> <tr> <td>2007-10-30</td> <td>Non-audited result for the III quarter 2007 Interim non-audited financial statement for the III quarter 2007</td> </tr> </tbody> </table>	Data	Announcement	2007-02-28	Preliminary non-audited financial result 2006	2007-03-20	Audited financial statement 2006 Report 2006 Project of distribution of profit for the year 2006 Audit conclusion about financial statement 2006	2007-04-20	Non-audited result for the I quarter 2007	2007-04-27	Interim non-audited financial statement for the I quarter 2007	2007-07-20	Non-audited result for the six month 2007	2007-07-30	Interim non-audited financial statement for the six month 2007	2007-10-22	Interim report for the six month 2007	2007-10-30	Non-audited result for the III quarter 2007 Interim non-audited financial statement for the III quarter 2007
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2007-07-30	Interim non-audited financial statement for the six month 2007																		
2007-10-22	Interim report for the six month 2007																		
2007-10-30	Non-audited result for the III quarter 2007 Interim non-audited financial statement for the III quarter 2007																		
2007 03 09	<p>2007-03-09 on the Company's Board initiative and resolution there will be held a General meeting of shareholders of JSC „Dvarčionių keramika“ (company's code 110628481) in the residence of the Company, situated Keramiku str. 2, Vilnius on 18th of April 2007 at 10.00 a.m.</p> <p>Agenda of the meeting:</p> <ol style="list-style-type: none"> 1. Annual report 2006 2. Review and suggestion of Supervisory Board 3. International audit report about Company's activity 4. Affirmation of the Company's annual financial statement 2006 5. 2006 profit (loss) distribution of the Company 6. Depose the Supervisory Board members 7. Election of the members of Supervisory Board 8. Changes in the Company's Article <p>Accounting day of General meeting of shareholders – 11th of April 2007</p>																		

2007 03 20	<p>AB " Dvarčionių kleramika" project of distribution of profit for the year 2006</p> <p style="text-align: right;">LTL' 000</p> <p>non distributive profit (loss) at the end of previous financial year</p> <p style="text-align: right;">-</p> <p style="text-align: right;"><u>30,009</u></p> <p>net profit (loss) for the financial year profit (loss) not recognized in the Income Statement for the financial year</p> <p style="text-align: right;">99 -</p> <p>transfers from reserves (revaluation reserve) shareholders contributions to cover Company's losses (reduced share capital)</p> <p style="text-align: right;">507 <u>29,716</u></p> <p>total distributive profit (losses) compulsory payments out of profit; deductions to the compulsory reserve and profit reserve dividends annual share of profit paid to the members of the Board and the Supervisory Board; the use of profit for the payment of bonuses to the employees and other purposes;</p> <p style="text-align: right;">313 - - - - -</p> <p>non distributive profit (loss) carried forward</p> <p style="text-align: right;"><u>313</u></p>
2007 03 22	<p>Company announce: - Audited financial statement 2006 - Report 2006 - Audit conclusion about financial statement 2006</p>
2007 03 30	<p>Regarding additional question to general meeting of shareholders 2007 03 30 Board of the company made a resolution to include additional question into agenda of AB "Dvarčionių keramika" (kode 110628481) general meeting of shareholders' taking place on 18th of April 2007: "9. Regarding put in soak (hypothecate) long-term property, which balance value is out of 1/20 Company's authorized capital."</p> <p>Draft decisions of general meeting of shareholders to take place on 18th of April 2007 By decision of the Management Board of the Company of 2007-03-30, the following draft decisions of general meeting of shareholders, on 18th of April, 2007, were approved:</p> <p>Draft decision of 1st item of agenda "Annual report 2006": To approve the annual Company's report 2006.</p> <p>Draft decision of 2nd item of agenda "Review and suggestion of Supervisory Board": Recommend to shareholders to take account responses and suggestions of the Supervisory Board when voting for approve the Company's financial statement 2006.</p> <p>Draft decision of 3rd item of agenda "International audit report about Company's activity": Recommend to shareholders to take account auditor's conclusions when voting for</p>

