

30th July, 2010 No. 23-542

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 Report for the six months of the year 2010 contains a fair review of the development and performance of the business.

Enclosure: DVARČIONIŲ KERAMIKA AB Interim Report for the six months of 2010.

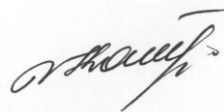
President

Audris Imbrasas



Chief Financial Officer

Vanda Kalpokienė





DVARČIONIŲ KERAMIKA, AB
INTERIM REPORT FOR THE SIX MONTHS OF 2010

*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 – June, 2010

2. Issuer and its contact details

Name of the Issuer:	Dvarčionių Keramika, Joint-stock company (hereinafter- Company or Issuer).
Registered office:	Keramikų str. 2, Vilnius, Republic of Lithuania
Phone:	+370 52317021
Fax:	+370 52317061
Web page:	www.keramika.lt
E-mail:	info@keramika.lt
Legal form:	Legal entity, 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 ceramic and gres tiles, wholesale and retail trade.

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 six month of 2010 was 11,7 million LTL. 2009 year revenue amounted to 30,0 million LTL).

Loss before taxes for January – June 2010 amounted to 2,3 million LTL, the same period of 2009 profit before taxes was 2,5 million LTL..

Net loss for the reporting six month period reached 2,2 million LTL, compared to the same period of last year net profit totaled 2,4 million LTL.

Additional information on Company's activity and financial results for the six month of 2010 is provided in AB Dvarčionių Keramika Interim financial statements.

7. Information about own shares of the Issuer

Issuer has not acquired its own shares.

8. Information about subsidiaries of the Issuer

The Company holdings in totally controlled entity SIA Dvarcioniu Keramika (Melužu st.1, Riga, Latvia), amounts to 100 per cent. SIA Dvarcioniu Keramika has started liquidation procedure and the investment value in the subsidiary was written off as of 30th June, 2009.

The Company also holds 30,6 per cent of JSC „Baltijos keramika“ (Družių vil., Širvintų reg., Lithuania) of total share capital.

9. Essential events of reporting period

Algirdas Krupavičius resigned from the Company Board members on 22th of January, 2010.

Audris Imbrasas resigned from the Company Chairman of the Board on 17th of February, 2010.

Juozas Raišelis appointed us the Chairman of the Board of the Company on 18th of February under decision of Board.

The general meeting of shareholders took place on 29th April, 2010. An annual report of the company was presented to the Meeting on activities for the year of 2009, the auditors opinion on financial statements for the year of 2009 was announced, the financial statements of the company for the year of 2009 were presented for the approval, was also announced the Company's profit distribution project for the year ended in 2009. The shareholders Meeting participants approved all the agenda questions presented.

10. Activity plans and forecasts of the Issuer

Company does not announce its plans and forecasts.

11. Structure of the Issuer's share capital

Authorized and registered capital – 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, %
UAB „MISOTA“ Smolensko str. 10, Vilnius Lithuania. KRS 301232691	9.206.028	92,93

13. Employees

Total number of employees was 169 on 30th of June, 2010. 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 Keramika, AB the managing body of the Company is a General meeting of shareholders, Management Board and a President.

15.1 Information on the Management Board: position, names, data on ownership of the Company's capital (share capital and per cent hold):

Name, position	Service term	Company shares hold	Activities in other entities	Shares hold of the other entities
Juozas Raišelis (Chairman of Management Board)	09 02 2010 – 13 07 2013	--	UAB „Raico group”, President	
Audris Imbrasas (Member of Management Board)	13 07 2009 - 13 07 2013	--	AB „Dvarčionių keramika“, President	
Giedrius Kolesnikovas (Member of Management Board)	13 07 2009 - 13 07 2013	--	Lawyer of „Motieka ir Audzevičius“	
Liudmila Suboč (Member of Management Board)	13 07 2009 - 13 07 2013	--	AB „Dvarčionių keramika“, Administration and Personnel Director	
Mindaugas Bučas (Member of Management Board)	13 07 2009 - 13 07 2013	--	AB „Dvarčionių keramika“ Production and Technical director	

15.2 Additional information on the Head of Administration, the chief Financial Officer: position, education:

At the end of the reporting period – 30 06 2009:

- **Audris Imbrasas** – President of AB Dvarcioniu Keramika, member of the Management Board 13 07 2009 – 13 07 2013. Education – University degree.
- **Vanda Kalpokienė** – Chief Financial Officer since 10 10 2005

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 153 thousand LTL for the six months of 2009; an average remuneration amount per capita totaled 51 thousand LTL for the same period.

30th July, 2010 No. 23-543

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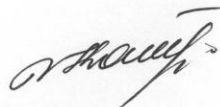
Enclosure: DVARCIONIU KERAMIKA AB Interim Financial Statements for the six months of 2010.

