

30th October, 2008 No. *42-1434*
Vilnius

Lithuanian Securities Commission
Konstitucijos ave. 23
LT-08105 Vilnius
LITHUANIA

CONFIRMATION OF RESPONSIBLE PERSONS

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, President of DVARČIONIŲ KERAMIKA, AB Marek Ungier and Chief Financial Officer of DVARČIONIŲ KERAMIKA, AB Vanda Kalpokienė, hereby confirm that, to the best of our knowledge, the attached DVARČIONIŲ KERAMIKA, AB Interim Report for the nine months of the year ended 2008 contains a fair review of the development and performance of the business.

Enclosure: DVARČIONIŲ KERAMIKA AB Interim Report for the nine months of 2008.

President



Marek Ungier

Chief Financial Officer



Vanda Kalpokienė



DVARČIONIŲ KERAMIKA, AB
INTERIM REPORT FOR THE NINE MONTHS OF 2008

*PREPARED IN ACCORDANCE WITH THE RULES ON PREPARATION AND SUBMISSION OF PERIODIC AND
ADDITIONAL INFORMATION OF THE LITHUANIAN SECURITIES COMMISSION*

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1. Reporting period for which this report has been prepared

January – September, 2008

2. Issuer and its contact details

Name of the Issuer:	Dvarcioniu Keramika, Joint-stock company (hereinafter-Company or Issuer).
Registered office:	Keramiku str. 2, Vilnius, Republic of Lithuania
Phone:	(8-5) 2317021;
Fax:	(8-5) 2317061.
Web page:	www.keramika.lt;
E-mail:	info@keramika.lt .
Legal form:	Legal entity, Joint-stock Company.
Authorized capital:	19.810.920 LTL
Place of registration:	Ministry of Economy of the Republic of Lithuania;
Date of registration:	10 June 1994;
	Re-registered as AB (Joint-stock company) 27 February 1997
Code of Enterprise:	110628481

3. Nature of Issues core activity

Production and sales of ceramics, import and sales of sanitary equipment and construction materials.

4. Agreements with intermediaries of public trading in securities

The Company has signed an agreement with Financial Brokerage Company Finasta, with registered main offices Maironio str. 11, Vilnius. Under this agreement, FBC Finasta is responsible for accounting of securities of the Company.

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 (LTL):	2,00
ISIN number:	LT0000122319

6. Information about results on Issuer's activities

Company revenue for the nine month of 2008 amounted to 57,0 million LTL, and compared to the nine month of 2007, increased by 7,8 per cent (last year revenues amounted to 52,9 million LTL).

EBITDA for the nine month of 2008 increased by 3,7 per cent – up to 8,43 million LTL, last year EBITDA amounted to 8,128 million LTL. EBITDA margin was 14,8 per cent (for the nine month of 2007 amounted to 15.4 per cent)

Profit before taxes for January – September 2008 amounted to 1081 thousand LTL, the same period of 2007 profit before taxes was 923 thousand LTL.

Net profit for the reporting nine month period reached 847 thousand LTL, compared to the same period of last year net profit totaled 868 thousand LTL.

Additional information on Company's activity and financial results for the nine month of 2008 is provided in AB Dvarcioniu Keramikas 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 holds in totally controlled entity SIA Dvarcioniu Keramikas (Melužu st.1, Riga, Latvia), amounts to 100 per cent. SIA Dvarcioniu Keramikas has started liquidation procedure and the investment value in the subsidiary was written off as of 30th June, 2008.

The Company also holds 31 per cent of JSC „Baltijos keramika“ (Družių vil., Širvintų reg., Lithuania) of total share capital.

9. Essential events of reporting period

The main shareholder of the Company Opoczno S.A. increased its share in the Company from 60,25 per cent to 78,22 per cent on 31st of January, 2008.

The general meeting of shareholders took place on 18th April, 2008. An annual report of the company was presented to the Meeting on activities for the year of 2007, the auditors opinion on financial statements for the year of 2007 was announced, the financial statements of the company for the year of 2007 were presented for the approval, was also announced the Company's profit distribution project for the year ended in 2007. The shareholders Meeting participants approved all the agenda questions presented.

The financial statements of the Company for the year of 2007, an annual report and auditor's opinion were issued and announced on 18th April, 2008.

The interim financial statements for the six month of 2008 were issued and announced on 30th July, 2008.

The additional interim financial statements for the six month of 2008 were issued and announced on 17th September, 2008.

10. Activity plans and forecasts of the Issuer

Company has plans to increase the sales geographically and present new exclusive design tile collections.

