

26th February, 2010 No. 12-120
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 Audris Imbrasas 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 Financial Statements for the twelve months of the year 2009 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.

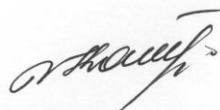
Enclosure: DVARČIONIŲ KERAMIKA AB Interim Financial Statements for the twelve months of 2009.

President



Audris Imbrasas

Chief Financial Officer



Vanda Kalpokienė



**Interim Financial Statements
for the twelve months of 2009**

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, **DVARČIONIŲ KERAMIKA, AB** (hereinafter the Company) exports 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, 2009 were not audited; financial statements for the year ended 31 December 2008 were audited accordingly.

BALANCE SHEET (LTL THOUSAND)

ASSETS	31 12 2009	31 12 2008
NON CURRENT ASSETS	33.397	41.586
INTANGIBLE ASSETS	17	53
TANGIBLE ASSETS	33.080	41.223
Land	-	-
Buildings	19.760	22.721
Other tangible assets	13.310	18.502
Construction in progress	10	10
NON CURRENT FINANCIAL ASSETS	300	300
LONG TERM RECEIVABLES	-	-
DEFERRED TAXES	-	-
CURRENT ASSETS	17.119	33.349
INVENTORIES	11.414	24.798
STOCK	11.373	24.722
PREPAYMENTS	41	76
NOT COMPLETED WORKS	-	-
CURRENT RECEIVABLES	5.597	8.335
INVESTMENTS AND TERM DEPOSITS	-	-
CASH	108	216
TOTAL ASSETS	50.516	74.935

BALANCE SHEET (LTL THOUSAND) (continued)

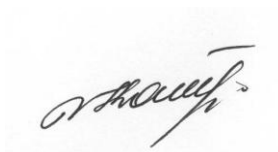
EQUITY AND LIABILITIES	31 12 2009	31 12 2008
CAPITAL AND RESERVES	18.979	22.779
SHARE CAPITAL	19.811	19.811
Authorized	19.811	19.811
Subscribed uncalled share capital	-	-
SHARE PREMIUM	-	-
REVALUATION RESERVE	3.239	3.594
OTHER RESERVES	125	125
RETAINED EARNINGS	-4.196	-751
Previous years	-396	-824
Current year	-3.800	73
GRANTS AND SUBSIDIES	-	-
DEFERRED TAX & ACCRUED LIABILITIES	610	907
Accrued expenses	-	-
Deferred tax liability	610	907
LIABILITIES	30.927	51.249
NON CURRENT LIABILITIES		
	17.157	23.425
Financial liabilities	16.888	23.029
Trade payables	-	-
Advances received	-	-
Other non current payables	269	396
CURRENT LIABILITIES	13.770	27.824
Current part of long term financial liabilities	6.141	10.749
Other financial liabilities	619	260
Trade payables	5.040	14.097
Advances received	126	260
Taxes and salaries payable	461	991
Other payables	1.383	1.467
TOTAL EQUITY AND LIABILITIES	50.516	74.935

President



Audris Imbrasas

Chief Financial Officer



Vanda Kalpokienė

INCOME STATEMENT (LTL THOUSAND)

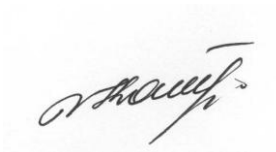
	01.10.2009- 31.12.2009	01.10.2008- 31.12.2008	01.01.2009 -31.12.2009	01.01.2008 -31.12.2008
SALES INCOME	6.101	14.992	44.380	72.026
COST OF SALES	-4.431	-11.658	-34.422	-54.647
GROSS PROFIT	1.670	3.334	9.958	17.379
Operating expenses	-3.072	-3.674	-11.887	-15.347
OPERATING PROFIT (LOSS)	-1.402	--340	-1.929	2.032
OTHER ACTIVITIES	-2.053	36	-1.018	560
Income	-1.676	107	3.255	643
Expenses	-377	-71	-4.273	-83
FINANCIAL AND INVESTING ACTIVITIES	-129	-559	-1.170	-2.374
Income	0	12	3	13
Expenses	-129	-571	-1.173	-2.387
PROFIT (LOSS) BEFORE PROFIT TAX	-3.584	-863	-4.117	218
Profit tax	247	89	317	-145
NET PROFIT (LOSS)	-3.337	-774	-3.800	73

President



Audris Imbrasas

Chief Financial Officer



Vanda Kalpokienė

CASH FLOW STATEMENT (LTL THOUSAND)

	30.09.2009	31.12.2008
Cash flows from operating activities		
Net profit	-4.117	218
Adjustments for:		
Depreciation and amortization	6.985	7.387
(Gain)/ losses on foreign exchange	15	-10
(Gain)/ losses on investing activities	-	-
(Gain)/ losses on disposals (sales) of fixed assets	-2.659	83
Net interest	983	2.384
Income tax benefit	-	-
Increase/(decrease) in inventory valuation allowance	144	-143
Other	-	-
Operating profit before working capital changes	1.351	9.919
(Increase)/decrease in trade and other receivables excluding receivables connected with selling fixed assets	2.649	-1.391
(Increase)/decrease in inventories	13.435	-5.694
Increase/(decrease) in payables excluding borrowings and loans and payables connected with purchasing fixed assets	-9.410	1.644
Cash generated from operations	8.025	4.478
Interest paid	-983	-2.304
Profit tax paid	-522	-181
Interest received	1	-
Net cash from operating activities	6.521	1.993
Cash flows from investing activities		
Purchases of property, plant and equipment	-160	-1.440
Sales of property, plant and equipment	4.047	637
Cash flows from other investing activities	-	-
Net cash from investing activities	3.887	-803
Cash flows from financing activities		
Contributions of Shareholders		
Repayment/receipt of loans	-10.749	-1.048
Financial lease payments	-215	-200
(Decrease)increase in other financing	448	-37
Net cash from financing activities	-10.516	-1.285
Net change in cash and cash equivalents	-108	-95
Cash and cash equivalents at the beginning of period	216	311
Cash and cash equivalents at the end of period	108	216