President



Audris Imbrasas

Chief Financial Officer



Vanda Kalpokienė



**Interim Financial Statements
for the six months of 2010**

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 – June, 2010 were not audited; financial statements for the year ended 31 December 2009 were audited accordingly.

STATEMENT OF FINANCIAL POSITION (LTL THOUSAND)

ASSETS	30 06 2010	31 12 2009
NON CURRENT ASSETS	28.937	31.378
INTANGIBLE ASSETS	9	17
TANGIBLE ASSETS	27.574	29.872
Land		-
Buildings	17.779	18.594
Other tangible assets	9.795	11.278
INVESTMENTS PROPERTY	1.052	1.183
NON CURRENT FINANCIAL ASSETS	300	300
LONG TERM RECEIVABLES	2	6
DEFERRED TAXES		-
CURRENT ASSETS	15.995	16.678
INVENTORIES	11.383	11.309
STOCK	11.341	11.258
PREPAYMENTS	42	51
NOT COMPLETED WORKS	-	-
CURRENT RECEIVABLES	4.495	5.261
INVESTMENTS AND TERM DEPOSITS	-	-
CASH	117	108
TOTAL ASSETS	44.932	48.056

STATEMENT OF FINANCIAL POSITION (LTL THOUSAND) (continued)

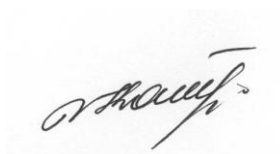
EQUITY AND LIABILITIES	30 06 2010	31 12 2009
CAPITAL AND RESERVES	14.497	16.737
SHARE CAPITAL	19.811	19.811
Authorized	19.811	19.811
Subscribed uncalled share capital	-	-
SHARE PREMIUM	-	-
REVALUATION RESERVE	2.601	2.902
OTHER RESERVES	125	125
RETAINED EARNINGS	-8.040	-6.101
Previous years	-5.800	-59)
Current year	-2.240	-6.042)
GRANTS AND SUBSIDIES	-	-
DEFERRED TAX & ACCRUED LIABILITIES	180	311
Accrued expenses	-	-
Deferred tax liability	180	311
LIABILITIES	30.255	31.010
NON CURRENT LIABILITIES	14.545	17.157
Financial liabilities	14.330	16.888
Trade payables	-	-
Advances received	-	-
Other non current payables	215	269
CURRENT LIABILITIES	15.710	13.851
Current part of long term financial liabilities	7.158	6.636
Other financial liabilities	117	125
Trade payables	6.178	5.040
Advances received	442	126
Taxes and salaries payable	752	463
Other payables	1.063	1.451
TOTAL EQUITY AND LIABILITIES	44.932	48.056

President



Audris Imbrasas

Chief Financial Officer



Vanda Kalpokienė

STATEMENT OF COMPREHENSIVE INCOME (LTL THOUSAND)

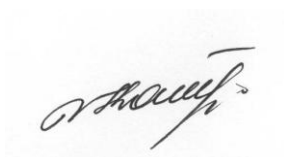
	01.04.2010- 30.06.2010	01.04.2009- 30.06.2009	01.01.2010 -30.06.2010	01.01.2009 -30.06.2009
SALES INCOME	6.415	19.809	11.723	30.046
COST OF SALES	-5.346	-15.931	-9.445	-24.180
GROSS PROFIT	1.069	3.878	2.278	5.866
Operating expenses	2.070	-3.395	-4.584	-5.941
OPERATING PROFIT (LOSS)	-1.001	483	-2.306	-75
OTHER ACTIVITIES	111	-749	197	-1.755
Income	107	512	203	594
Expenses	4	-1.261	-6	-2.349
FINANCIAL AND INVESTING ACTIVITIES	-135	-248	-262	-661
Income	5	-9	5	5
Expenses	-140	-239	-267	-666
PROFIT (LOSS) BEFORE PROFIT TAX	-1.025	-514	-2.371	-2.491
Profit tax	-131	-86	-131	-86
NET PROFIT (LOSS)	-894	-428	-2.240	-2.405

President



Audris Imbrasas

Chief Financial Officer



Vanda Kalpokienė

CASH FLOW STATEMENT (LTL THOUSAND)

	30.06.2010	30.06.2009
Cash flows from operating activities		
Net profit	-2.240	-2.405
Adjustments for:		
Income tax benefit	-131	-86
Depreciation and amortization	2.436	2.162
(Gain)/ losses on foreign exchange	-	1
(Gain)/ losses on investment activity	-	-
(Gain)/ losses on disposals (sales) of fixed assets	-1	-7
Net interest	187	641
Change in deferred taxes	-	-
Increase/(decrease) in inventory valuation allowance	-22	-393
Other	-	-1
Operating profit before working capital changes	229	-88
(Increase)/decrease in trade and other receivables excluding receivables connected with selling fixed assets	779	345
(Increase)/decrease in inventories	-61	12.328
Increase/(decrease) in payables excluding borrowings and loans and payables connected with purchasing fixed assets	1.356	-8.403
Cash generated from operations	2.303	4.182
Interest paid	-187	-641
Profit tax paid	-10	-77
Interest received	-	-
Net cash from operating activities	-197	-718
Cash flows from investing activities		
Purchases of property, plant and equipment	-2	-152
Sales of property, plant and equipment	3	172
Other items	-	-
Net cash from investing activities	1	20
Cash flows from financing activities		
Repayment/receipt of loans	-2.036	-3.006
Financial lease payments	-62	-155
(Decrease)increase in factoring financing	-	-
Net cash from financing activities	-2.098	-3.161
Net change in cash and cash equivalents	9	323
Cash and cash equivalents at the beginning of period	108	216
Cash and cash equivalents at the end of period	117	539

