

12th May, 2011 No.23-712
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, General manager of DVARČIONIŲ KERAMIKA, AB Audris Imbrasas and Chief accountant of DVARČIONIŲ KERAMIKA, AB Rūta Zinkevičienė, hereby confirm that, to the best of our knowledge, the attached DVARČIONIŲ KERAMIKA, AB not audited Interim Financial Statements for the first three months of 2010 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 first three months of 2011.

General Manager



Audris Imbrasas

Chief Accountant



Rūta Zinkevičienė



**Interim Financial Statements
for the first three months of 2011**

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

APRIL, 2011

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The largest ceramic tiles manufacturer in the Baltic States, **DVARČIONIŲ KERAMIKA, AB** (Hereinafter the Company) exports about 60 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 – March, 2011 were not audited; financial statements for the year ended 31 December 2010 were audited by auditor UAB “Deloitte Lietuva” accordingly.

STATEMENT OF FINANCIAL POSITION (LTL THOUSAND)

ASSETS	31 03 2011	31 12 2010
NON CURRENT ASSETS	36 057	37 152
INTANGIBLE ASSETS	2	3
TANGIBLE ASSETS	35 715	36 807
Land	-	-
Buildings	24 937	25 395
Other tangible assets	10 778	11 412
INVESTMENTS PROPERTY	40	42
NON CURRENT FINANCIAL ASSETS	300	300
LONG TERM RECEIVABLES	-	-
DEFERRED TAXES	-	-
CURRENT ASSETS	13 654	14 714
INVENTORIES	9 623	10 153
STOCK	9 519	10 049
PREPAYMENTS	104	104
NOT COMPLETED WORKS	-	-
CURRENT RECEIVABLES	3 911	4 454
INVESTMENTS AND TERM DEPOSITS	-	-
CASH	120	107
TOTAL ASSETS	49 711	51 866

STATEMENT OF FINANCIAL POSITION (LTL THOUSAND) (continued)

EQUITY AND LIABILITIES	31 03 2011	31 12 2010
CAPITAL AND RESERVES	19 845	16 737
SHARE CAPITAL	19.811	19 811
Authorized	19.811	19 811
Subscribed uncalled share capital	-	-
SHARE PREMIUM	-	-
REVALUATION RESERVE	11 718	12 043
OTHER RESERVES	125	125
RETAINED EARNINGS	(11 809)	(10924)
Previous years	(10 924)	(6 101)
Current year	(885)	(4 823)
GRANTS AND SUBSIDIES	-	-
DEFERRED TAX & ACCRUED LIABILITIES	1 978	1 978
Accrued expenses	-	-
Deferred tax liability	1 978	1 978
LIABILITIES	30 995	30 811
NON CURRENT LIABILITIES	10 907	10 907
Financial liabilities	10 747	10 747
Trade payables	-	-
Advances received	-	-
Other non current payables	160	160
CURRENT LIABILITIES	16 981	17 926
Current part of long term financial liabilities	7 802	8 053
Other financial liabilities	78	109
Trade payables	5 535	7 374
Advances received	1 671	657
Taxes and salaries payable	1031	1165
Other payables	864	568
TOTAL EQUITY AND LIABILITIES	49 711	51 866

General manager



Audris Imbrasas

Chief Accountant



Rūta Zinkevičienė

STATEMENT OF COMPREHENSIVE INCOME (LTL THOUSAND)

	01 01 2011- 31 03 2011	01 01 2010- 31 03 2010
SALES INCOME	5 831	5 308
COST OF SALES	(4 437)	(4 099)
GROSS PROFIT	1 394	1 209
Operating expenses	(2 188)	(2 514)
OPERATING PROFIT (LOSS)	(794)	(1 305)
OTHER ACTIVITIES	73	86
Income	85	96
Expenses	(12)	(10)
FINANCIAL AND INVESTING ACTIVITIES	(164)	(127)
Income	-	-
Expenses	(164)	(127)
PROFIT (LOSS) BEFORE PROFIT TAX	(885)	(1 346)
Profit tax	-	-
NET PROFIT (LOSS)	(885)	(1 346)

General manager



Audris Imbrasas

Chief Accountant



Rūta Zinkevičienė

CASH FLOW STATEMENT (LTL THOUSAND)

