



GranitiFiandre Group 2009 First Quarter Report

GRANITIFIANDRE S.p.A.

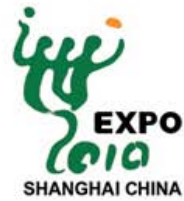
Registered office at Castellarano (RE) - Via Radici Nord 112

Share Capital Euro 18,431,339 fully paid-in

Registered at the Company's Registration Office of Reggio Emilia

Tax No.: 03 056 540 374

Company subject to the management and direction of Iris Due S.p.A.



Commissariato Generale del Governo
per l'Esposizione Universale
di Shanghai 2010

GranitiFiandre partner of the Government Commission for Shanghai 2010 Expo

*The best from the Italian industry at the Shanghai Expo 2010.
GranitiFiandre, worldwide leader in the production of top range porcelain slabs for
prestigious paving and wall coverings, participates to the realization of the Italian
Pavilion with its most innovative materials.*

Rome, 13th March 2009 – The **General Government Commission for the Shanghai 2010 Universal Exposition** announces an important agreement with the company **GranitiFiandre**, worldwide leader in the production of porcelain slabs for prestigious coverings, that will offer an essential contribution to the construction of the Italian Pavilion for the 2010 Universal Exposition.

GranitiFiandre will realize the paving of the building, designed by Arch. Giampaolo Imbrighi, with its most innovative materials, that in the perfect integration with the Pavilion's aesthetics, ideally enhance its architectural value.

"We are very glad that our Pavilion, a symbol with its materials and avant-garde technologies of the innovation abilities and of the Italian productive system, can number, among the most significant contributions to its realization, the excellent know how by GranitiFiandre, a company that represents a Made in Italy diamond point" and had far back affirmed in the whole world extraordinary economical, industrial and managerial abilities, has commented **Beniamino Quintieri**, **General Government Commissioner for the Shanghai Expo..**

Professor Beniamino Quintieri
General Government Commissioner
for the Shanghai Expo

General Government Commission for the Shanghai 2010 Universal Exposition
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Corporate Boards

Board of Directors

Graziano Verdi	Chairman and CEO
Alberto Selmi	Executive Officer
Mauro Tabellini	Executive Officer
Sergio Stefano Mascaretti	Director
Romano Minozzi	Director
Roberto Nasi	Independent Director in accordance with the self-governance code
Alfredo Scotti	Independent Director in accordance with the self-governance code

Board of Statutory Auditors

Edoardo Rossini	Chairman
Francesca Pagliani	Statutory Auditor
Rosa Carla Parisi	Statutory Auditor
Stefania Luppi	Alternate Auditor
Gianluca Riccardi	Alternate Auditor