	<p>approve the Company's financial statement 2006</p> <p>Draft decision of 4th item of agenda "Affirmation of the Company's annual financial statement 2006": To approve the Company's annual financial statement 2006"</p> <p>Draft decision of 5th item of agenda "2006 profit (loss) distribution of the Company" : To approve 2006 profit (loss) distribution of the Company.</p> <p>Draft decision of 6th item of agenda "Depose the Supervisory Board members": To depose the Supervisory Board members.</p> <p>Draft decision of 7th item of agenda "Election of the members of Supervisory Board": Elect the members of Supervisory Board, from candidates who carries majority votes.</p> <p>Draft decision of 8th item of agenda "Changes in the Company's Article":</p> <ol style="list-style-type: none"> 1. To establish that the Supervisory board of the Company shall consist of tree members. 2. To amend clause 5.22 of the Statute of the Company and put it as follows: "5.22. The Supervisory Board consisting of 3 (three) members, shall be elected by the General meeting of shareholders for a period of four years. Quantity of Supervisory Board member's cadence is unlimited. Chairman of Supervisory board shall elect Supervisory Board from own members." 3. Bearing in mind the amendments of the Statute above, to adopt a new version of the Statute of the Company (appended). 4. To delegate the President of the Company to sign the new version of the Statute on behalf of the Company and to submit the Statute for the registration in the Registry of Legal Persons. <p>Draft decision of 9th item of agenda "Regarding put in soak (hypothecate) long-term property, which balance value is out of 1/20 Company's authorized capital": To approve Management Board's decision to put in soak (hypothecate) long-term property, which balance value is out of 1/20 Company's authorized capital</p>
2007 04 18	<p>On 18th of April 2007 at 10.00 General meeting of shareholders took place.</p> <p>Agenda of the meeting:</p> <ol style="list-style-type: none"> 1. Annual report 2006 2. Review and suggestion of Supervisory Board 3. International audit report about Company's activity 4. Affirmation of the Company's annual financial statement 2006 5. 2006 profit (loss) distribution of the Company 6. Depose the Supervisory Board members 7. Election of the members of Supervisory Board 8. Changes in the Company's Article 9. Regarding put in soak (hypothecate) long-term property, which balance value is out of 1/20 Company's authorized capital <p>Accept 1st decision of agenda: To approve the annual Company's report 2006.</p> <p>Accept 2nd decision of agenda: To take account responses and suggestions of the Supervisory Board when voting for</p>

	<p>approve the Company's financial statement 2006. Accept 3rd decision of agenda: To take account auditor's conclusions when voting for approve the Company's financial statement 2006 Accept 4th decision of agenda: To approve the Company's annual financial statement 2006" Accept 5th decision of agenda: To approve 2006 profit (loss) distribution of the Company (appended). Accept 6th decision of agenda: Depose Sławomir Frąckowiak, Piotr Żehaluk, Bogusław Korneta, Dariusz Wijata from the Supervisory Board members. Accept 7th decision of agenda: Elect Mirosław Jędrzejczyk, Robert Oskard, Grzegorz Saniawa, Jerzy Karney the members of the Supervisory Board. Accept 8th decision of agenda:</p> <ol style="list-style-type: none"> 1. To establish that the Supervisory board of the Company shall consist of three members. 2. To amend clause 5.22 of the Statute of the Company and put it as follows: "5.22. The Supervisory Board consisting of 3 (three) members, shall be elected by the General meeting of shareholders for a period of four years. Quantity of Supervisory Board member's cadence is unlimited. Chairman of Supervisory board shall elect Supervisory Board from own members." 3. Bearing in mind the amendments of the Statute above, to adopt a new version of the Statute of the Company (appended). 4. To delegate the President of the Company to sign the new version of the Statute on behalf of the Company and to submit the Statute for the registration in the Registry of Legal Persons. <p>Accept 9th decision of agenda: To approve Management Board's decision to put in soak (hypothecate) long-term property, which balance value is out of 1/20 Company's authorized capital.</p> <p>Resolution of the Supervisory Board of JSC „Dvarčionių keramika“ On 18th of April, 2007 at 11.30 a.m. took place a meeting of Supervisory Board of JSC Dvarčionių keramika. Resolved:</p> <ol style="list-style-type: none"> 1. Jerzy Karney was elected as chairman of Supervisory Board. 2. Sales and marketing director Algirdas Krupavičius was elected as a member of the Board.
2007 04 20	<p>JSC 'Dvarčionių keramika' announce result and financial statement for the 1st quarter of 2007. Sales income for the 1st quarter of 2007 amounted to 15,1 mLTL and compared to the same period of last year increased by 34% (1st quarter of 2006: 11,2 mLTL). Compared with growth of sales by 34%, gross profit increased even by 70%. Gross profit margin also increased from 22% for the 1st quarter of 2006 to 27% for the 1st quarter of 2007. Operating profit reached 0,7 mLTL or 4% and compared to the same period of last year increased by 1,2 mLTL (2006 IQ: loss of 0,5 mLTL or -5%).</p> <p>Interim financial statement for the 1st quarter of 2007 is in attached file.</p> <p>JSC 'Dvarčionių keramika' specify data about result and financial statement for the 1st quarter of 2007.</p>

