

2008-09-15 Nr. 23-1228

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 DVARCIONIU KERAMIKA, AB Marek Ungier and Chief Financial Officer of DVARCIONIU KERAMIKA, AB Alan Levin, hereby confirm that, to the best of our knowledge, the attached DVARCIONIU KERAMIKA, AB Interim Report for the six months of the year ended 2008 contains a fair review of the development and performance of the business.

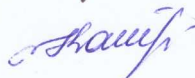
Enclosure: DVARCIONIU KERAMIKA AB Interim Report for the six months of 2008.

President



Marek Ungier

Chief Financial Officer



Vanda Kalpokienė



DVARČIONIŲ KERAMIKA, AB
INTERIM REPORT FOR THE SIX MONTHS OF 2008

*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, 2008

2. Issuer and its contact details

Name of the Issuer:	Dvarcioniu Keramika, Joint-stock company (thereinafter- Company or Issuer).
Registered office:	Keramiku str. 2, Vilnius, Republic of Lithuania
Phone:	(8-5) 2317021;
Fax:	(8-5) 2317061.
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 ceramics, import and sales of sanitary equipment and construction materials.

4. Agreements with intermediaries of public trading in securities

The Company has signed an agreement with Financial Brokerage Company Finasta, with registered main offices Konstitucijos av. 23, 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 2008 amounted to 34,8 million LTL, and compared to the six month of 2007, increased by 8,5 per cent (last year revenues amounted to 32,0 million LTL).

EBITDA for six month of 2008 increased by 10,3 per cent – up to 5.76 million LTL, last year EBITDA amounted to 5.22 million LTL. EBITDA margin was 16.6 per cent (for the six month of 2007 amounted to 16.3 per cent)

Profit before taxes for January – June 2008 amounted to 892 thousand LTL, the same period of 2007 profit before taxes was 445 thousand LTL..

Net profit for the reporting six month period reached 815 thousand LTL, compared to the same period of last year net profit totaled 379 thousand LTL.

Additional information on Company's activity and financial results for the six month of 2008 is provided in AB Dvarcioniu 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, 2008.

The Company also holds 31 per cent of JSC „Baltijos keramika“ (Družiu vil., Širvintų reg., Lithuania) of total share capital.

9. Essential events of reporting period

The main shareholder of the Company Opoczno S.A. increased it's share in the Company from 60,25 per cent to 78,22 per cent on 31st of January, 2008.

The general meeting of shareholders took place on 18th April, 2008. An annual report of the company was presented to the Meeting on activities for the year of 2007, the auditors opinion on financial statements for the year of 2007 was announced, the financial statements of the company for the year of 2007 were presented for the approval, was also announced the Company's profit distribution project for the year ended in 2007. The shareholders Meeting participants approved all the agenda questions presented.

The financial statements of the Company for the year of 2007, an annual report and auditor's opinion were issued and announced on 18th April, 2008.

The interim financial statements for the first quarter of 2008 were issued and announced on 8th May, 2008.

10. Activity plans and forecasts of the Issuer

Company has plans to increase the sales geographically and present new exclusive design tile collections.

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, %
CERSANIT S.A. 25-323 Kielce Al. Solidarnosci 36 Regon 110011180, KRS 0000081341	7.748.177	78,22

13. Employees

Total number of employees was 311 on 30th of June, 2008. 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 Kermika, AB the managing body of the Company is a General meeting of shareholders, Supervisory Council, Board of Directors and a President.

15.1 Information on AB Dvarcioniu Keramika Supervisory Council: 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
Jerzy Marcin Karney (Chairman of Supervisory Council)	18 04 2007 - 22 04 2009	--	Magelan Pro-Equity Fund CEO	
Mirosław Jędrzejczyk (Member of Supervisory Council)	18 04 2007 – 22 04 2009	--	Cersanit S.A. President	
Grzegorz Saniawa (Member of Supervisory Council)	18 04 2007 – 22 04 2009	--	Cersanit S.A. Sales and Marketing director	

15.2 Additional information on the Chairman of the Supervisory Council, the Head of Administration, the chief Financial Officer: education, profession, employment during the last 10 financial years:

