



PRESS RELEASE

GRANITIFIANDRE: BoD approves 2009 Annual Accounts

Consolidated revenues to Euro 184 million, a drop of only 9.7% against a contraction in the overall market of over 25%.

The net financial position continued to improve thanks to a Free Cash Flow of Euro 11.7 million; operating cash flow of over Euro 26 million.

Very good margins: Ebitda at Euro 21.5 million (with a margin of 11.7%), Net profit from continuing operations amounted to Euro 2.4 million (Euro 5.9 million in 2008), Net profit of Euro 1 million (Euro 6 million in 2008).

Dividend proposed of Euro 1.3 million - Euro 0.035 per share.

Verdi: “Positive signals are emerging from the US and Germany with increased revenues in the first 2 months of 20% and 10% respectively, and also in Italy with a return to an increase in the backlog”.

The Board of Directors of GranitiFiandre, a Group world leader in the production and distribution of top of the range vitrified stoneware porcelain slabs alternative to quarry materials, listed on the STAR section of the Italian Stock Exchange, has approved the Consolidated and Parent Company Financial Statements for the year 2009.

Despite the difficult economic climate having severe repercussions on the ceramics market – estimated contraction in 2009 of over 25% - Granitifiandre increased its market share, maintained its profitability and developed an important cash flow.

Revenues contracted by just 9.7% to Euro 184 million with brand materials sales, typically with higher margins, even stronger (-8.6%).

The performances in Germany (+24.1%), the US (+2.5%) and Canada (+9.7%) - countries undergoing severe economic difficulties - particularly stand out.

Granitifiandre continued to pursue the creation of value through constant innovation and the strengthening of the brand. In this context significant investments were made both for the launch of Active Clean Air & Antibacterial Ceramic™ - the innovative methodology which enables production of tiles with an active environmentally friendly, antibacterial and self-cleaning quality – and for the 2010 Shanghai Expo, for which Fiandre was chosen as official partner of the Italian General Government Commission.

The above investments, amounting to approx. Euro 2.5 million, had an impact on the margins recorded: Ebitda amounted to Euro 21.5 million (Euro 28.2 million in 2008) with a margin of 11.7%, Ebit amounted to Euro 7.5 million (Euro 13.4 million in 2008) with a margin of 4.1% and the pre-tax profit amounted to Euro 5.7 million (Euro 11.3 million in 2008);



The net profit from continuing operations amounted to Euro 2.4 million (Euro 5.9 million in 2008). Despite the deconsolidation of the Hydrodesign Group impacting for Euro 1.5 million, the Group recorded a net profit of approx. Euro 1 million.

With a liquidity crisis affecting the general economy the creation of Free Cash Flow of Euro 11.7 million with operating cash flow of over Euro 26 million is particularly significant.

The financial net debt continued to improve reducing to Euro 41.7 million at December 31, 2009 from Euro 53.4 million at December 31, 2008, despite investments of Euro 13.5 million and the payment of a 2008 dividend of Euro 1.8 million.

The Board of Directors has taken notice of the resignation of the executive director for security Mr. Alberto Selmi and has co-opted to the Board Mr. Giuseppe Pifferi with the same responsibilities.

Mr. Selmi also communicated that he would exercise, as of 15/03/2010, the option to sell 161,167 Granitifiandre shares to Mr. Romano Minozzi or companies controlled by him, in accordance with the agreement of 10/10/2006.

Dividends

The net profit for the year of the parent company GranitiFiandre S.p.A. was Euro 4.1 million (Euro 7 million in 2008).

The Board of Directors will propose to the AGM called for April 30 in first call and May 7 in second call a total dividend of Euro 1,290,193.73.

The dividend, amounting to Euro 0.035 per share, will be paid on May 27, 2010, with dividend coupon dated May 24, 2010.

Outlook

“Although the global economy still does not permit exact forecasts – commented Chairman and CEO Graziano Verdi – the important investments which have led to the creation of innovative technology and the launch of new brands may spark a new upward trend”.

“The first results in 2010 – continued Verdi – inspire a degree of optimism thanks to the return of growth for the backlog of the Parent Company and revenues in the first 2 months increasing further for the subsidiaries StonePeak in North America (+20%) and Porcelaingres in Germany (+10.2%)”.

Castellarano, March 12, 2010



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

Castellarano, March 12, 2010

Financial Statements attached.

GRANITIFIANDRE
Financial Statements

Reclassified Consolidated Income Statement

In Euro thousands

Description	12/31/09	12/31/08
Revenues	183,949	203,803
Change in inventory	(7,133)	12,290
Increase in internal work capitalised	638	19
Other revenues and income	9,399	8,316
Value of production	186,853	224,427
Purchases	(44,314)	(60,606)
Services and operating costs	(78,573)	(92,840)
Personnel costs	(42,491)	(42,790)
EBITDA (*) - Gross operating margin	21,475	28,191
Amortisation & depreciation	(12,769)	(13,169)
Provisions and write-downs	(1,223)	(1,579)
EBIT (*) - Operating result	7,483	13,443
Net financial income/(charges)	(1,794)	(2,132)
Result before taxes	5,689	11,311
Income taxes	(3,286)	(5,395)
Net result from continuing activities	2,404	5,916
Net result from discontinued activities	(1,506)	617
Net result	898	6,533
Minority interest share	57	(385)
Group result	954	6,147



Reclassified consolidated balance sheet

In Euro thousands

Description	12/31/09	12/31/08
Fixed assets		
Intangible	8,361	10,374
Tangible	123,627	130,243
Financial	5,993	2,685
Total	137,981	143,303
Current assets		
Trade receivables	46,041	57,584
Other receivables	2,355	2,886
Tax receivables	11,774	13,005
Inventories	76,973	85,554
Trade payables	(56,820)	(63,577)
Tax payables	(3,030)	(4,519)
Other payables	(9,324)	(9,733)
Total	67,968	81,200
Provisions for risks and employee leaving indemnity		
Employee leaving indemnity provision	(6,686)	(7,564)
Provisions for risks and charges	(2,223)	(1,745)
Total	(8,909)	(9,309)
Capital employed	197,041	215,194
Net financial position		
Cash and securities	(15,381)	(8,643)
Short-term loans payable	55,980	59,272
Medium/long term loans payable	1,128	2,827
Total	41,727	53,456
Shareholders' equity		
Share capital	18,431	18,431
Reserves	132,371	130,342
Group result	954	6,147
Minority interest capital and reserves	3,615	6,433
Minority interest result	(57)	385
Total	155,313	161,738
Total sources of financing	197,041	215,194



Consolidated net financial position

In Euro thousands

Description	12/31/09	12/31/08
Cash and cash equivalents	15,181	8,376
Securities and short-term financial receivables	200	268
Related party loans - short term	(13,454)	(13,194)
Short-term bank payables & other lenders	(42,526)	(46,078)
Net debt - short-term	(40,599)	(50,629)
Medium/long term bank payables	(156)	(210)
Medium/long term - other lenders	(68)	(1,813)
Related party loans - long term	(904)	(804)
Net debt - medium/long-term	(1,128)	(2,827)
Net debt	(41,727)	(53,456)