Independent Auditors

Deloitte & Touche SpA

Executive responsible for the preparation of the corporate accounting documents

Dario Maggioni

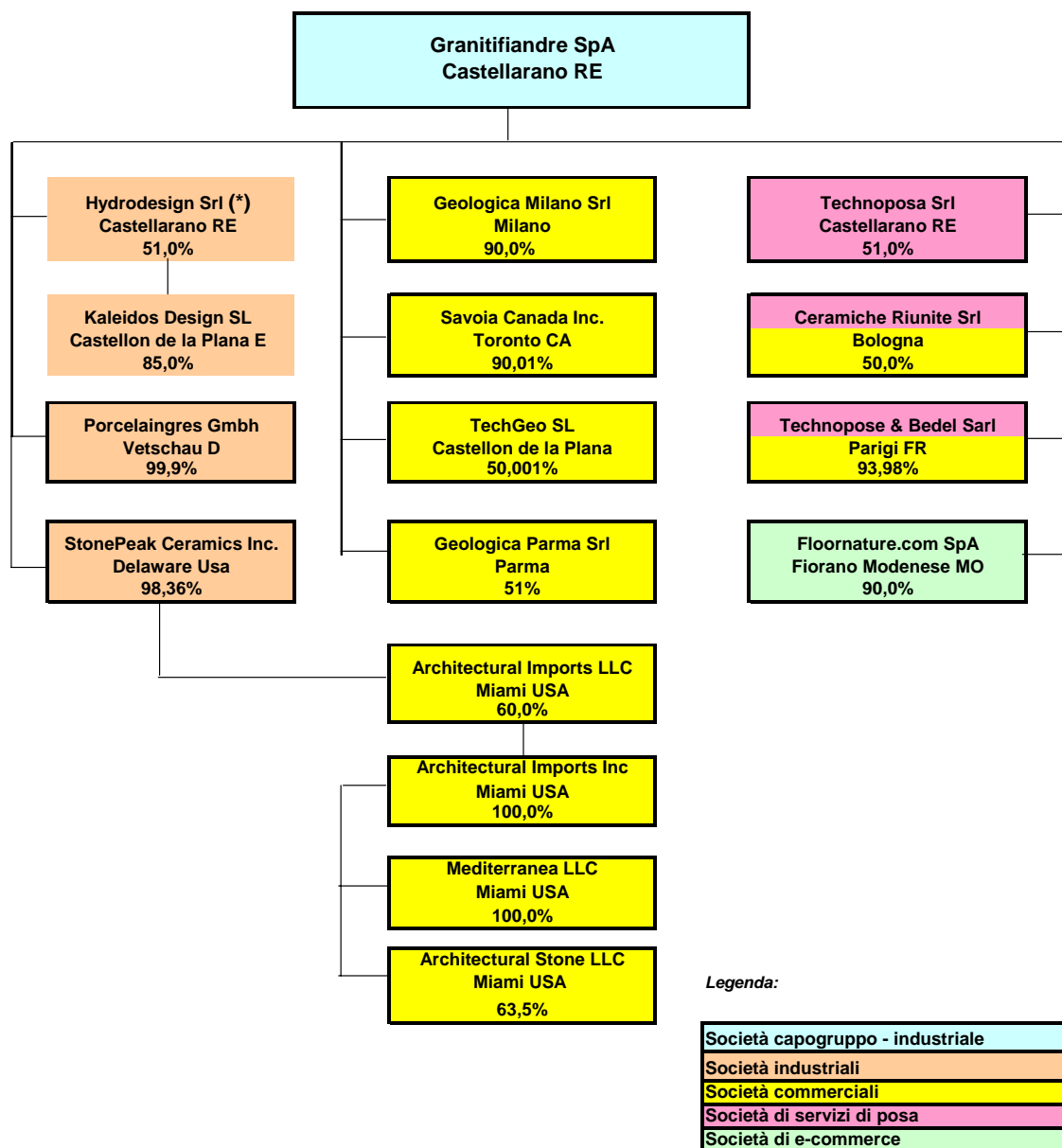
The powers delegated to the Board of Directors are as follows:

Graziano Verdi: responsible for direct management in the commercial and marketing sectors, industrial operations and services, personnel and relations with the factory councils and trade unions and responsible for investor relations.

Alberto Selmi: responsible for cost management, including purchases and excluding personnel and executive directors costs, the function of employer in accordance with Legislative Decree No. 626 of 1994 and the treatment of personal data in compliance with legislation on privacy;

Mauro Tabellini: responsible for management control.

**Structure of the
GranitiFiandre Group at 03/31/2009**



(*) On May 4, 2009 a preliminary contract was signed for the sale of 50% of Hydrodesign Srl.

Report on operations
Group consolidated results

On May 4, 2009, GranitiFiandre spa signed a preliminary contract for the sale of 50% of the company Hydrodesign S.r.l.

Hydrodesign S.r.l., based in Castellarano (RE), in turn controls 85% of the company Kaleidos Design with headquarters in Castellon de la Plana (Spain) and is held for 51% by GranitiFiandre at March 31, 2009.

Both companies are involved in the water-jet cutting of vitrified stoneware porcelain slabs and in 2008 employed on average approx. 200 persons.