	<p>Sales income for the 1st quarter of 2007 amounted to 15.1 mln. LTL (4.37 mln. EUR) and compared to the same period of last year increased by 34% (1st quarter of 2006: 11.2 mln. LTL (3.24 mln. EUR)).</p> <p>Compared with growth of sales by 34%, gross profit increased even by 70%. Gross profit margin also increased from 22% for the 1st quarter of 2006 to 27% for the 1st quarter of 2007.</p> <p>Operating profit reached 0.7 mln. LTL (0.2 mln. EUR) or 4% and compared to the same period of last year increased by 1.2 mln. LTL (0.35 mln. EUR) (2006 IQ: loss of 0.5 mln. LTL (-0.14 mln. EUR) or -5%).</p> <p>Interim financial statement for the 1st quarter of 2007 is in attached file</p>
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46. Essential events in activities of the issuer in 2006

Announcement date	Official description of the event
2006-02-14	<p>Upon initiative and decision of the Board of the Company, on 21 April 2006 10 am Meeting of shareholders was summoned in registered office of the company.</p> <p>Agenda of the meeting:</p> <ol style="list-style-type: none"> 1. Auditor's conclusion on financial statement of the company for 2005 and activities report. 2. Feedback and offers of Supervisory Board. 3. Validation of activities report of the company. 4. Validation of annual financial statement of the company. 5. Allocation of profit (loss) of the company. <p>Accounting day of the General meeting of shareholders: 12 April 2006.</p>
2006-02-22	Preliminary non-audited activities result of 2005: (3,384,000LTL) (980,000 EUR) loss.
2006-02-23	Preliminary non-audited turnover in 2005 amounted 42.442.000 LTL and increase 2% in comparison with 2004. Turnover of 2004 amounted 41.604.000 LTL.
2006-03-08	By decision of Supervisory Board of 8 March 2006, Bartosz Augustyn was revoked from position of member of the Board.
2006-04-04	<p>Audited activities result of 2005: (2,766,000LTL) (801,089 EUR) loss.</p> <p>By decision of Supervisory Board of 4 April 2006, Sales and Marketing Manager Vigintas Bartaševičius was elected a member of the Board.</p> <p>Upon initiative and decision of the Board of the company, agenda of general meeting of shareholders of 21 April 2006 was supplemented by issue No. 6. On establishment of composition of the Board of the company and amendment of articles of association.</p> <p>It will be suggested to establish the number of members of the Board as 5 and to amend Clause 5.30 of the articles of association accordingly.</p>
2006-04-10	<p>Draft decisions of the general meeting of shareholders to take place on 21-04-2006:</p> <p>Agenda issue 1. Auditor's conclusion on financial statement of the company for 2005 and activities report.</p> <p>Draft decision:</p> <p>To take into consideration the auditor's report when validating activities report and financial statement documents of the company.</p> <p>Agenda issue 2. Feedback and offers of Supervisory Board.</p> <p>Draft decision:</p> <p>To take into consideration feedback of Supervisory Board when validating activities report and financial statement documents of the company.</p> <p>Agenda issue 3. Validation of activities report of the company.</p> <p>Draft decision:</p>