- **Jerzy Marcin Karney** - AB Dvarcioniu Keramika Chairman of the Supervisory Council. CEO of Magelan Pro-Equity Fund. Education – University degree.
- **Marek Ungier** – President of AB Dvarcioniu Keramika, the Chairman of the Board of Directors. Service term as the Chairman of the Board of Directors 28-11-2007 - 28-11-2011. Education – University degree.
- **Algirdas Krupavičius** – Sales and Marketing Director of AB Dvarcioniu Keramika. The member of the Board of Directors since 18-04-2007, end of the service term as the member of the Board 18-04-2011. Education – University degree.
- **Mindaugas Bučas** - Production and Technical Director of AB Dvarcioniu Keramika. The member of the Board of Directors since 18-04-2007, end of the service term as the member of the Board 18-04-2011. Education – University degree.
- **Amadeusz Kowalski** – Member of the Board of Directors of AB Dvarcioniu Keramika since 28-11-2007 the service term ends on 28-11-2011. The president of Opoczno Trade company. Education – University degree.
- **Alan Levin** - CFO of AB Dvarcioniu Keramika. Employed in the Company since 7th June, 2007. Education – University degree in finance and accounting.
- **Vanda Kalpokienė** - Chief Bookkeeper of AB Dvarcioniu Keramika. Employed in the Company since 10-10-2005. Education - University degree in economics.

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 152 thousand LTL for the six months of 2008; an average remuneration amount per capita totaled 51 thousand LTL for the same period.

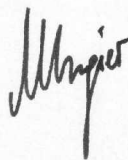
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Enclosure: DVARČIONIŲ KERAMIKA AB Interim Financial Statements for the six months of 2008.

President



Marek Ungier

Chief Financial Officer



Alan Levin



Interim Financial Statements
for the six months of 2008

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 AB Dvarčionių Keramika (hereinafter the Company) exports about 48 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 – June, 2008 were not audited; financial statements for the year ended 31 December 2007 were audited accordingly.

BALANCE SHEET (LTL THOUSAND)

ASSETS	30 06 2008	31 12 2007
NON CURRENT ASSETS	45.246	47.748
INTANGIBLE ASSETS	73	88
TANGIBLE ASSETS	44.762	47.249
Land	-	-
Buildings	23.692	24.663
Other tangible assets	21.070	22.586
Construction in progress	-	-
NON CURRENT FINANCIAL ASSETS	411	411
LONG TERM RECEIVABLES	-	-
DEFERRED TAXES	-	-
CURRENT ASSETS	32.340	26.226
INVENTORIES	23.504	19.016
STOCK	23.032	18.865
PREPAYMENTS	472	151
NOT COMPLETED WORKS	-	-
CURRENT RECEIVABLES	8.516	6.899
INVESTMENTS AND TERM DEPOSITS	-	-
CASH	320	311
TOTAL ASSETS	77.586	73.974

BALANCE SHEET (LTL THOUSAND) (continued)

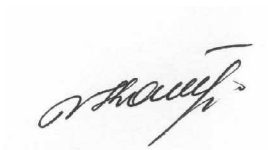
EQUITY AND LIABILITIES	30 06 2008	31 12 2008
CAPITAL AND RESERVES	23.632	22.817
SHARE CAPITAL	19.811	19.811
Authorized	19.811	19.811
Subscribed uncalled share capital	-	-
SHARE PREMIUM	-	-
REVALUATION RESERVE	3.732	3.945
OTHER RESERVES	125	125
RETAINED EARNINGS	-36	-1.064
Previous years	-1.064	54
Current year	1.028	-1.118
GRANTS AND SUBSIDIES	-	-
DEFERRED TAX & ACCRUED LIABILITIES	1.180	1.233
Accrued expenses	-	-
Deferred tax liability	1.180	1.233
LIABILITIES	52.773	49.924
NON CURRENT LIABILITIES	29.931	31.706
Financial liabilities	29.839	31.638
Trade payables	-	-
Advances received	-	-
Other non current payables	92	68
CURRENT LIABILITIES	22.843	18.218
Current part of long term financial liabilities	6.141	3.188
Other financial liabilities	87	110
Trade payables	13.804	12.315
Advances received	231	313
Taxes and salaries payable	1.311	1.315
Other payables	1.269	977
TOTAL EQUITY AND LIABILITIES	77.586	73.974