In 2008, the Hydrodesign Group recorded revenues of Euro 17.2 million, with an EBITDA of Euro 1.8 million and a Net Profit of approx. Euro 800 thousand.

The preliminary contract provides for the acquisition by Finart, holding company of Gammadue, of 50% of the share capital of Hydrodesign by June 5, 2009 for a payment of Euro 4.1 million. The carrying value of the investment in Hydrodesign S.r.l. in the financial statements of GranitiFiandre amounts to Euro 3.6 million.

Therefore, from the next quarter the Hydrodesign Group will be deconsolidated from the GranitiFiandre Group; we therefore consider it appropriate to illustrate the consolidated results for the 2009 first quarter both excluding Hydrodesign (Pro-Forma) and with the inclusion of the company.

(Pro-forma) as at March 31, 2009 in Euro thousand deconsolidating the Hydrodesign Group

Description	03/31/09	03/31/08	Changes	%	12/31/08
Net sales	45,727	48,296	(2,569)	(5.3)%	203,828
Gross operating result (EBITDA)	4,084	6,889	(2,805)	(40.7)%	28,192
Operating result (EBIT)	768	3,771	(3,003)	(79.6)%	13,444
Net result before taxes and minority interest	810	2,335	(1,525)	(65.3)%	11,311
Net result before minorities	326	924	(598)	(64.7)%	5,907
Net profit	598	815	(217)	(26.6)%	5,520
Net financial position	(51,176)	(40,201)	(10,975)		(50,992)
Percentage on sales					
Gross operating result (EBITDA)	8.9%	14.3%			13.8%
Operating result (EBIT)	1.7%	7.8%			6.6%
Net result before taxes and minority interest	1.8%	4.8%			5.5%
Net result before minorities	0.7%	1.9%			2.9%
Net profit	1.3%	1.7%			2.7%

As at March 31, 2009 in Euro thousand

Descrizione	31/03/09	31/03/08	Variazione	%	31/12/08
Net sales	47,571	52,634	(5,063)	(9.6)%	219,393
Gross operating result (EBITDA)	3,632	7,536	(3,904)	(51.8)%	30,097
Operating result (EBIT)	101	4,249	(4,148)	(97.6)%	14,603
Net result before taxes and minority interest	109	2,773	(2,664)	(96.1)%	12,317
Net result before minorities	(235)	1,155	(1,390)	(120.4)%	6,534
Net profit	37	1,046	(1,009)	(96.5)%	6,147
Net financial position	(52,999)	(42,362)	(10,637)		(53,456)
Consolidated shareholders' equity	165,320	152,990	12,330		161,738
Percentage on sales					
Gross operating result (EBITDA)	7.6%	14.3%			13.7%
Operating result (EBIT)	0.2%	8.1%			6.7%
Net result before taxes and minority interest	0.2%	5.3%			5.6%
Net result before minorities	(0.5)%	2.2%			3.0%
Net profit	0.1%	2.0%			2.8%

As illustrated in the table above, total revenues in the quarter report a slowdown of 9.6% compared to the same period of 2008. With the deconsolidation of the Hydrodesign Group (specialised in water-jet cutting of stoneware), the drop in revenue was 5.3%.

However brand sales, referring only to ceramic products, recorded a small decrease of 3.2% in the quarter. This latter data is considered positive as it is estimated that the market recorded a drop over 20% in the first quarter of 2009.

The results in the first quarter in the year, although recording a profit, have obviously been affected by the difficult global economic and financial downturn; in this context it is important to underline that the net debt at March 31, 2009 (Euro 53 million), in any case contained, improved on December 31, 2008. This, thanks to the positive operating cash flow generated in the first quarter of 2009 of about 3 million Euros, and thanks to the working capital that didn't absorbed liquidity. The Free Cash Flow in the first quarter of 2009 generated approx. Euro 0.5 million, also countering the general economic trend and achieved after intangible and tangible investments totalling Euro 3.2 million.