	<p>To validate activities report of the company for 2005. Agenda issue 4. Validation of annual financial statement of the company. Draft decision: To validate annual financial statement of the company for 2005. Agenda issue 5. Allocation of profit (loss) of the company. Draft decision: To compensate loss of the company of 2005 with profit of the next year. Agenda issue 6. Draft decision: 1. To establish that the Board of the company consists of five members of the Board; 2. To amend Clause 5.30 of articles of association of the company and to put it as follows: “5.30. The Board is collegial management body of the company. The Board, consisting of 5 members, shall be elected by Supervisory Board for a period of four years. When separate members of the Board are being elected, they shall be elected only until the end of term of office of the acting Board. The Board shall elect one of its members to act as its Chairperson. Working procedure of the Board shall be stipulated in its working regulation as adopted by the Board. Members of the Board may receive bonuses for their activities in the Board, as provided in the Law on Companies.” 3. Taking into account the said amendments of articles of association of the company, to adopt a new version of the articles of association (appended). 4. To delegate the President of the company to sign the new version of the articles of association on behalf of the company and to submit the articles of association for registration in the registry of legal entities.</p>
2006-04-21	<p>General meeting of shareholders took place on 21 April 2006 10 am. Agenda: 1. Auditor's conclusion on financial statement of the company for 2005 and activities report. 2. Feedback and offers of Supervisory Board. 3. Validation of activities report of the company. 4. Validation of annual financial statement of the company. 5. Allocation of profit (loss) of the company. 6. On establishment of composition of the Board of the company and amendment of articles of association. Decision made in respect of agenda issue 1: To take into consideration the auditor's conclusion when validating activities report and financial statement documents of the company. Decision made in respect of agenda issue 2: To take into consideration feedback of Supervisory Board when validating activities report and financial statement documents of the company. Decision made in respect of agenda issue 3: To validate activities report of the company for 2005. Decision made in respect of agenda issue 4: To validate annual financial statement of the company for 2005. Decision made in respect of agenda issue 5: To compensate loss of the company of 2005 with profit of the next year. Decision made in respect of agenda issue 6: 1. To establish that the Board of the company consists of five members of the Board; 2. To amend Clause 5.30 of articles of association of the company and to put it as follows: “5.30. The Board is collegial management body of the company. The Board,</p>

	<p>consisting of 5 members, shall be elected by Supervisory Board for a period of four years. When separate members of the Board are being elected, they shall be elected only until the end of term of office of the acting Board. The Board shall elect one of its members to act as its Chairperson. Working procedure of the Board shall be stipulated in its working regulation as adopted by the Board. Members of the Board may receive bonuses for their activities in the Board, as provided in the Law on Companies.”</p> <p>3. Taking into account the said amendments of articles of association of the company, to adopt a new version of the articles of association (appended).</p> <p>4. To delegate the President of the company to sign the new version of the articles of association on behalf of the company and to submit the articles of association for registration in the registry of legal entities.</p>
2006-04-28	<p>Activities results of Dvarčionių Keramika AB for the 1st quarter of 2006: 852,249 Lt (246,819 EUR) loss. Sales revenue: 11,245,811 Lt (3,257,011 EUR). The loss decreased by three times when compared with the 1st quarter of 2005, and sales revenue increased by 29.8%.</p>
2006-05-29	<p>On the Company’s Board initiative and resolution there will be held a General meeting of shareholders of Joint-Stock Company „Dvarčionių keramika“ (Company’s code 110628481) in the residence of the Company, situated Keramiku str.2, Vilnius on 30th of June 2006 at 10.00 a.m.</p> <p>Agenda of the meeting:</p> <ol style="list-style-type: none"> 1. reduction of Statutory Capital of the Company by reducing the nominal value or shares. 2. Confirm changes and new edition of the Company’s article. <p>Participants of the meeting will be registered since 9 a.m. Records day of General meeting of shareholders – 26 of June 2006</p> <p>Resolutions of General Meeting of shareholders , on 1st of July 2006</p> <p>Project of 1st decision</p> <ol style="list-style-type: none"> 1. Reduce Statutory capital of the Company by 29 716 380 LTL (8 606 458 EUR) from 49 527 300 LTL (14 344 097 EUR) to 19 810 920 LTL (5 737 639 EUR) to canceled lost entered in Company’s balance, by reduction of nominal value from 5 LTL (1,44 EUR) to 2 LTL (0,58 EUR) 2. The nominal value of the share would be recounted by the day of Statutory registration in Register of legal Persons. <p>Project of 2nd decision</p> <ol style="list-style-type: none"> 1. Change article 3.1. of Company’s Statute and write below: “3.1. Statutory Capital of the Company made from shareholder’s payments and make 19 810 920 LTL (5 737 639 EUR), Statutory Capital is vigesimal to 9905460 registered shares par value 2 LTL (0,58 EUR). 2. According to changes to Company’s Statute names above, accept new edition of Company’s Statute. 3. To commit President of the Company on behalf of the Company sign new Statute edition and give to Register of legal Persons.
2006-07-03	<p>On 1st of July at 10.00 General Meeting of shareholders took place.</p> <p>Agenda of the meeting:</p> <ol style="list-style-type: none"> 1. Reduction of Statutory capital of the Company to make restitution by reducing the nominal value of shares. 2. Confirm changes and new edition of the Company’s article. <p>Accept of 1st decision</p> <ol style="list-style-type: none"> 1. Reduce Statutory capital of the Company by 29 716 380 LTL (8 606 458 EUR) from 49 527 300 LTL (14 344 097 EUR) to 19 810 920 LTL (5 737 639 EUR) to