11. Structure of the Issuer's share capital

Authorized and registered capital – 19 810 920 LTL
Capital is divided into 9 905 460 ordinary registered shares
Nominal value each - 2 LTL
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, %
CERSANIT S.A. 25-323 Kielce Al. Solidarnosci 36 Regon 110011180, KRS 0000081341	7.748.177	78,22

13. Employees

Total number of employees was 306 on 30th of September, 2008. 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 Dvarcioniu 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 Dvarcioniu Kermika, AB the managing body of the Company is a General meeting of shareholders, Supervisory Council, Board of Directors and a President.

15.1 Information on AB Dvarcioniu Keramika Supervisory Council: 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
Jerzy Marcin Karney (Chairman of Supervisory Council)	18 04 2007 - 22 04 2009	--	Magelan Pro-Equity Fund CEO	
Mirosław Jędrzejczyk (Member of Supervisory Council)	18 04 2007 – 22 04 2009	--	Cersanit S.A. President	
Grzegorz Saniawa (Member of Supervisory Council)	18 04 2007 – 22 04 2009	--	Cersanit S.A. Sales and Marketing director	

15.2 Additional information on the Chairman of the Supervisory Council, the Head of Administration, the chief Financial Officer: education, profession, employment during the last 10 financial years:

- **Jerzy Marcin Karney** - AB Dvarcioniu Keramika Chairman of the Supervisory Council. CEO of Magelan Pro-Equity Fund. Education – University degree.
- **Marek Ungier** – President of AB Dvarcioniu Keramika, the Chairman of the Board of Directors. Service term as the Chairman of the Board of Directors 28-11-2007 - 28-11-2011. Education – University degree.
- **Algirdas Krupavičius** – Sales and Marketing Director of AB Dvarcioniu Keramika. The member of the Board of Directors since 18-04-2007, end of the service term as the member of the Board 18-04-2011. Education – University degree.
- **Mindaugas Bučas** - Production and Technical Director of AB Dvarcioniu Keramika. The member of the Board of Directors since 18-04-2007, end of the service term as the member of the Board 18-04-2011. Education – University degree.
- **Amadeusz Kowalski** – Member of the Board of Directors of AB Dvarcioniu Keramika since 28-11-2007 the service term ends on 28-11-2011. The president of Opoczno Trade company. Education – University degree.
- **Vanda Kalpokienė** - Chief Bookkeeper of AB Dvarcioniu Keramika. Employed in the Company since 10-10-2005. Education - University degree in economics.

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 353 thousand LTL for the nine months of 2008; an average remuneration amount per capita totaled 118 thousand LTL for the same period.

30th October, 2008 No.
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Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, President of DVARCIONIU KERAMIKA, AB Marek Ungier and Chief Financial Officer of DVARCIONIU KERAMIKA, AB Vanda Kalpokiene, hereby confirm that, to the best of our knowledge, the attached DVARCIONIU KERAMIKA, AB Interim Financial Statements for the nine months of the year ended 2008 prepared in accordance to International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of DVARCIONIU KERAMIKA, AB undertakings.

Enclosure: DVARCIONIU KERAMIKA AB Interim Financial Statements for the nine months of 2008.

President



Marek Ungier

Chief Financial Officer



Vanda Kalpokienė



**Interim Financial Statements
for the nine months of 2008**

Prepared in accordance to the rules on preparation and submission of periodic and additional information of the Lithuanian Securities Commission

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The largest ceramic tiles manufacturer in the Baltic States AB Dvarčionių Keramika (hereinafter the Company) exports about 48 per cent of the production to Latvia and Estonia, Scandinavia, Western Europe countries, Russia.

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, 2008 were not audited; financial statements for the year ended 31 December 2007 were audited accordingly.

BALANCE SHEET (LTL THOUSAND)

ASSETS	30 09 2008	31 12 2007
NON CURRENT ASSETS	43.547	47.748
INTANGIBLE ASSETS	67	88
TANGIBLE ASSETS	43.069	47.249
Land	-	-
Buildings	23.206	24.663
Other tangible assets	19.863	22.586
Construction in progress	-	-
NON CURRENT FINANCIAL ASSETS	411	411
LONG TERM RECEIVABLES	-	-
DEFERRED TAXES	-	-
CURRENT ASSETS	32.813	26.226
INVENTORIES	20.966	19.016
STOCK	20.849	18.865
PREPAYMENTS	117	151
NOT COMPLETED WORKS	-	-
CURRENT RECEIVABLES	11.558	6.899
INVESTMENTS AND TERM DEPOSITS	-	-
CASH	289	311
TOTAL ASSETS	76.360	73.974