The Ebitda, excluding Hydrodesign was approx. Euro 4.1 million (8.9% of revenues). Including Hydrodesign the Ebitda in the first quarter was Euro 3.6 million (Euro 7.5 million in the first quarter of 2008), with a sales margin of 7.6%. Contributing to the Ebitda, in addition to the parent company GranitiFiandre SpA for Euro 2.5 million, was the American group StonePeak for USD 700 thousand and the German subsidiary Porcelaingres for approx. Euro 1.1 million.

The Ebit, excluding Hydrodesign was Euro 800 thousand (1.7% of revenues); including Hydrodesign the Ebit was Euro 100 thousand (Euro 4.2 million in the same period of 2008).

The financial result did not have an impact on the pre-tax result, thanks to the containment of debt, to the reduction of interest and to the exchange rate. In particular, the Euro/US Dollar rate in the first quarter of 2009 generated exchange gains of approx. Euro 600 thousand (of which Euro 290 thousand realised), compared to exchange losses of Euro 0.7 million in the first quarter of 2008.

The net profit in the first quarter of 2009 was Euro 37 thousand, while excluding the Hydrodesign Group, the net profit was Euro 600 thousand.

About the aspects related to the respect and protection of the environment, the prestigious international certification body "Bureau Veritas" following verifications in accordance with LEED

specifications granted GranitiFiandre the “Conformity Certificate”. The LEED (Leadership in Energy and Environmental Design) which represents a measurement system of the environment energy quality for the construction of “green” buildings and high quality, was created in the USA under the auspices of the US Green Building Council and has wide international recognition.

Group turnover

The breakdown of the total consolidated sales by geographic area is shown below:

in Euro thousands

Description	03/31/09		03/31/08		Changes	%	12/31/08
Italy	13,856	29.1%	19,703	37.4%	(5,846)	-29.7%	79,022
Europe	18,608	39.1%	19,059	36.2%	(451)	-2.4%	81,353
Rest of world	15,107	31.8%	13,873	26.4%	1,234	8.9%	59,018
Total	47,571	100.0%	52,634	100.0%	(5,063)	-9.6%	219,393

Consolidated brand sales

The following table shows the macro geographic breakdown of brand material sales:

in Euro thousands

Description	03/31/09		03/31/08		Changes	%	12/31/08
Italy	6,779	17.5%	9,680	24.2%	(2,901)	-30.0%	38,593
Europe	17,222	44.6%	16,830	42.2%	392	2.3%	71,052
Rest of world	14,630	37.9%	13,414	33.6%	1,217	9.1%	56,662
Total	38,632	100.0%	39,924	100.0%	(1,293)	-3.2%	166,307

In the first quarter of 2009 the GranitiFiandre Group recorded brand revenues of Euro 38.6 million, a small decrease of 3.2% and therefore substantially in line with the same period of 2008, within a decisively different and recessionary macroeconomic environment, and in which the Group was able to increase its market share.

Brand sales in Italy, amounting to Euro 6.8 million, decreased by 30%, largely due to the recession already underway and with forecasts of a drop in GDP of five percentage points in 2009.

Brand sales in Europe grew by 2.3% compared to the first quarter of 2008, a very positive result given the current economic situation in Europe. In particular, we report the growth on the German market (+64%, with total revenues in the quarter of around Euro 7 million) with a significant contribution from the German subsidiary **Porcelaingres**, which recorded increased revenues of over four percentage points in the quarter.

In the first quarter of 2009 the Group also maintained its positions on the French market (Euro 4.2 million revenues) and recorded growth in Denmark, Poland, Romania, Sweden and Turkey.

The increase in the Rest of the World of 9.1% was significant (an increase of Euro 1.2 million), increasing the contribution to total brand turnover by 4.3%. Revenues in the United States and Canada grew by 15.9% and 6.2% respectively on the first quarter of 2008. The excellent result of the **StonePeak brand** thanks to both the important promotional work on big customers and the merchandising activity developed in 2008 has achieved excellent results, within a North American market which has seen a strong contraction in imports and a sharp slowdown in both the residential and commercial real estate markets, with growth in revenues in the quarter above 5%, continuing the gains in market share.

