



PRESS RELEASE

GRANITIFIANDRE: The Board of Directors approves the 2010 First Quarter Report.

Revenues of Euro 45 million, in line with 2009, strong increase in profitability: Ebitda +35.7%, pre-tax profit more than tripling, net profit of Euro 2.2 million - double the net profit for the entire year 2009.

The subsidiary StonePeak recorded sales growth of 22.2% in the USA; Verdi: “The recovery in the US is a good indicator”

Presence at the Shanghai Expo 2010 as Partner of the General Government Commission. In the first 3 days, 100,000 visitors to the Italian Pavilion - entirely paved with GranitiFiandre materials.

The Board of Directors of GranitiFiandre, a world leader in the production and distribution of top of the range vitrified stoneware porcelain slabs alternative to quarry materials, listed on the STAR segment of the Italian Stock Exchange, under the chairmanship of Graziano Verdi has approved the Quarterly Report as at March 31, 2010. The Board of Directors also verified the independence, honourability and professionalism of the members of the board of statutory auditors and the independent directors.

The overall result is encouraging in the first quarter. While business volumes have maintained in line with the previous year, margins have increased significantly.

Q1 2010 Key Highlights

Consolidated revenues in the first three months amounted to Euro 44.9 million, substantially in line with the same period of 2009 (-0.3% on like-for-like exchange rates, -1.8% on average exchange rates). Brand sales, the core business of the Group and with higher profit margins, amounted to Euro 38.1 million (+0.4 at like-for-like exchange rates).

The performance is extremely positive in view of the very difficult domestic and international economic climate. It is also noted that building activities both in Italy and Europe were affected by the particularly harsh winter conditions compared to the previous winter, in addition to the continued difficult economic environment.

While overall sales remained substantially stable, volumes in the US improved significantly with the subsidiary StonePeak Ceramics generating revenues of USD 18.3 million, growth of 22.2% on Q1 2009, thanks to intensive promotional activities on the principal accounts in the preceding three-year period.

All profit indicators improved significantly, both in real terms and as a percentage of revenues:



- Ebitda in the quarter was Euro 5.5 million (+35.7%), with a revenue margin of 12.3% (Euro 4.1 million and 8.9% in 2009). Contributing to the Ebitda were GranitiFiandre S.p.A. for Euro 2.2 million, StonePeak for USD 2.4 million and the German subsidiary Porcelaingres for Euro 1.8 million;
- Ebit grew 161% to Euro 2 million with a sales margin of 4.5%;
- Pre-tax profit of approx. Euro 3 million, more than tripling Euro 810 thousand in 2009 and representing 6.6% of sales;
- Net profit of Euro 2.2 million (5% of revenues) compared to breakeven (Euro 37 thousand) in the first quarter of 2009 - a significant result as more than double the net profit for the entire 2009.

The net debt continues to be very contained - Euro 46.6 million at March 31, 2010 compared to Euro 53.0 million at March 31, 2009 (Euro 41.7 million at December 31, 2009).

Shanghai Expo 2010

Since May 1, the Universal Expo in Shanghai has been underway and expects to welcome approx. 70 million visitors.

GranitiFiandre was chosen as the Partner of the General Government Commission for the Exposition and supplied the slabs for the creation of the Italian Pavilion, designed by the architect Giampaolo Imbrighi, together with Studio Iodice architects, which occupies an area of 3,600 square metres and 18 metres high.

The Italian Pavilion, which presents products and materials which showcase the innovative capacity, the dynamism and the experience acquired by Italian companies in the area of improving the quality of cities, in the first three days of the Expo welcomed over 100,000 visitors and was awarded as the most attractive Pavilion at the Expo.

Outlook

“Our profitability expectations for the second quarter of the year are positive – stated Graziano Verdi, Chairman and Chief Executive Officer of GranitiFiandre. We will concentrate on continuous innovation and on improving operating margins”.