	<p>canceled lost entered in Company's balance, by reduction of nominal value from 5 LTL (1,44 EUR) to 2 LTL (0,58 EUR)</p> <p>2. The nominal value of the share would be recounted by the day of Statutory registration in Register of legal Persons.</p> <p>Accept of 2nd decision</p> <p>1. Change article 3.1. of Company's Statute and write below: "3.1. Statutory Capital of the Company made from shareholder's payments and make 19 810 920 LTL (5 737 639 EUR), Statutory Capital is vigesimal to 9905460 registered shares par value 2 LTL (0,58 EUR)."</p> <p>2. According to changes to Company's Statute names above, accept new edition of Company's Statute.</p> <p>3. To commit President of the Company on behalf of the Company sign new Statute edition and give to Register of legal Persons.</p>
2006-07-26	<p>On 26th of July at 10.00 meeting of Supervisory Board took place.</p> <p>Resolutions:</p> <p>1. Accepted Dariusz Gutarowski resignation of the member of the Supervisory Board</p> <p>2. Production and technical director Mindaugas Bučas electen of tne Management Board</p>
2006-07-27	<p>AB „Dvarčionių keramika“ activity results for the first six month – 1 060 082 Lt (307 021 EUR) loss. The sales incomes 24 154 544 Lt (6 995 639 EUR).</p> <p>Comparing the first six month with 2005 first six month period loss decreased 2 times, sales incomes for the same period reached 24,7 %.</p>
2006-08-22	<p>On 22 August 2006 Company's Board decree to establish daughter enterprise, which will pursue retail functions. 21 December 2006 is a target date to establish new enterprise and transfer retail functions.</p>
2006-10-06	<p>Peak sales in history of AB Dvarčionių Keramika</p> <p>Income from sales of AB Dvarčionių Keramika, the major manufacturer of ceramic tiles in Baltic States, was 18.0 million LTL (5.2 million EUR) in the 3rd quarter of 2006, and in comparison with the same period of the previous year (sales income during the 3rd quarter of 2005 totalled to 12.9 million LTL (3.7 million EUR)) grew by nearly 40%. Sales for the last 9 months of this year amounted to 42.2 million LTL (12.2 million EUR) and in comparison with the same period of previous year (sales income in the 3rd quarter of 2005 totalled to 32.2 million LTL (9.3 million EUR)) increased by 31%.</p> <p>Sales volumes during 9 months of 2006 are the all-time record in the history of AB Dvarčionių Keramika, and have already reached the sales level of 2005 (42.4 million LTL (12.3 million EUR)). Peak volumes of sales result from the successful implementation of strategic plans. It is also the attestation of earlier stated managerial expectations, verifying the correct selection and successful pursue of the main change tendencies by the Company.</p> <p>The growth in sales was determined by larger sales volumes both in Lithuania and abroad:</p> <ul style="list-style-type: none"> •Wholesale volumes in Lithuania during 9 months of this year totalled to 9.5 million LTL (2.8 million EUR), and increased by over 54 % in comparison with the same period of the previous year (6.2 million LTL (1.8 million EUR)). <p>The volume of sales during 9 months of this year in Company's own network of retail outlets approached to 12.1 million LTL (3.5 million EUR), whereas the sales during the same period of previous year amounted to 10.8 million LTL (3.1 million EUR) (number of outlets did not change), or by 12 % more than during the last year. At increasing growth rates both in wholesale and retail trade, AB Dvarčionių Keramika maintains and consolidates its leading position</p>