BALANCE SHEET (LTL THOUSAND) (continued)

EQUITY AND LIABILITIES	30 09 2008	31 12 2008
CAPITAL AND RESERVES	23.664	22.817
SHARE CAPITAL	19.811	19.811
Authorized	19.811	19.811
Subscribed uncalled share capital	-	-
SHARE PREMIUM	-	-
REVALUATION RESERVE	3.732	3.945
OTHER RESERVES	125	125
RETAINED EARNINGS	-4	-1.064
Previous years	-1.064	54
Current year	1.060	-1.118
GRANTS AND SUBSIDIES	-	-
DEFERRED TAX & ACCRUED LIABILITIES	1.003	1.233
Accrued expenses	-	-
Deferred tax liability	1.003	1.233
LIABILITIES	51.693	49.924
NON CURRENT LIABILITIES	25.173	31.706
Financial liabilities	24.565	31.638
Trade payables	-	-
Advances received	-	-
Other non current payables	608	68
CURRENT LIABILITIES	26.520	18.218
Current part of long term financial liabilities	9.904	3.188
Other financial liabilities	71	110
Trade payables	13.077	12.315
Advances received	298	313
Taxes and salaries payable	1.678	1.315
Other payables	1.492	977
TOTAL EQUITY AND LIABILITIES	76.360	73.974

President,



Marek Ungier

Chief Financial Officer



Vanda Kalpokienė

INCOME STATEMENT (LTL THOUSAND)

	30.06.2008- 30.09.2008	30.06.2007- 30.09.2007	01.01.2008- 30.09.2008	01.01.2007- 30.09.2007
SALES INCOME	22.2753	20.891	57.034	52.919
COST OF SALES	-17.558	-16.121	-42.989	-39.275
GROSS PROFIT	4.717	4.770	14.045	13.644
Operating expenses	-4.019	-3.799	-11.673	-11.256
OPERATING PROFIT (LOSS)	698	971	2.372	2.388
OTHER ACTIVITIES	125	99	524	244
Income	118	90	536	245
Expenses	7	9	-12	-1
FINANCIAL AND INVESTING ACTIVITIES	-634	-592	-1.815	-1.709
Income	0	1	1	6
Expenses	-634	-593	-1.081	-1.715
PROFIT (LOSS) BEFORE PROFIT TAX	189	478	892	923
Profit tax	-157	11	-234	-55
NET PROFIT (LOSS)	32	489	847	868

President,

Marek Ungier

Chief Financial Officer

Vanda Kalpokienė

CASH FLOW STATEMENT (LTL THOUSAND)

	01.01.2008- 30.09.2008	01.01.2007- 30.09.2007
Cash flows from operating activities		
Net profit	847	868
Adjustments for:		
Depreciation and amortization	5.534	5.496
(Gain)/ losses on foreign exchange	-	10
(Gain)/ losses on investment activity	-	-
(Gain)/ losses on disposals (sales) of fixed assets	6	-3
Net interest	1.738	1.703
Change in deferred taxes	-231	-242
Increase/(decrease) in inventory valuation allowance	27	-19
Other	-	76
Operating profit before working capital changes	7.921	7.889
(Increase)/decrease in trade and other receivables excluding receivables connected with selling fixed assets	-4.600	-3.096
(Increase)/decrease in inventories	-2.011	1.925
Increase/(decrease) in payables excluding borrowings and loans and payables connected with purchasing fixed assets	1.741	-145
Cash generated from operations	3.051	6.573
Interest paid	-1.738	-1.703
Profit tax paid	-140	-11
Interest received	1	6
Net cash from operating activities	-1.877	-1.708
Cash flows from investing activities		
Purchases of property, plant and equipment	-1.907	-1.726
Sales of property, plant and equipment	568	22
Other items	-	11
Net cash from investing activities	-1.339	-1.693
Cash flows from financing activities		
Repayment/receipt of loans	-357	-4.034
Financial lease payments	540	-77
(Decrease)increase in factoring financing	-40	19
Net cash from financing activities	143	-4.092
Net change in cash and cash equivalents	-22	-920
Cash and cash equivalents at the beginning of period	311	1.349
Cash and cash equivalents at the end of period	289	429

CASH FLOW STATEMENT (LTL THOUSAND) (continued)