President,



Marek Ungier

Chief Financial Officer



Vanda Kalpokienė

INCOME STATEMENT (LTL THOUSAND)

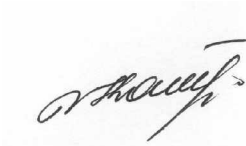
	2008.04.30- 2008.06.30	2007.04.30- 2007.06.30	01.01.2008- 30.06.2008	01.01.2007- 30.06.2007
SALES INCOME	17.933	16.954	34.759	32.028
COST OF SALES	-13.361	-12.217	-25.431	-23.154
GROSS PROFIT	4.572	4.737	9.328	8.874
Operating expenses	-3.922	-3.888	-7.654	-7.457
OPERATING PROFIT (LOSS)	650	857	1.674	1.417
OTHER ACTIVITIES	201	49	399	145
Income	213	58	418	155
Expenses	-12	-9	-19	-10
FINANCIAL AND INVESTING ACTIVITIES	-591	-595	-1.181	-1.117
Income	1	2	1	5
Expenses	-592	-597	-1.182	-1.122
PROFIT (LOSS) BEFORE PROFIT TAX	260	311	892	445
Profit tax	-124	-34	-77	-66
NET PROFIT (LOSS)	136	277	815	379

President,



Marek Ungier

Chief Financial Officer



Vanda Kalpokienė

CASH FLOW STATEMENT (LTL THOUSAND)

	01.01.2008- 30.06.2008	01.01.2007- 30.06.2007
Cash flows from operating activities		
Net profit	815	379
Adjustments for:		
Depreciation and amortization	3.686	3.658
(Gain)/ losses on foreign exchange	16	7
(Gain)/ losses on investment activity	-	-
(Gain)/ losses on disposals (sales) of fixed assets	14	8
Net interest	1.166	1.115
Change in deferred taxes	-53	-242
Increase/(decrease) in inventory valuation allowance	27	-19
Other	8	14
Operating profit before working capital changes	5.679	4.920
(Increase)/decrease in trade and other receivables excluding receivables connected with selling fixed assets	-1.938	-1.414
(Increase)/decrease in inventories	-4.194	-1.992
Increase/(decrease) in payables excluding borrowings and loans and payables connected with purchasing fixed assets	1.695	1.746
Cash generated from operations	1.242	3.260
Interest paid	-1.166	-1.115
Profit tax paid	-25	-8
Interest received	1	5
Net cash from operating activities	-1.190	2.142
Cash flows from investing activities		
Purchases of property, plant and equipment	-1.231	-619
Sales of property, plant and equipment	33	17
Other items	-	-
Net cash from investing activities	-1.198	-602
Cash flows from financing activities		
Repayment/receipt of loans	1.154	-2.052
Financial lease payments	24	-94
(Decrease)increase in factoring financing	-23	16
Net cash from financing activities	1.155	-2.130
Net change in cash and cash equivalents	9	-590
Cash and cash equivalents at the beginning of period	311	1.349
Cash and cash equivalents at the end of period	320	759

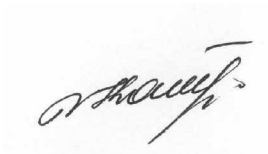
CASH FLOW STATEMENT (LTL THOUSAND) (continued)

President,

A handwritten signature in black ink, appearing to read 'Ungier', on a light-colored background.

Marek Ungier

Chief Financial Officer

A handwritten signature in black ink, appearing to read 'Kalpokienė', on a light-colored background.