	<p>in Lithuanian market.</p> <p>•Export sales rose by 30,4%, the boost being influenced mostly by impressing rates of sales growth in Latvia and Estonia – the sales during 9 months of this year totalled to 9.5 million LTL (2.8 million EUR) and increased by more than 5 times in comparison with the same period of the previous year (1.8 million LTL (0.5 million EUR)). Even though during 9 months of this year the products for 2 million LTL (0.58 million EUR) (last year - 2.1 million LTL (0.61 million EUR)) were sold in Western and Scandinavian markets, the geography of sales significantly expanded – the Company now has its market share in Belgium, Great Britain, Ireland, Denmark, Sweden, Check Republic. Sales in CIS countries during 9 months of this year reduced by 6.2 million LTL (1.8 million EUR) (compare to 7.9 million LTL (2.3 million EUR)), nevertheless the last year sales level is expected to be achieved in these countries. Growing sales in the EU countries and reducing comparative share of sales in CIS countries has a positive effect on the Company's long-term growth of sales and profitability. Nine months results of operation will be announced following week.</p>
2006-10-10	<p>On the Company's Board initiative and resolution there will be held a General meeting of shareholders of Joint-Stock Company "Dvarčionių keramika" (Company's code 110628481) in the residence of the Company, situated Keramiku str.2, Vilnius, on 22nd of November 2006 at 10.00 a.m.</p> <p>Agenda of the meeting:</p> <ol style="list-style-type: none"> 1. Regarding selection of audit company and fixing payment conditions 2. Election of the member of the Supervisory Board <p>Participapnt to the meeting will be registered since 9.00 a.m.</p> <p>Accounting day of General meeting of shareholders - 15th of November 2006.</p>
2006-10-13	<p>Activity became profitable</p> <p>During the 3rd quarter of 2006 AB Dvarčionių Keramika earned a net profit of 1.1 million LTL (0.3 million EUR), and finalized the nine months of this year having a net profit of 0.02 million LTL (0.006 million EUR). During the 1st and 2nd quarters it did not succeed to prevent losses, but persistent efforts yielded the desired results and profit earnings in the 3rd quarter. This year the Company repeatedly stated that they expect to finalize the year profitably, and the 1st quarter results just confirmed the reality of such plans.</p> <p>In comparison with the results of nine months of the previous year (a loss of 2.05 million LTL (0.06 million EUR)), the net profit of this year increased by 2.1 million LTL (0.61 million EUR).</p> <p>Record sales</p> <p>Record sales during the 3rd quarter (18 million LTL (5.2 million EUR)) are the main factor determining the earning of net profit. Record sales for 9 months of this year, totalling 42.2 million LTL (12.2 million EUR), were achieved as a result of rapid development both in Lithuania (27%) and in export markets (32%). Growth of sales in Lithuania enables to strengthen the positions as market leader (about 25%). But the export sales, growing more rapidly than in Lithuania, indicate that the Company is not only able to become a local market leader but also to increase market share abroad, with Latvia and Estonia leading this trend. After increasing the sales in Latvia and Estonia by over 5 times this year, AB Dvarčionių Keramika became one of the major sellers of ceramic products in all three Baltic States.</p> <p>Tile sales in their natural expression (in sq. m.) increased during the 3rd quarter by 19%. This growth in the first place should be related to the sales of new collections which not only boosts the turnover, but also influences higher profitability. Only during the 3rd quarter, about 100 thousand square meters of</p>

