

19th February, 2009 No. 12-291

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 Kalpokiene, hereby confirm that, to the best of our knowledge, the attached DVARČIONIŲ KERAMIKA, AB not audited Interim Financial Statements for the twelve months of 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 DVARČIONIŲ KERAMIKA, AB undertakings.

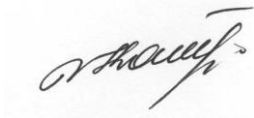
Enclosed: DVARČIONIŲ KERAMIKA, AB Interim Financial Statements for the twelve months of 2008.

President



Marek Ungier

Chief Financial Officer



Vanda Kalpokiene



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

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

FEBRUARY, 2009

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The largest ceramic tiles manufacturer in the Baltic States AB Dvarcionių Keramika (Hereinafter the Company) exports about 50 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 – December, 2008 were not audited; financial statements for the year ended 31 December 2007 were audited accordingly.

BALANCE SHEET (LTL THOUSAND)

ASSETS	31 12 2008	31 12 2007
NON CURRENT ASSETS	41.576	47.637
INTANGIBLE ASSETS	53	88
TANGIBLE ASSETS	41.223	47.249
Land	-	-
Buildings	22.721	24.663
Other tangible assets	18.502	22.586
Construction in progress	-	-
NON CURRENT FINANCIAL ASSETS	300	300
LONG TERM RECEIVABLES	-	-
DEFERRED TAXES	-	-
CURRENT ASSETS	33.283	26.226
INVENTORIES	24.798	19.016
STOCK	24.722	18.865
PREPAYMENTS	76	151
NOT COMPLETED WORKS	-	-
CURRENT RECEIVABLES	8.269	6.899
INVESTMENTS AND TERM DEPOSITS	-	-
CASH	216	311
TOTAL ASSETS	74.859	73.863

BALANCE SHEET (LTL THOUSAND) (continued)

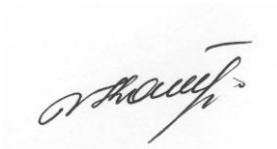
EQUITY AND LIABILITIES	31 12 2008	31 12 2007
CAPITAL AND RESERVES	22.715	22.706
SHARE CAPITAL	19.811	19.811
Authorized	19.811	19.811
Subscribed uncalled share capital	-	-
SHARE PREMIUM	-	-
REVALUATION RESERVE	3.594	3.945
OTHER RESERVES	125	125
RETAINED EARNINGS	-815	-1.175
Previous years	-824	350
Current year	9	-1.525
GRANTS AND SUBSIDIES	-	-
DEFERRED TAX & ACCRUED LIABILITIES	856	1.233
Accrued expenses	-	-
Deferred tax liability	856	1.233
LIABILITIES	51.288	49.924
NON CURRENT LIABILITIES	23.029	31.638
Financial liabilities	23.029	31.638
Trade payables	-	-
Advances received	-	-
Other non current payables	-	-
CURRENT LIABILITIES	28.259	18.286
Current part of long term financial liabilities	10.749	3.188
Other financial liabilities	656	178
Trade payables	14.097	12.315
Advances received	260	313
Taxes and salaries payable	991	1.315
Other payables	1.506	977
TOTAL EQUITY AND LIABILITIES	74.859	73.863

President



Marek Ungier

Chief Financial Officer



Vanda Kalpokiene

PROFIT AND LOSS STATEMENT (LTL THOUSAND)

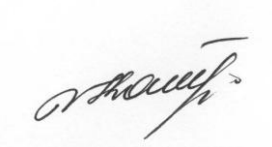
	01.01.2008- 31.12.2008	01.01.2007- 31.12.2007
SALES INCOME	72.026	69.469
COST OF SALES	-54.648	-52.307
GROSS PROFIT	17.378	17.162
Operating expenses	-15.462	-16.907
OPERATING PROFIT (LOSS)	1.916	255
OTHER ACTIVITIES	560	316
Income	643	345
Expenses	-83	-29
FINANCIAL AND INVESTING ACTIVITIES	-2.373	-2.327
Income	14	6
Expenses	-2.387	-2.333
PROFIT (LOSS) BEFORE PROFIT TAX	103	-1.756
Profit tax	-94	231
NET PROFIT (LOSS)	9	-1.525

President



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Chief Financial Officer



Vanda Kalpokiene

CASH FLOW STATEMENT (LTL THOUSAND)