Breakdown of consolidated revenues by product line

The following table illustrates the breakdown of revenues by product line:

in Euro thousands

Description	3/31/09	3/31/08	Changes	%	12/31/08
Vitrified brand stoneware	38,056	39,389	(1,333)	(3.38%)	162,507
Granitech Division - materials	576	536	40	7.51%	3,799
Branded products	38,632	39,924	(1,293)	(3.24%)	166,307
Granitech Division - structure	1,110	1,463	(353)	(24.15%)	8,027
Branded products and structure	39,742	41,388	(1,646)	(3.98%)	174,333
Polishing services	697	1,229	(532)	(43.31%)	4,520
Semi-finished products	1,943	2,087	(145)	(6.93%)	7,693
Fitting and installation services	2,522	2,789	(266)	(9.56%)	13,412
Cutting and processing	1,801	4,314	(2,513)	(58.24%)	15,437
Royalties	15	-	15	n.s.	50
Others	851	828	23	2.82%	3,949
Other revenues	7,829	11,247	(3,417)	(30.38%)	45,060
Total	47,571	52,634	(5,063)	(9.62%)	219,393

Complementary revenues to "Brand" sales, and in particular those of polishing services, installation and processing, although with a lower margin than the sale of brand materials and not part of the core business of the GranitiFiandre Group, permitted the group to extend the value chain and offer a "turnkey" product to the final client. The sales performance of the consolidated complementary activities is reported below:

Granitech. The sales in the Granitech division, which operates in the ventilated walls and floating floors sector, recorded growth in the first quarter of 2009 for materials and a decrease in relation to services, for a total sales mix of approx. Euro 1.7 million. Expectations for 2009 however are positive and supported by a significant order backlog.

Polishing services. The polishing services in the first quarter of 2009 recorded turnover of Euro 697 thousand, a small decrease compared to the same period in 2008.

Semi-finished products. The sales of "semi-finished products", carried out on behalf of other operators, despite the general downturn in volumes in the ceramics sector, were maintained at very satisfactory levels (Euro 1.9 million for the first quarter of 2009) and thus permitted the optimisation of fixed cost absorption at the Italian factory.

Installation. The companies operating in the installation sector recorded sales of Euro 2.5 million in the first quarter of 2009, a slight decrease compared to the first quarter of 2008.

Cutting & processing. The cutting and processing of vitrified stoneware services were affected by the strong downturn in the Italian and Spanish property markets, which led to the decision of the spin-off of Hydrodesign. Revenues in the first quarter amounted to Euro 1.8 million, a decrease compared to the same period of 2008.

Reclassified Group Income Statement

The reclassified income statement of the GranitiFiandre Group is shown below:

(Pro-forma) as at March 31, 2009 in Euro thousands deconsolidating the Hydrodesign Group

Description	Quarter		
	03/31/09	03/31/08	12/31/08
Revenues	45,727	48,296	203,828
Changes in inventory	(2,175)	4,794	12,290
Increase in internal work capitalised	191	19	19
Other revenues and income	2,023	1,672	8,277
Value of production	45,766	54,781	224,414
Purchases	(11,591)	(15,585)	(60,563)
Services and operating costs	(19,366)	(21,445)	(92,870)
Personnel costs	(10,724)	(10,863)	(42,790)
EBITDA - Gross operating result	4,084	6,889	28,192
Amortisation & depreciation	(3,143)	(3,090)	(13,168)
Provisions & write-downs	(173)	(27)	(1,579)
EBIT - Operating result	768	3,771	13,444
Net financial incomes (charges)	42	(1,436)	(2,133)
Result before taxes	810	2,335	11,311
Income taxes	(484)	(1,412)	(5,405)
Net result before minority interest share	326	924	5,907
Minority interest share	272	(109)	(387)
Group result	598	815	5,520