“Positive signs continue to come from the North American market – continued Verdi – which justifies positive expectations not just for the US subsidiary StonePeak but hopefully also for the entire Group as recovery in the US is usually seen as a prelude to recovery in other markets”.



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The executive responsible for the preparation of the corporate accounting documents, Dario Maggioni, declares in accordance with article 154 bis, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

The Executive Responsible for the preparation
of corporate accounting documents

Dario Maggioni

Attachments: Financial statements

Castellarano (RE), May 14, 2010



GRANITIFIANDRE
Financial Statements

Reclassified Consolidated Income Statement

In Euro thousands

In Euro thousands

Description	Quarter		
	Q1 10	Q1 09	2009
Revenues	44,918	45,727	183,949
Changes in inventory	1,291	(2,175)	(7,133)
Increase in internal work capitalised	-	191	638
Other revenues and income	1,820	2,030	9,399
Value of production	48,028	45,773	186,853
Purchases	(11,715)	(11,591)	(44,314)
Services and operating costs	(19,429)	(19,374)	(78,573)
Personnel costs	(11,343)	(10,724)	(42,491)
EBITDA - Gross operating result	5,541	4,083	21,475
Amortisation & depreciation	(3,369)	(3,142)	(12,769)
Provisions & write-downs	(166)	(173)	(1,223)
EBIT - Operating result	2,006	768	7,483
Net financial incomes (charges)	946	41	(1,794)
Result before taxes	2,952	810	5,689
Income taxes	(676)	(484)	(3,286)
Result from continuing operations	2,277	326	2,404
Result from discontinued operations	-	(561)	(1,506)
Result before minorities	2,277	(235)	898
Net profit/(loss) pertaining to minority interests	(52)	272	57
Group profit	2,225	37	954

Reclassified consolidated balance sheet

In Euro thousands

Description	03/31/10	12/31/09	03/31/09
Fixed assets			
Intangible	8,575	8,361	10,638
Tangible	126,442	123,627	132,958
Financial	5,995	5,993	2,681
Total	141,012	137,981	146,277
Net working capital			
Trade receivables	49,276	46,041	55,278
Other receivables	3,823	2,355	3,888
Tax credits	11,569	11,774	12,328
Inventories	80,401	76,973	84,618
Trade payables	(56,799)	(56,820)	(61,801)
Tax payables	(2,717)	(3,030)	(3,641)
Other payables	(8,851)	(9,324)	(9,425)
Total	76,702	67,968	81,245
Provisions for risks and employee leaving indemnity			
Provisions for employee leaving indemnity	(6,506)	(6,686)	(7,383)
Prov. for risks/other long term liabilities	(2,062)	(2,223)	(1,821)
Total	(8,568)	(8,909)	(9,204)
Capital employed	209,146	197,041	218,319
Net financial position			
Cash and securities	(11,677)	(15,381)	(9,587)
Short-term loans payables	57,082	55,980	59,834
Medium long-term loans payables	1,227	1,128	2,753
Total	46,632	41,727	52,999
Shareholders' equity			
Share capital	18,431	18,431	18,431
Reserves	138,214	132,371	140,155
Group result	2,225	954	37
Minority interest capital and reserves	3,593	3,615	6,969
Minority interest result	52	(57)	(272)
Total	162,514	155,313	165,320
Total source of financing	209,146	197,041	218,319



Consolidated net financial position

In Euro thousands

Description	03/31/10	12/31/09	03/31/09
Cash and banks	11,427	15,181	9,319
Securities and short-term financial receivable	250	200	268
Related parties loans - short term	(13,503)	(13,454)	(13,283)
Short-term bank payables & other lenders	(43,579)	(42,526)	(46,551)
Net financial position - short term	(45,405)	(40,599)	(50,246)
Medium/long term bank payables	(176)	(156)	(211)
Medium/long term - other lenders	(52)	(68)	(1,722)
Related parties loans - long term	(999)	(904)	(819)
Total medium/long term	(1,227)	(1,128)	(2,753)
Net financial position	(46,632)	(41,727)	(52,999)