	01.01.2008- 31.12.2008	01.01.2007- 31.12.2007
Cash flows from operating activities		
Net profit	103	-1.761
Adjustments for:		
Depreciation and amortization	7.387	7.349
(Gain)/ losses on foreign exchange	-15	17
(Gain)/ losses on investment activity	-	-
(Gain)/ losses on disposals (sales) of fixed assets	83	29
Net interest	2.304	2.310
Change in deferred taxes	-	-
Increase/(decrease) in inventory valuation allowance	138	161
Other	-	5
Operating profit before working capital changes	10.000	8.110
(Increase)/decrease in trade and other receivables excluding receivables connected with selling fixed assets	-1.284	-115
(Increase)/decrease in inventories	-5.857	775
Increase/(decrease) in payables excluding borrowings and loans and payables connected with purchasing fixed assets	1.654	-174
Cash generated from operations	4.513	8.596
Interest paid	-2.304	-2.236
Profit tax paid	-181	-43
Interest received	3	6
Net cash from operating activities	-2.482	6.323
Cash flows from investing activities		
Purchases of property, plant and equipment	-2.047	-1.927
Sales of property, plant and equipment	637	202
Other items	-	-
Net cash from investing activities	-1.410	-1.725
Cash flows from financing activities		
Receipt of outstanding share capital contributions		
Repayment/receipt of loans	-1.048	-5.608
Financial lease payments	-225	-84
(Decrease)increase in other financing payments	557	56
Net cash from financing activities	-716	-5.636
Net change in cash and cash equivalents	-95	-1.038
Cash and cash equivalents at the beginning of period	311	1.349
Cash and cash equivalents at the end of period	216	311

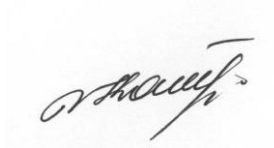
CASH FLOW STATEMENT (LTL THOUSAND) (Continued)

President



Marek Ungier

Chief Financial Officer



Vanda Kalpokiene

STATEMENT OF CHANGES IN EQUITY (LTL THOUSAND)

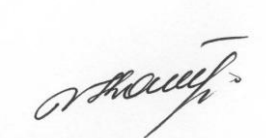
	Share capital	Revaluation reserve	Reserve capital	Retained earnings	Total Equity
As at 31 December 2005	49.527	4.864	125	-30.009	24.507
Correction				-47	-47
Reduction of share capital	-29.716			29.716	
Result for the period				-229	-229
Depreciation of revaluation reserve		-507		507	0
As at 31 December 2006	19.811	4.357	125	-62	24.231
Result for the period				-1.525	-1.1525
Depreciation of revaluation reserve		-412		412	0
As at 31 December 2007	19.811	3.945	125	-1.175	22.706
Result for the period				9	9
Depreciation of revaluation reserve		-351		351	
As at 31 December 2008	19.811	3.594	125	-815	22.715

President



Marek Ungier

Chief Financial Officer



Vanda Kalpokiene

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).

92,25 percent of the Company's shares belongs to the Polish company Cersanit SA, the largest tiles manufacturer in Poland.

Major Financial Indicators of the Company

Financial Indicators	2008 I-IV Q	2007 I-IV Q	Change (percent)
Income (thousand Lt)	72.026	69.469	3,7
EBITDA (thousand Lt)	9.863	7.920	24,5
EBITDA margin (percent)	13,7	11,4	
Profit (loss) from operations (thousand Lt)	1.916	255	651,4
Operational profit margin (percent)	2,7	0,4	
Profit before taxes (thousand Lt)	103	-1.756	
Net profit (loss) (thousand Lt)	9	-1.525	
Net profit margin (percent)	0,01	-2,2	
Earnings per share (in Litas)	0,00	-0,15	
Debt to equity ratio	2,6	2,20	
Liquidity ratio (percent)	1,18	1,43	
Earnings to asset ratio (percent)	30,3	30,74	

Sales income and EBITDA

Since 2005 the Company's income continues increasing. Income for the reporting period of 2008, increased by 3,68 per cent, compared to the 2007. Income from goods manufactured for sale went up by 12,71 per cent, compared to sales in 2007.

Increasing sales were resulted in due to select the marketing activities, exports to Ukraine, Belarus, Kaliningrad, Russia, the Czech Republic, and Scandinavia.

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

Sales	January – December 2008	January – December 2007	Change
Lithuania	35.823	38.693	-7,4%
Latvia and Estonia	13.331	14.577	-8,5%
Russia	5.277	3.235	63,1%
Poland	5.274	1.813	190,9%
Ukraine	3.912	3.679	6,3%
Scandinavia	1.816	1.154	57,4%
Czech Republic	1.410	825	70,9%
Uzbekistan	1.390	1.602	-13,3%
Other countries	3.792	3.891	-2,6%
Total sales	72.026	69.469	3,68%

The gross profit for the reporting period increased and reached 17.4 million Litass (for the comparing period of the year 2007 – 17,2 million, Lt). Dvarčionių Keramika AB continues holding the leading position at the Baltic States tiles market.

EBIDTA increased by almost 24,5 per cent and reached 9.863 million litass.

Operating expenses from total income during the reporting period was 21.5 percent. Depreciation and amortization expenses remained practically stable. The increased sales and gross margin and effective cost management activities, had a direct impact on EBITDA growth.

Further operational efficiency

Rising resource prices, the company is constantly looking for opportunities to improve their internal processes and internal controls. In order to mitigate the cost growth, the company tries to make the best use of available capacity.

Company Loans (LTL thousand)

The grantor	Currency	Balance at 31-12-2008
AB Bankas Hansa bankas	Litas	33,779