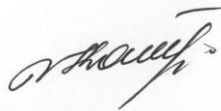
CASH FLOW STATEMENT (LTL THOUSAND) (continued)

President,



Audris Imbrasas

Chief Financial Officer



Vanda Kalpokienė

STATEMENT OF CHANGES IN EQUITY (LTL THOUSAND)

	Share capital	Revaluation reserve	Legal reserve	Retained earnings	Total equity
Balance at 1 January 2008	19.811	3.945	125	-1.175	22.706
Profit (loss)	-	-	-	815	815
Decrease in revaluation reserve due to depreciation or write-off of revalued assets	-	-213	-	213	-
Correction	-	-	-	111	111
Balance at 30 June 2008	19.811	3.732	125	-751	22.779
Profit (loss)	-	-	-	-853	-853
Decrease in revaluation reserve due to depreciation or write-off of revalued assets	-	-138	-	138	-
Balance at 31 December 2008	19.811	3.594	125	-751	22.779
Profit (loss)	-	-	-	-2.405	-2.405
Decrease in revaluation reserve due to depreciation or write-off of revalued assets	-	-92	-	-92	-
Balance at 30 June 2009	19.811	3.502	125	-3.064	20.374
Profit (loss)	-	-	-	-3.637	-3.637
Decrease in revaluation reserve due to depreciation or write-off of revalued assets	-	-600	-	-600	-
Balance at 31 December 2009	19.811	2.902	125	-6.101	16.737
Profit (loss)	-	-	-	-2.240	-2.240
Decrease in revaluation reserve due to depreciation or write-off of revalued assets	-	-301	-	301	-
Balance at 30 March 2010	19.811	2.601	125	-8.040	14.497

President

Audris Imbrasas

Chief Financial Officer

Vanda Kalpokienė

NOTES TO FINANCIAL STATEMENTS

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

Major Financial Indicators of the Company

Financial Indicators	2010 I Half	2009 I Half	Change (percent)
Income (thousand Lt)	11.723	30.046	-61,0
EBITDA (thousand Lt)	327	332	-1,5
EBITDA margin (percent)	2,8	1,1	
Profit (loss) from operations (thousand Lt)	-2.306	-75	-2974,7
Operational profit margin (percent)	-19,7	-0,2	
Profit before taxes (thousand Lt)	-2.371	-2.491	4,8
Net profit (loss) (thousand Lt)	-2.240	-2.405	10,1
Net profit margin (percent)	-19,1	-8,0	
Ernings per share (in Litas)	-0,22	-0,24	8,3
Debt to equity ratio	2,08	1,85	12,4
Liquidity ratio (percent)	1,02	1,20	-15,0
Earnings to asset ratio (percent)	32,3	34,8	-7,2

Sales income and EBITDA

Company revenue on 2010 I Half were 11.723 thousand LTL. Revenue on I Half of 2009 were 30.046 thousand LTL.

The main reason 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 and Russia

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

Sales	January – June, 2010	January – June, 2009	Change
Lithuania	6,012	20,369	-238.8%
Latvia and Estonia	1,047	3,855	-268.1%
Ukraine	244	424	-73.9%
Russia	1,300	1,581	-21.6%
Belgium	967	972	-0.5%
Poland	177	10	94.3%
Uzbekistan	0	372	
Other countries	1,976	2,462	-24.6%
Total sales	11,723	30,046	-156.3%

The gross profit for the reporting period reached 2.278 thousand Litass. For the comparing period of the year 2009 – 5.866 thousand Litass.

The decrease of gross profit was because the decreased revenue and lower sell prices.

Operating expenses decreased by 22,8 per cent compared with the year 2009 the same period. Operating profit margin during the reporting period was negative.

During the first six month of this year Company has earned 197 thousand Litass of profit from other activities. The profit was earned renting unused premise.

During the reporting period, EBITDA decreased by 1,5 per cent to 327 thousand Lt. Year ago EBITDA reached 332 thousand LTL, but EBITDA margin reached 2,8 per cent (During the first six month of 2009 – 1,1 per cent) .

Company Loans (LTL thousand)

The grantor	Currency	Balance at 30-06-2010
AB Swedbank	Litas	20.471