	<p>the new collections were sold. The periodic update of Company's collection portfolio is one of the key factors for the development of added value.</p> <p>Positive dynamics of profitability. During 9 months of this year the company earned 11.0 million LTL (3.2 million EUR) net profits or 1.5 (0.4 million EUR) million LTL more than during the previous year (9.5 million LTL (2.6 million EUR)). Average net profitability is lower this year (26%), mostly because of down-time at the beginning of the year related to scheduled repairs and introduction of new products. Total profitability is better - from 2.4 million LTL (0.7 million EUR) (22%) in the 1st quarter morning to 5.6 million LTL (1.6 million EUR) (31%) in the 3rd quarter.</p> <p>EBIDTA for 9 months of this year amounted to 7.0 million LTL (2.03 million EUR) or 17% (2005: 6.9 million LTL (1.99 million EUR) or 22%). Notwithstanding, the EBIDTA reached as much as 3.8 million LTL (1.1 million EUR) or 21% in the 3rd quarter.</p>
2006-11-09	<p>2006-11-08 On the Company's Board resolution was changed 2nd question of agenda of a General meeting of shareholders which will be held on 22nd of November 2006: "Depose of the member of Supervisory Board and election of the new member of the Supervisory Board"</p> <p>Projects of resolutions of General meeting of shareholders, on 22nd of November 2006 Project of 1st resolution "Regarding selection of Audit Company and fixing payment conditions" 1. Select UAB "Deloitte Lietuva" as Audit Company for check 2006 financial reporting of the Company. 2. To approve a ceiling price 55.225 LTL of payment for check 2006 financial reporting of the Company</p> <p>Project of 2nd resolution "Depose of the member of Supervisory Board and election of the new members of the Supervisory Board" 1. Depose Przemyslaw Jaciubek from Supervisory Board member's. 2. Elect Dariusz Ryszard Wijata and Bogusław Wiesław Korneta of the members of the Supervisory Board. 3. Elected members of the Supervisory Board start activity after this General meeting of shareholders.</p>
2006-11-22	<p>On 22nd of November, 2006 at 10.00 General meeting of shareholders took place Agenda of the meeting: 1. Regarding selection of Audit Company and fixing payment conditions 2. Depose of the member of Supervisory Board and election of the new members of the Supervisory Board</p> <p>Accept 1st decision 1. Select UAB "Deloitte Lietuva" as Audit Company for check 2006 financial reporting of the Company. 2. To approve a ceiling price 55.225 LTL of payment for check 2006 financial reporting of the Company</p>

	<p>Accept 2nd decision</p> <ol style="list-style-type: none"> 1. Depose Przemyslaw Jaciubek from Supervisory Board member's. 2. Elect Dariusz Ryszard Wijata and Bogusław Wiesław Korneta of the members of the Supervisory Board. 3. Elected members of the Supervisory Board start activity after this General meeting of shareholders.
2006-11-30	<p>Dvarcioniu keramika was awarded a Lithuanian Confederation of Industrialists established nomination „ Successfully working companies of 2006“ in the group of large companies. The company was awarded for the achievements in improving the operating efficiency in 2006.</p> <p>This award is already second in the history of the Company – the first time the Company was awarded as successfully working company of 2003.</p>
2006-12-04	<p>Tiles collection “Matera” produced by Dvarcioniu keramika in 2006 was recognized by Lithuanian confederation of Industrialists as Product of the year and awarded a gold medal.</p> <p>This award is for the modern design, new size of tiles 250mmx400mm and high quality of the product.</p> <p>Since 1998 in history of the Company it already the sixth rewarding by a gold medal of the product of the year.</p>
2006-12-20	<p>JSC Dvarcioniu kermika postpones promotion of daughter enterprise.</p> <p>After shareholders of Opoczno became Cersanit the question about sales structure and strategy of three manufacturers will be discussed.</p> <p>Hopefully, decisions according these questions will be accepted by spring of next year.</p>

47. Strategy of activity and planned changes thereof during next financial (economic) year**The tasks of activity of the joint-stock company „Dvarcionių keramika“ for the year 2007:**

Considering long-term strategic purposes, situation in the markets, internal possibilities and resources there was prepared the policy plan of the company for 2007.

The main tasks of the activity of the company for the year 2007 are the following:

In the field of sales:

- To seek the position of the market leader in Baltic countries fully implementing the distribution of Group's products;
- To develop geographically closest markets – Scandinavia, the Kaliningrad Region, Belorussia;
- To stabilize the sales in other CIS countries;
- To respond more actively to the alterations of market demand for producing produce periodically (1-2 times per year) renewing the assortment;
- To renew a trade mark.

In the field internal processes:

- To use productive capacity properly and to produce 2,5 millions m² of produce;
- To control the growth of the cost of production: introducing the surrogates of raw materials and increasing the effectiveness of the processes, on purpose to decrease the influence of human factor; to seek for the ways of saving of energy;
- To improve the qualitative output of production;
- To seek the optimization of the expenditures of the activity (distributive, administrative);

In the field of finances:

- To seek higher profitability of the activity as well as return to shareholders;
- To improve the image of the company and to increase confidence of the third persons in the company;
- To develop investment structure and price according to demands of business.

In the fields of the development of personnel and organization:

- To create attractive and frank work environment;
- To form the culture of the company implementing the values of the company;
- To develop/improve the skills of employees which should correspond to the requirements of our business;
- To improve internal/external communication system.