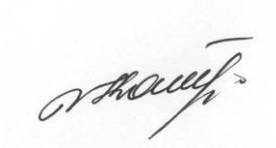
CASH FLOW STATEMENT (LTL THOUSAND) (continued)

President,



Audris Imbrasas

Chief Financial Officer



Vanda Kalpokienė

STATEMENT OF CHANGES IN EQUITY (LTL THOUSAND)

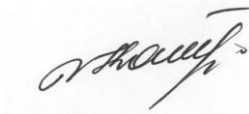
	Share capital	Revaluation reserve	Reserve capital	Retained earnings	Total Equity
At 31 December 2005	49.527	4.864	125	-30.009	24.507
Restatement				-47	-47
Reduction in share capital	-29.716			29.716	0
Net loss (revaluated)				-229	-229
Depreciation of revaluated assets		-507		507	0
At 31 December 2006	19.811	4.357	125	-62	24.231
Net loss				-1.525	-1.525
Depreciation of revaluated assets		-412		412	0
At 31 December 2007	19.811	3.945	125	-1.175	22.706
Net loss (revaluated)				847	847
Depreciation of revaluated assets				111	111
Depreciation of revaluated assets		-213		213	0
At 30 September 2008	19.811	3.732	125	-4	23.664
Net loss (revaluated)				-774	-774
Depreciation of revaluated assets				-111	-111
Depreciation of revaluated assets		-138		138	0
At 31 December 2008	19.811	3.594	125	-751	22.779
Net loss				-463	-463
Depreciation of revaluated assets		-355		355	0
At 30 September 2009	19.811	3.239	125	-859	22.316
Net loss				-3.337	-3.337
At 31 December 2009	19.811	3.239	125	-4.196	18.979

President



Audris Imbrasas

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).

MISOTA, UAB, company code 301232691, owns 92.25 per cent of shares of the Company.

The Company's financial statements were prepared in accordance to International Financial Reporting Standards.

The Company's interim financial statements for the twelve months, 2009 were not audited; financial statements for the year ended 31 December 2008 were audited accordingly.

Major Financial Indicators of the Company

Financial Indicators	2009 January - December	2008 January - December	Change - (percent)
Income (thousand Lt)	44.380	72.026	-38,4
EBITDA (thousand Lt)	4.038	9.979	-59,5
EBITDA margin (percent)	9,1	13,9	
Profit (loss) from operations (thousand Lt)	-1.929	2.032	-194,9
Operational profit margin (percent)	-4,3	2,8	
Profit before taxes (thousand Lt)	-4.117	218	-1988,5
Net profit (loss) (thousand Lt)	-3.800	73	-5305,5
Net profit margin (percent)	-8,6	0,01	
Earnings per share (in Litas)	-0,38	0,00	
Debt to equity ratio	1,63	2,25	
Liquidity ratio (percent)	1,24	1,20	
Earnings to asset ratio (percent)	37,6	30,4	

Sales income and EBITDA

Company revenue fell 38,4 per cent comparing revenue during twelve month in 2009 with the same period of 2008.

The main reason of the reduction of income - reduced consumption in the strategic markets, the total economic downturn.

The company sells its products in the biggest Lithuanian commercial networks, the twelve own brand shops, situated in major cities. It is also production exported to Latvia, Estonia, Kaliningrad, Scandinavia, Belgium, Czech Republic, Russia

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

Sales	2009 January – December	2008 January – December	Change
Lithuania	28.959	35.823	-19,2%
Latvia and Estonia	5.010	13.331	-62,4%
Russia	2.800	5.277	-46,9%
Poland	142	5.274	-97,3%
Ukraine	826	3.912	-78,9%
Scandinavia	1.864	1.816	2,6%
Check republic	1.287	1.410	-8,7%
Uzbekistan	471	1.390	-66,1%
Other countries	3.021	3.792	-20,3%
Total sales	44.380	72.026	-38,4%

The gross profit for the reporting period decreased by 42,7% and reached 9.958 thousand Litass (for the comparing period of the year 2008 – 17.379 thousand Litass).

The decrease of gross profit was because the decreased revenue and lower sell prices, increase of production costs because of increase of gas and electricity prices at the second half of 2008.

Operating expenses were purposepaly decreasing and for the reporting period decreased by 22,5 per cent compared with the year 2008 the same period. Operating margin for reporting period was negative.

During the reporting period, EBITDA decreased by 59,5 per cent. (4 million Lt.). The net profit was 3.8 million Lt. EBITDA and net result for the reporting period, were mostly affected of the decreasing revenue (-38,4 per cent.) and the gross profit (42,7 per cent.).

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 2008-06-30
AB Bank Swedbank	Litas	23.029