President,



Marek Ungier

Chief Financial Officer



Vanda Kalpokienė

STATEMENT OF CHANGES IN EQUITY (LTL THOUSAND)

	Share capital	Revaluation reserve	Reserve capital	Retained earnings	Total Equity
At 31 December 2005	49.527	4.864	125	(30.009)	24.507
Restatement				(47)	(47)
At 31 December 2005 Restated	49.527	4.864	125	(30.056)	24.460
Reduction in share capital	(29.716)	-	-	29.716	-
Net loss				(113)	(113)
Depreciation of revaluated assets	-	(507)	-	507	-
At 31 December 2006	19.811	4.357	125	54	24.347
Net loss	-	-	-	814	814
Depreciation of revaluated assets	-	(141)	-	141	-
At 30 June 2007	19.811	4.216	125	1.009	25.161
Net loss	-	-	-	(2.344)	(2.344)
Depreciation of revaluated assets	-	(271)	-	271	-
At 31 December 2007	19.811	3.945	125	(1.064)	22.817
Net loss	-	-	-	847	847
Depreciation of revaluated assets	-	(213)	-	213	-
At 30 August 2008	19.811	3.732	125	(4)	23.664

President,

Marek Ungier

Chief Financial Officer

Vanda Kalpokienė

NOTES TO FINANCIAL STATEMENTS

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

78.22 percent of the Company's shares belongs to the Polish company Cersanit S.A. registration number 0000081341, the largest tiles manufacturer in Poland.

Major Financial Indicators of the Company

Financial Indicators	2008 I-III Q	2007 I-III Q	Change (percent)
Income (thousand Lt)	57.034	52.919	7,8
EBITDA (thousand Lt)	8.430	8.128	3,7
EBITDA margin (percent)	14,8	15,4	-0,6
Profit (loss) from operations (thousand Lt)	2.372	2.388	-0,7
Operational profit margin (percent)	4,2	4,5	-0,3
Profit before taxes (thousand Lt)	1.081	923	17,1
Net profit (loss) (thousand Lt)	847	868	-2,4
Net profit margin (percent)	1,5	1,6	0,1
Earnings per share (in Litas)	0,08	0,09	-0,6
Debt to equity ratio	2,18	2,01	
Liquidity ratio (percent)	1,24	1,71	
Earnings to asset ratio (percent)	31	31	

Income

Since 2005 the Company's income continues increasing in a steady growth. Income for the reporting period of 2008, increased by 7,8 per cent, compared to the 2007.

The major reason for the income increase is presentation of new collections, extensive marketing and sale policy and constant improvement of already existing ones.

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

Sales	January – September 2008	January – September 2007	Change
Lithuania	28.139	29.446	-1.307
Latvia and Estonia	11.354	11.243	111
Ukraine	3.329	2.507	822
Russia	4.286	2.509	1777
Belgium	1.613	1.906	-293
Poland	3.493	1.469	2.024
Scandinavia	1.738	1.277	461
Other countries	3.083	2.561	522
Total sales	57.034	52.919	4.115

The gross profit for the reporting period increased and reached 14.045 thousand Litass (in the comparing period of the year 2007 – 13.644 thousand Litass). The growth of the gross profitability (it reached 2,9 percent) was stipulated by the higher sales in Lithuania, Russia and Ukraine.

Dvarčionių Keramika AB continues holding the leading position at the Baltic States tiles market.

EBIDTA increased by 3,7 percent this reporting year and reached 8.430 thousand Litass. The gross profit increased by 2,9 percent in reporting period, operational expenses reached 3,7 percent.

Operational expenses from the total sales was 20,0 percent in reporting period, while for the same period of the prior year operational expenses totaled 21,3 percent from the total sales. There was no change in depreciation and amortization expenses. An increased sales, gross profit and an effective control of operational expenses has a direct influence on EBITDA growth.

Operational and net margins were positive in the reporting period. Depreciation and amortization expenses, the same as in the prior period, totaled about 5,5 million Litass. The loss from financial and investment activities was worse than in prior period and reached – 1.816 thousand Litass (1.715 thousand Litass in 2007). The result from financial and investment an activity was influenced by increase in interbanks offered interest rates in Lithuania.

An increase in operational performance

The Company is in constant search for the new opportunities to increase its internal process and controls due to growth in resource prices. The Company strives to utilize its full manufacturing capabilities and minimize an increase in manufacturing cost.

Company Loans (LTL thousand)

The grantor	Currency	Balance at 2008-06-30
AB Bankas Hansabankas	Litas	34.469