	01 01 2011- 31 03 2011	01 01 2010- 31 03 2010
Cash flows from operating activities		
Net profit	(885)	(1,346)
Adjustments for:		
Depreciation and amortization	1,266	1,497
(Gain)/ losses on foreign exchange	164	3
(Gain)/ losses on investment activity	-	-
(Gain)/ losses on disposals (sales) of fixed assets	-	-
Net interest	233	111
Change in deferred taxes	-	-
Increase/(decrease) in inventory valuation allowance	-	-
Other	-	-
Operating profit before working capital changes	778	265
(Increase)/decrease in trade and other receivables excluding receivables connected with selling fixed assets	393	844
(Increase)/decrease in inventories	680	(889)
Increase/(decrease) in payables excluding borrowings and loans and payables connected with purchasing fixed assets	(663)	582
Cash generated from operations	1188	802
Interest paid	(233)	(111)
Profit tax paid	-	(10)
Interest received	-	-
Net cash from operating activities	955	681
Cash flows from investing activities		
Purchases of property, plant and equipment	-	-
Sales of property, plant and equipment	-	2
Other items	-	-
Net cash from investing activities	-	2
Cash flows from financing activities		
Repayment/receipt of loans	(251)	(1,062)
Financial lease payments	(31)	(31)
(Decrease)/increase in other financing payments	(660)	506
Net cash from financing activities	(942)	(587)
Net change in cash and cash equivalents	13	96
Cash and cash equivalents at the beginning of period	107	108
Cash and cash equivalents at the end of period	120	204

CASH FLOW STATEMENT (LTL THOUSAND) (Continued)

General Manager



Audris Imbrasas

Chief Accountant



Rūta Zinkevičienė

STATEMENT OF CHANGES IN EQUITY (LTL THOUSAND)

	Share capital	Legal reserve	Revaluation reserve	Retained earnings	Total equity
Balance at 31 December 2009	19 811	125	2 902	(6 101)	16 737
Profit (loss)				(1 346)	(1 346)
Decrease in revaluation reserve due to depreciation or write-off of revalued assets					-
Balance at 31 March 2010	19 811	125	2 902	(7 447)	15 391
Profit (loss)				(4 007)	(4 007)
Decrease in revaluation reserve due to depreciation or write-off of revalued assets			(762)	530	(232)
Increase of revaluation reserve Due to revaluation			9 903		9 903
Balance at 31 December 2010	19 811	125	12 043	(10 924)	21 055
Profit (loss)				(885)	(885)
Decrease in revaluation reserve due to depreciation or write-off of revalued assets			(325)		(325) -
Balance at 31 March 2011	19 811	125	11 718	(11 809)	19 845

General manager



Audris Imbrasas

Chief Accountant



Rūta Zinkevičienė

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).

92,93 percent of the Company's shares belongs to the Polish company Cersanit SA, the largest tiles manufacturer in Poland.

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

The Company's interim financial statements for the period January – March, 2011 were not audited; financial statements for the year ended 31 December 2010 were audited by auditor UAB “Deloitte Lietuva” accordingly.

Major Financial Indicators of the Company

Financial Indicators	2011 IQ	2010 IQ	Change (percent)
Income (thousand Lt)	5.831	5.308	10
EBITDA (thousand Lt)	381	278	37
EBITDA margin (percent)	6,5	5,2	25
Profit (loss) from operations (thousand Lt)	-794	-1.305	39
Operational profit margin (percent)	-12,4	-24,6	46
Profit before taxes (thousand Lt)	-885	-1.346	34
Net profit (loss) (thousand Lt)	-885	-1.346	34
Net profit margin (percent)	-15,2	-25,4	40
Earnings per share (in Litas)	-0,09	-0,14	
Debt to equity ratio	1,5	2,0	
Liquidity ratio (percent)	0,8	1,1	
Earnings to asset ratio (percent)	40,0	33,0	

Sales income

During the first quarter of 2011 year sales revenue increased by 10 percent comparing with the first quarter of 2010 and reached 5.831 thousand Litas. The main reason for increased revenue is recovering market in the Baltic countries, the overall economic growth. The company sells its products in the biggest Lithuanian commercial networks, twelve own brand shops, situated in major cities. It is also more than 60 percent of production exported to Latvia, Estonia, Kaliningrad, Scandinavia, Belgium, Czech Republic, Russia.

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

	January – March 2011	January – March 2010	Change
Lithuania	2.813	2.562	10
Latvia and Estonia	706	463	52
Russia	590	637	-7
Poland	65	125	-48
Ukraine	157	76	107
Scandinavia	275	425	-35
Czech Republic	420	320	31
Other countries	805	700	15
Total sales	5.831	5.308	10

The gross profit for the reporting period increased by 13 percent and reached 1.394 thousand Litass. For the comparing period of the year 2010 gross profit was 1.209 thousand Litass.

The increase of gross profit was because the increased sales revenue.

Operating expenses declined by 13 percent during the reporting period compared with the year 2010 the same period. Operating profit margin during the reporting period was negative.

During the first three month of this year Company has earned 73 thousand Litass of profit from other activities. The profit was earned renting premise.

During the reporting period, EBITDA increased by 37 percent. (381 thousand Litass), the net loss decreased by 34 percent. (-885 thousand Litass).

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 03 2011	Balance at 31 03 2010
AB Bankas “Swedbank “	Litas	17.486.472	21.966.799