

11th November, 2011 No.23-1869

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 Finance manager of DVARČIONIŲ KERAMIKA, AB Rūta Zinkevičienė, hereby confirm that, to the best of our knowledge, the attached DVARČIONIŲ KERAMIKA, AB Interim Report for the nine months of the year 2011 contains a fair review of the development and performance of the business.

Enclosure: DVARČIONIŲ KERAMIKA AB Interim Report for the nine months of 2011.

General Manager



Audris Imbrasas

Finance Manager



Rūta Zinkevičienė



DVARČIONIŲ KERAMIKA, AB
INTERIM REPORT FOR THE NINE MONTHS OF 2011

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

NOVEMBER, 2011

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1. Reporting period for which this report has been prepared

January – September, 2011

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 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 nine month of 2011 was 20,1 million LTL. 2010 year nine months revenue amounted to 19,1 million LTL.

Loss before taxes for January – September 2011 amounted to 2,98 million LTL. After the revaluation reserve depreciation nine – month loss – 2,44 million. LTL. The same period of 2010 loss before taxes was 2,77 million LTL.

Net loss for the reporting nine month period reached 2,98 million LTL, after the revaluation reserve depreciation nine – month loss – 2,44 million. LTL. Compared to the same period of last year net loss before taxes totaled 2,61 million LTL.

Additional information on Company's activity and financial results for the nine month of 2011 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

The general meeting of shareholders took place on 29th April, 2011. An annual report of the company was presented to the Meeting on activities for the year of 2010, the auditors opinion on financial statements for the year of 2010 was announced, the financial statements of the company for the year of 2010 were presented for the approval, was also announced the Company's profit distribution project for the year ended in 2010. The shareholders Meeting participants approved all the agenda questions presented.

The annual report , published in 29th of April, 2011, was complemented on 15th of July, 2011.

The six-month intermit financial statements and the six- month performance was announced on 03th August, 2011.

By the company's Board decision to optimize the activities of the company, the store, located in Mažeikiai, was closed on 28th October, 2011.

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 152 on 30th of September, 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 General Manager.

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	UAB “Raico group” 35,4% of voting in shareholders meeting
Audris Imbrasas (Member of Management Board)	13 07 2009 - 13 07 2013	--	--	
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	--	--	UAB “Baltijos keramika” 7,5% of voting in shareholders meeting
Mindaugas Bučas (Member of Management Board)	13 07 2009 - 13 07 2013	--	--	UAB “Dvarų keramika” 50% of voting in shareholders meeting

15.2 Additional information on the Head of Administration and Finance manager: position, education:

- **Audris Imbrasas** – General Manager of AB Dvarcioniu Keramika, member of the Management Board 13 07 2009 – 13 07 2013. Education – University degree.
- **Rūta Zinkevičienė** – Finance manager since 02 11 2010. Education – University degree.

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 232 thousand LTL for the nine months of 2011; an average remuneration amount per capita totaled 8,6 thousand LTL for the same period.

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Enclosure: DVARCIONIU KERAMIKA AB Interim Financial Statements for the nine months of 2011.

General Manager



Audris Imbrasas

Finance Manager



Rūta Zinkevičienė



DVARČIONIŲ KERAMIKA, AB
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS OF 2011

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

NOVEMBER, 2011

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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 – September, 2011 were not audited; financial statements for the year ended 31 December 2010 were audited accordingly.

STATEMENT OF FINANCIAL POSITION (LTL THOUSAND)

ASSETS	2011 09 30	2010 12 31
NON CURRENT ASSETS	33 770	37 152
INTANGIBLE ASSETS	-	3
TANGIBLE ASSETS	33 433	36 807
Land		-
Buildings	23 901	25 395
Other tangible assets	9 532	11 412
INVESTMENTS PROPERTY	37	42
NON CURRENT FINANCIAL ASSETS	300	300
LONG TERM RECEIVABLES	-	-
DEFERRED TAXES		-
CURRENT ASSETS	14 681	14 714
INVENTORIES	9 857	10 153
STOCK	9 251	10 049
PREPAYMENTS	606	104
NOT COMPLETED WORKS	-	-
CURRENT RECEIVABLES	4 732	4 454
INVESTMENTS AND TERM DEPOSITS	-	-
CASH	92	107
TOTAL ASSETS	48 451	51 866