In Euro thousands

Description	Quarter		
	03/31/09	03/31/08	12/31/08
Revenues	47,571	52,634	219,393
Changes in inventory	(2,211)	4,713	12,018
Increase in internal work capitalised	191	19	22
Other revenues and income	2,043	1,749	8,471
Value of production	47,594	59,115	239,903
Purchases	(12,126)	(16,553)	(64,034)
Services and operating costs	(20,061)	(22,733)	(97,762)
Personnel costs	(11,776)	(12,293)	(48,010)
EBITDA - Gross operating result	3,632	7,536	30,097
Amortisation & depreciation	(3,315)	(3,260)	(13,912)
Provisions & write-downs	(216)	(27)	(1,582)
EBIT - Operating result	101	4,249	14,603
Net financial incomes (charges)	8	(1,476)	(2,286)
Result before taxes	109	2,773	12,317
Income taxes	(344)	(1,618)	(5,784)
Net result before minority interest share	(235)	1,155	6,533
Minority interest share	272	(109)	(385)
Group result	37	1,046	6,147

Reclassified Group Balance Sheet

The reclassified consolidated balance sheet is shown below:

In Euro thousands

Description	3/31/09	12/31/08	3/31/08
Fixed assets			
Intangible	10,638	10,374	10,633
Tangible	132,958	130,243	121,321
Financial	2,681	2,685	1,480
Total	146,277	143,303	133,434
Net working capital			
Trade receivables	55,278	57,584	58,239
Other receivables	3,888	2,886	3,854
Tax credits	12,328	13,005	11,271
Inventories	84,618	85,554	75,279
Trade payables	(61,801)	(63,577)	(61,573)
Tax payables	(3,641)	(4,519)	(3,925)
Other payables	(9,425)	(9,733)	(11,703)
Total	81,245	81,200	71,441
Provisions for risks and employee leaving indemnity			
Provisions for employee leaving indemnity	(7,383)	(7,564)	(8,007)
Prov. for risks/other long term liabilities	(1,821)	(1,745)	(1,516)
Total	(9,204)	(9,309)	(9,524)
Capital employed	218,319	215,194	195,351
Net financial position			
Cash and securities	(9,587)	(8,643)	(13,609)
Short-term loans payables	59,834	59,272	52,756
Medium long-term loans payables	2,753	2,827	3,214
Total	52,999	53,456	42,362
Shareholders' equity			
Share capital	18,431	18,431	18,431
Reserves	140,155	130,342	126,810
Group result	37	6,147	1,046
Minority interest capital and reserves	6,969	6,433	6,594
Minority interest result	(272)	385	109
Total	165,320	161,738	152,990
Total source of financing	218,319	215,194	195,351

Net Financial Position

The net financial position is as follows:

in Euro thousands

Description	3/31/09	12/31/08	3/31/08
Cash and banks	9,319	8,376	12,850
Securities and short-term financial receivable	268	268	759
Related parties loans - short term	(13,283)	(13,194)	(12,692)
Short-term bank payables & other lenders	(46,551)	(46,078)	(40,065)
Net financial position - short term	(50,246)	(50,629)	(39,148)
Medium/long term bank payables	(211)	(210)	(243)
Medium/long term - other lenders	(1,722)	(1,813)	(2,122)
Related parties loans - long term	(819)	(804)	(849)
Total medium/long term	(2,753)	(2,827)	(3,214)
Net financial position	(52,999)	(53,456)	(42,362)

The debt position at March 31, 2009 was Euro 53 million compared to Euro 53.5 million at December 31, 2008.

Cash flow generated from operating activities in the first quarter of 2009 amounted to Euro 3 million, also due to the containment of the working capital which did not absorb liquidity resulting from a decrease in inventory and trade receivables of Euro 3.2 million and the increase in trade and other payables of Euro 3.2 million, as illustrated in the cash flow statement as at March 31, 2009, shown below.