Vanda Kalpokienė

STATEMENT OF CHANGES IN EQUITY (LTL THOUSAND)

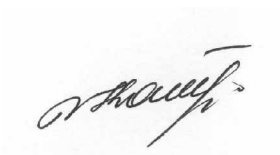
	Share capital	Revaluation reserve	Reserve capital	Retained earnings	Total Equity
At 31 December 2005	49.527	4.864	125	(30.009)	24.507
Restatement				(47)	(47)
At 31 December 2005 Restated	49.527	4.864	125	(30.056)	24.507
Reduction in share capital	(29.716)	-	-	29.716	-
Net loss				(113)	(113)
Depreciation of revaluated assets	-	(507)	-	507	-
At 31 December 2006	19.811	4.357	125	54	24.347
Net loss	-	-	-	379	379
Depreciation of revaluated assets	-	(141)	-	141	-
At 30 June 2007	19.811	4.216	125	574	24.726
Net loss	-	-	-	(1.909)	(1.909)
Depreciation of revaluated assets	-	(271)	-	271	-
At 31 December 2007	19.811	3.945	125	(1.064)	22.817
Net loss	-	-	-	815	815
Depreciation of revaluated assets	-	(213)	-	213	-
At 30 June 2008	19.811	3.732	125	(36)	23.632

President,



Marek Ungier

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).

78.22 percent of the Company's shares belongs to the Polish company Cersanit S.A. registration number 0000081341, the largest tiles manufacturer in Poland.

Major Financial Indicators of the Company

Financial Indicators	2008 I Half	2007 I Half	Change (percent)
Income (thousand Lt)	34.759	32.028	8,5
EBITDA (thousand Lt)	5.759	5.220	10,3
EBITDA margin (percent)	16,6	16,3	0,3
Profit (loss) from operations (thousand Lt)	1.674	1.417	18,1
Operational profit margin (percent)	4,8	4,4	0,4
Profit before taxes (thousand Lt)	892	445	100
Net profit (loss) (thousand Lt)	815	379	115
Net profit margin (percent)	2,3	1,2	1,1
Earnings per share (in Litas)	0,08	0,04	100
Debt to equity ratio	2,23	2,19	
Liquidity ratio (percent)	1,41	1,44	
Earnings to asset ratio (percent)	30	31	

Income

Since 2005 the Company's income continues increasing in a steady growth. Income for the reporting period of 2008, increased by 8,5 per cent, compared to the 2007.

The major reason for the income increase is presentation of new collections, extensive marketing and sale policy and constant improvement of already existing ones.

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

Sales	January – June 2008	January – June 2007	Change
Lithuania	17.563	18.285	-722
Latvia and Estonia	7.725	7.106	619
Ukraine	2.233	1.421	812
Russia	2.219	1.483	736
Belgium	1.227	1.252	-25
Poland	1.142	215	927
Uzbekistan	590	760	-170
Other countries	2.060	1.506	554
Total sales	34.759	32.028	2.731

The gross profit for the reporting period increased and reached 9.328 thousand Litas (in the comparing period of the year 2007 – 8.874 thousand Litas). The growth of the gross profitability (it reached 5,1 percent) was stipulated by the higher sales in Lithuania, Russia and Ukraine.

Dvarčionių Keramika AB continues holding the leading position at the Baltic States tiles market.

EBIDTA increased by 10,3 percent this reporting year and reached 5.579 thousand Litas. Though operational expenses increased, it was accompanied by lower pace of increase in operational expense as percentage from the total income: the gross profit increased by 5,1 percent in reporting period, while operational expenses rose less and reached 2,6 percent.

Operational expenses from the total sales was 22,0 percent in reporting period, while for the same period of the prior year operational expenses totaled 23,3 percent from the total sales. There was no change in depreciation and amortization expenses. An increased sales, gross profit and an effective control of operational expenses has a direct influence on EBITDA growth.

Operational and net margins were positive in the reporting period. Depreciation and amortization expenses, the same as in the prior period, totaled about 3,7 million Litas. The loss from financial and investment activities was worse than in prior period and reached – 1.181 thousand Litas (-1.117 thousand Litas in 2007). The result from financial and investment an activity was influenced by increase in interbanks offered interest rates in Lithuania.

An increase in operational performance

The Company is in constant search for the new opportunities to increase its internal process and controls due to growth in resource prices. The Company strives to utilize its full manufacturing capabilities and minimize an increase in manufacturing cost.

Company Loans (LTL thousand)

The grantor	Currency	Balance at 2008-06-30
AB Bankas Hansabankas	Litas	35.980