STATEMENT OF FINANCIAL POSITION (LTL THOUSAND) (continued)

EQUITY AND LIABILITIES	2011 09 30	2010 12 31
CAPITAL AND RESERVES	18 075	21 055
SHARE CAPITAL	19 811	19 811
Authorized	19 811	19 811
Subscribed uncalled share capital	-	-
SHARE PREMIUM	-	-
REVALUATION RESERVE	11 506	12 043
OTHER RESERVES	125	125
RETAINED EARNINGS	(13 367)	(10 924)
Previous years	(10 924)	(6 101)
Current year	(2 443)	(4 823)
GRANTS AND SUBSIDIES	-	-
DEFERRED TAX & ACCRUED LIABILITIES	1 978	1 978
Accrued expenses	-	-
Deferred tax liability	1 978	1 978
LIABILITIES	28 398	28 833
NON CURRENT LIABILITIES	160	10 907
Financial liabilities	-	10 747
Trade payables	-	-
Advances received	-	-
Other non current payables	160	160
CURRENT LIABILITIES	28 238	17 926
Current part of long term financial liabilities	-	8 053
Other financial liabilities	18 505	109
Trade payables	5 557	7 374
Advances received	2 110	657
Taxes and salaries payable	1 016	1165
Other payables	1 050	568
TOTAL EQUITY AND LIABILITIES	48 451	51 866

General Manager



Audris Imbrasas

Finance Manager



Rūta Zinkevičienė

STATEMENT OF COMPREHENSIVE INCOME (LTL THOUSAND)

	2011.06.30- 2011.09.30	2010.06.30- 2010.09.30	2011.01.01 -2011.09.30	2010.01.01 -2010.09.30
SALES INCOME	7 152	7 339	20 059	19 062
COST OF SALES	-6 569	-6 247	-16 558	-15 692
GROSS PROFIT	583	1 092	3 501	3 370
Operating expenses	2 096	1 419	-6 436	-6 003
OPERATING PROFIT (LOSS)	-1 513	-327	-2 935	-2 633
OTHER ACTIVITIES	85	85	253	282
Income	111	85	293	288
Expenses	-26	0	-40	-6
FINANCIAL AND INVESTING ACTIVITIES	-36	-160	-298	-422
Income	13	1	89	6
Expenses	-49	-161	-387	-428
PROFIT (LOSS) BEFORE PROFIT TAX	-1 464	-402	-2 980	-2 773
Profit tax	-	-32	-	-163
NET PROFIT (LOSS)	-1 464	-370	-2 980	-2 610

General Manager

Audris Imbrasas

Finance Manager

Rūta Zinkevičienė

CASH FLOW STATEMENT (LTL THOUSAND)**2011.09.30 2010.09.30**

Cash flows from operating activities		
Net profit	-2 980	-2 610
Adjustments for:		
Income tax benefit	-	-163
Depreciation and amortization	3 410	2 868
(Gain)/ losses on foreign exchange	-	-
(Gain)/ losses on investment activity	-	-
(Gain)/ losses on disposals (sales) of fixed assets	-	-1
Net interest	138	244
Change in deferred taxes	-	-
Increase/(decrease) in inventory valuation allowance	-	-61
Other	-	-
Operating profit before working capital changes	568	277
(Increase)/decrease in trade and other receivables excluding receivables connected with selling fixed assets	-910	205
(Increase)/decrease in inventories	928	1 848
Increase/(decrease) in payables excluding borrowings and loans and payables connected with purchasing fixed assets	-31	1 581
Cash generated from operations	555	3 911
Interest paid	-138	-244
Profit tax paid	-	-10
Interest received		
Net cash from operating activities	417	3 657
Cash flows from investing activities		
Purchases of property, plant and equipment	-	-7
Sales of property, plant and equipment	-28	3
Other items	-	-
Net cash from investing activities	-28	-4
Cash flows from financing activities		
Repayment/receipt of loans	-324	-3.555
Financial lease payments	-80	-94
(Decrease)increase in factoring financing	-	-
(Decrease)increase in other financing	-	-
Net cash from financing activities	-404	-3 649
Net change in cash and cash equivalents	-15	4
Cash and cash equivalents at the beginning of period	107	108
Cash and cash equivalents at the end of period	92	112