The short-term Free Cash Flow in the first quarter of 2009 generated approx. Euro 0.4 million; this result is also considered positive as achieved after intangible and tangible fixed asset investments totalling Euro 3.2 million, and as stated previously against the backdrop of a liquidity crisis.

Consolidated cash flow statement

The consolidated cash flow statement is shown below:

in Euro thousands

CONSOLIDATED CASH FLOW STATEMENT		
Description	03/31/2009	12/31/2008
<u>A - OPERATING ACTIVITIES</u>		
Result of the year	37	6,147
Result pertaining to minority interest	(272)	385
Amortization and depreciation	3,315	13,912
Net variation in employment leaving indemnity	(182)	(559)
Net variation provisions	76	126
Cash flow generated from operating activity before working capital movements	2,974	20,010
Inventory	936	(13,039)
Trade receivables	2,307	1,852
Tax and other receivables	(325)	(1,073)
Trade payables	(1,777)	6,613
Tax and other payables	(1,185)	(980)
Cash flow generated from working capital movements	(45)	(6,627)
Total (A) - Cash flow generated from operating activity	2,929	13,383
<u>B - INVESTING ACTIVITY</u>		
Acquisition of intangible assets	(172)	(460)
Acquisitions of property, plant and equipment	(2,990)	(14,069)
Exchange effect on assets	(3,310)	(3,615)
Sales of property, plant and equipment	178	947
Other net increases/decreases in non-current financial assets	4	(1,125)
Total (B) - Cash flow from investing activity	(6,289)	(18,322)
<u>C - FINANCING ACTIVITY</u>		
Variations in equity accounts	142	(511)
Exchange effects in equity accounts	3,675	3,935
Dividends	-	(5,529)
Variations in long-term financial debts	(75)	(836)
Total (C) - Cash flow from financing activity	3,742	(2,941)
Net short term financial position at the beginning of the year	(50,629)	(42,749)
Net change in short term financial position (A+B+C)	382	(7,880)
Net short term financial position at the end of the year	(50,246)	(50,629)

Information on the main Group companies

GranitiFiandre S.p.A. The parent company GranitiFiandre S.p.A. recorded sales in the quarter of Euro 24.9 million compared to Euro 31.9 million in the same period of 2008 (-21.9%).

The Ebitda amounted to Euro 2.5 million (Euro 4.8 million in 2008) with a sales margin of 10.2%.

The Ebit totalled Euro 1.3 million (Euro 3.4 million in 2008) with a sales margin of 5.3%.

As already described, the fall in revenues and operating margins is due to a strongly contracting market in the quarter, in particular in Italy. In April 2009, revenues contracted with sales of brand materials recording a decrease of 12% and the order backlog at the beginning of May lower by 9.8%.

Porcelaingres. The subsidiary Porcelaingres recorded sales of Euro 7.5 million in the first quarter of 2009 on volumes of approximately 0.7 million square metres, continuing the growth in the year 2008. Sales increased compared to the first quarter of 2008 by approx. Euro 300 thousand.

Sales growth therefore continued to be positive, confirming the choices and considerable commercial investments made to promote and develop the Porcelaingres brand.

The Ebitda amounted to Euro 1.1 million (Euro 1.4 million in 2008) with a sales margin of 14.2%.

The Ebit totalled Euro 0.4 million (Euro 0.8 million in 2008) with a sales margin of 5.4%.

The expectations of the German subsidiary Porcelaingres remained positive based on the order backlog at the beginning of May, which grew on the same period of 2008 and with growth in revenues in the first 40 days of the second quarter of 9.3%.

StonePeak Group. Sales of the StonePeak Group in the first quarter of 2009 amounted to USD 14.9 million compared to USD 14.3 million in the first quarter of 2008 (+4.8%). This strong performance is to be considered even more so in view of the contracting gross domestic product in the first three months of 2009 of 6.1% in the United States which follows on from 6.3% in the fourth quarter of 2008.

