



PRESS RELEASE

GRANITIFIANDRE: Quarterly Report at September 30, 2009 approved.

Revenues in 9M 2009 contracted slightly (-7.4%) compared to an estimated drop in the general ceramics sector of over 25%; sales in Germany +31%, North America +10%.

Free Cash Flow of Euro 13.9 million, operating cash flow of over Euro 27 million with a consequent strong improvement in the financial position.

Third quarter 2009: revenues of Euro 45.7 million (-9.2%), Ebitda of 5.5 million (-3.9%), Ebit 2.1 million (+5.2%) and a quarterly Free Cash Flow of Euro 6.5 million.

Verdi: "The capacity of the Group to generate significant cash flows has permitted industrial investments – *Extreme* – and research and development – *Active™* Clean Air & Antibacterial Ceramic – creating significant and distinct competitive advantages for the Group in the current difficult market climate".

The Board of Directors of Granitifiandre - 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, today approved the Quarterly Report at September 30, 2009.

Consolidated revenues in the first nine months of 2009 amounted to Euro 141 million, a slight drop (-7.4%) on 9M 2008, in line with management forecasts and well ahead of the ceramic sector in general, which is estimated to have contracted by over 25%.

The brand material revenue data performed even better if compared within the general context and the sector, amounting to Euro 117.3 million and contracting by only 6.1%.

The decrease in sales in Italy (-26%) is offset by strong performances on foreign markets - of particular note Germany up 30.8%, thanks also to the contribution of the subsidiary Porcelaingres, and North America up 10% where StonePeak operates, the group company with a production site at Crossville (Tennessee).

The Free Cash Flow generated of Euro 13.9 million - Euro 6.5 million in the third quarter of the year - is considered particularly significant in the context of the credit crisis, with an improvement in the net financial position to a debt position of Euro 39.6 million from Euro 53.5 million at December 31, 2008.

Extremely positive cash flow was generated from operations – over Euro 27 million, of which Euro 9 million in the third quarter.

Margins in the first nine months of the year decreased, in part due to the significant investments made: Ebitda at Euro 16.9 million (-21.5%), Ebit at 7 million (-38.8%) and a Pre-tax profit of 5.3 million (-48.8%).



As outlined in the half-year report, the deconsolidation of the Hydrodesign Group had an impact of Euro 1.5 million on the consolidated net result, which however remained positive in the first nine months (profit of Euro 0.6 million).

The Ebit in Q3 points to a recovery in profit margins - increasing by 5.2% on the same period of the previous year.

“Our strategy to deal with the current economic scenario – affirms Graziano Verdi, Chairman and Chief Executive Officer of Granitifiandre – is based on two principles: on the one hand to generate significant cash flows, improving industrial margins thanks to the implementation of high-end materials, and on the other investing in the research and development of cutting-edge products, also from an environmental point of view, able to satisfy the requirements and the needs of the modern society.”

“In this context – adds Verdi – recent industrial investments were made for the production of large size 150 x 75 cm *Extreme* slabs and the development and launch of **Active™** Clean Air & Antibacterial Ceramic, the new production method which confers our ceramic tiles with an active environmentally friendly, antibacterial and self cleaning quality, scientifically tested by the Bologna Ceramic Centre and by the Tile Council of North America – T.C.N.A.-”.

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Attachments: Financial Statements

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.

Castellarano (RE), November 13, 2009

GRANITIFIANDRE



Financial Statements

Reclassified Consolidated Income Statement

In Euro thousands

Description	Quarter		Year to date		
	9/30/09	9/30/08	9/30/09	9/30/08	12/31/08
Revenues	45,743	50,369	140,962	152,254	203,803
Changes in inventory	(2,325)	(2,031)	(7,136)	7,050	12,290
Increase in internal work capitalised	111	-	637	29	19
Other revenues and income	2,182	2,469	6,947	6,564	8,316
Value of production	45,711	50,807	141,411	165,897	224,427
Purchases	(11,151)	(13,333)	(34,346)	(44,997)	(60,606)
Services and operating costs	(19,217)	(21,814)	(58,557)	(67,338)	(92,840)
Personnel costs	(9,837)	(9,931)	(31,622)	(32,045)	(42,790)
EBITDA (*) - Gross operating result	5,506	5,728	16,886	21,517	28,191
Amortisation & depreciation	(3,308)	(3,258)	(9,442)	(9,509)	(13,169)
Provisions & write-downs	(79)	(457)	(420)	(530)	(1,579)
EBIT (*) - Operating result	2,119	2,014	7,025	11,478	13,443
Net financial incomes (charges)	(834)	718	(1,771)	(1,212)	(2,132)
Result before taxes	1,285	2,732	5,254	10,265	11,311
Income taxes	(1,140)	(1,142)	(3,259)	(4,626)	(5,395)
Result from continuing operations	145	1,590	1,995	5,639	5,916
Result from discontinued operations	-	89	(1,506)	562	617
Result before minorities	145	1,679	489	6,201	6,533
Net profit/(loss) pertaining to minority interests	(98)	(67)	108	(425)	(385)
Group result	47	1,611	597	5,776	6,147

Balance Sheet
In Euro thousands

Description	9/30/09	12/31/08	9/30/08
Fixed assets			
Intangible	8,253	10,374	10,847
Tangible	124,403	130,243	127,236
Financial	5,789	2,685	2,712
Total	138,445	143,303	140,795
Net working capital			
Trade receivables	47,960	57,584	61,531
Other receivables	2,644	2,886	3,400
Tax credits	10,159	13,005	11,194
Inventories	76,477	85,554	80,186
Trade payables	(59,991)	(63,577)	(64,014)
Tax payables	(3,295)	(4,519)	(5,730)
Other payables	(10,733)	(9,733)	(11,778)
Total	63,221	81,200	74,789
Provisions for risks and employee leaving indemnity			
Provisions for employee leaving indemnity	(6,664)	(7,564)	(8,028)
Prov. for risks/other long term liabilities	(1,665)	(1,745)	(1,620)
Total	(8,329)	(9,309)	(9,649)
Capital employed	193,337	215,194	205,935
Net financial position			
Cash and securities	(20,036)	(8,643)	(14,110)
Short-term loans payables	58,531	59,272	57,336
Medium long-term loans payables	1,070	2,827	3,140
Total	39,565	53,456	46,365
Shareholders' equity			
Share capital	18,431	18,431	18,431
Reserves	131,251	130,342	128,576
Group result	597	6,147	5,776
Minority interest capital and reserves	3,602	6,433	6,361
Minority interest result	(108)	385	425
Total	153,772	161,738	159,570
Total source of financing	193,337	215,194	205,935

Financial Position

In Euro thousands

Description	09/30/09	06/30/09	03/31/09	12/31/08
Cash and banks	19,868	16,251	9,319	8,376
Securities and short-term financial receivable	167	267	268	268
Related parties loans - short term	(13,404)	(13,349)	(13,283)	(13,194)
Short-term bank payables & other lenders	(45,127)	(48,170)	(46,551)	(46,078)
Net financial position - short term	(38,495)	(45,001)	(50,246)	(50,629)
Medium/long term bank payables	(152)	(148)	(211)	(210)
Medium/long term - other lenders	(47)	(50)	(1,722)	(1,813)
Related parties loans - long term	(870)	(840)	(819)	(804)
Total medium/long term	(1,070)	(1,037)	(2,753)	(2,827)
Net financial position	(39,565)	(46,039)	(52,999)	(53,456)