General Manager



Audris Imbrasas

Finance Manager



Rūta Zinkevičienė

STATEMENT OF CHANGES IN EQUITY (LTL THOUSAND)

	Share capital	Revaluation reserve	Legal reserve	Retained earnings	Total equity
Balance at 13 December 2008	19.811	3.594	125	-751	22.779
Profit (loss)	-	-	-	-463	-463
Decrease in revaluation reserve due to depreciation or write-off of revalued assets	-	-355	-	355	-
Correction	-	-	-	-	-
Balance at 30 September 2009	19.811	3.239	125	-859	22.316
Profit (loss)	-	-	-	-5.579	-5.579
Decrease in revaluation reserve due to depreciation or write-off of revalued assets	-	-337	-	337	-
Balance at 31 December 2009	19.811	2.902	125	-6 101	16.737
Profit (loss)	-	-	-	-2.610	-2.610
Decrease in revaluation reserve due to depreciation or write-off of revalued assets	-	-310	-	310	-
Balance at 30 September 2010	19.811	2.592	125	-8.401	14.127
Profit (loss)	-	-	-	-2.743	-2.743
Decrease in revaluation reserve due to depreciation or write-off of revalued assets	-	-452	-	220	-232
Increase in revaluation reserve on revaluation	-	9.903	-	-	9.903
Balance at 31 December 2010	19.811	12.043	125	-10.924	21.055
Profit (loss)	-	-	-	-2.443	-2.443
Decrease in revaluation reserve due to depreciation or write-off of revalued assets	-	-537	-	-	537
Balance at 30 September 2010	19.811	11.506	125	-13.367	18.075

General Manager

Audris Imbrasas

Finance Manager

Rūta Zinkevičienė

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	2011 January - September	2010 January - September	Change (percent)
Income (thousand Lt)	20.059	19.062	5,2
EBITDA (thousand Lt)	431	517	-16,6
EBITDA margin (percent)	2,1	2,7	-22,2
Profit (loss) from operations (thousand Lt)	-2.935	-2.633	-11,4
Operational profit margin (percent)	-14,6	-13,8	-5,8
Profit before taxes (thousand Lt)	-2.980	-2.773	-7,5
Net profit (loss) (thousand Lt)	-2.980	-2.610	-14,1
Net profit margin (percent)	-14,9	-13,7	-8,8
Earnings per share (in Litas)	-0,30	-0,26	-15,4
Debt to equity ratio	1,68	2,05	
Liquidity ratio (percent)	0,50	0,92	
Earnings to asset ratio (percent)	37,3	32,7	

Sales income and EBITDA

Company revenue on 2011 nine month were 20.059 thousand LTL. Revenue on nine month of 2010 were 19.062 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 – September, 2011	January – September, 2010	Change
Lithuania	9 984	9 744	2,5
Latvia and Estonia	2 118	1 853	14,3
Ukraine	826	554	49,1
Russia	2 855	2 359	21,03
Belgium	1 028	1 220	-15,74
Poland	172	357	-51,82
Scandinavia	764	954	-19,92
Other countries	2 312	2 021	14,40
Total sales	20 059	19 062	5,23

The gross profit for the reporting period reached 3.501 thousand Litass. For the comparing period of the year 2010 – 3.370 thousand Litass.

Operating expenses during nine month of 2011 decreased by 7,2 per cent compared with the year 2010 the same period. Operating profit margin during the reporting period was negative.

During the first nine month of this year Company has earned 253 thousand Litass of profit from other activities. The profit was earned renting of premises.

During the reporting period, EBITDA was 431 thousand Lt. Year ago EBITDA reached 517 thousand LTL .

Company Loans (LTL thousand)

The lender	Currency	Balance at 2011 09 30	Balance at 2010 09 30
AB Swedbank	Litas	17.400	18.935