Ebitda in the first three months was USD 0.7 million (Euro 1 million in the first quarter 2008) with a revenue margin of 4.6%, while Ebit in the first three months was a loss of USD 1.1 million (loss of USD 0.8 million in the first quarter 2008).

The outlook for the subsidiary StonePeak is good and the second quarter will record an increase in volumes; these forecasts are confirmed by growth in revenues in the first 40 days of the second quarter of 18.6% and by an order backlog at the beginning of May more than double the same period of 2008.

Sales information

Brand shops

Brand shops currently number over 70 outlets, principally in franchising, and two prestigious openings are planned in Paris and Toronto in June.

Although the Geologica Shop concept remains a fundamental asset and a reference point for displaying the product, GranitiFiandre, in keeping with the tastes and demands of the market, has decided to create a new type of brand shop: the GranitiFiandre Shop. In this manner, GranitiFiandre allows its affiliates greater freedom to choose a layout more suited to their needs and to their target clients, remaining within the confines of the company's style; this draws upon and extends the services which GranitiFiandre has continuously offered to its franchising shops.

25 GranitiFiandre shops have already been opened, of which 10 are abroad and new openings are planned.

Research and Development

The GranitiFiandre Group continuously performs research and development - an activity which is essential for the constant stylistic and technological renewal of the collections, as well as for research into new materials to utilise in the making of the product.

The process of development of new products is based on the re-production of samples of quarry materials, whether they be marble, granite or stone in which the morphology, colour, veining and the visual contact between the base and surface is carefully studied. In addition, the implementation of a new production line will permit the parent company to create prototypes and to produce all GranitiFiandre brand articles at the Italian factory consequently terminating the research, design and prototyped products made in part, in previous years, at the American and German factories.

In addition the prestigious international certification body "Bureau Veritas" following verifications in accordance with LEED specifications granted GranitiFiandre the "Conformity Certificate". The LEED (Leadership in Energy and Environmental Design) which represents a measurement system of the environment energy quality for the construction of "green" buildings and high quality, was created in the USA under the auspices of the US Green Building Council and has wide international recognition. Among the various criteria, it requires the use of materials with high recyclable content and within this scope the GranitiFiandre researchers studied blends which, through specific processes, includes a certain percentage of recycled materials deriving from internal processing and from the transformation of by-product composite production cycles. This research permitted a significant reduction in the consumption of natural resources while maintaining the high technical/aesthetic standard typical of GranitiFiandre materials.

Events

GranitiFiandre and Porcelaingres participated at the second edition of the MADEexpo held at Milan between February 4th and 7th, one of the most important world building and architecture trade fairs, with a stand designed by Marco Morosini, world famous designer. Enormous interest was generated from the "innovation gallery" which showcased Xtra_Slide, a new product of the Xtra GranitiFiandre brand, while Porcelaingres caught the attention of numerous visitors with the presentation of a curved surface from the Fusion collection.

Also in February GranitiFiandre participated at the Surface Design Show of London, the most important trade fair in the United Kingdom focussing on surfaces and on new research technologies related to the design world, which attracted admiration from visitors thanks to the large exposition stand which permitted a functional and complete vision of the full range of GranitiFiandre materials.

With a view to the continued international expansion of the Group, GranitiFiandre simultaneously participated at two important events in the sector: the Mosbuild trade fair in Moscow and Ceramic China in Shanghai. Mosbuild is the largest building and interior design trade fair in Russia which was held at the large trade centre of Expocentr di Krasnaya Presnya in Moscow where GranitiFiandre previewed the patented new products Jewel and Light Shape in Russia.

Ceramic China is a very important event in China for the ceramic sector, and was held at the Shanghai New International Expo Centre where GranitiFiandre had a stand of approx. 200 sq.m. and presented its new collections. The event, an integral part of the "International Building & Interior Design Festival", used the occasion to officially announce the agreement reached with the General Government Commissioner for the Universal Exposition of Shanghai 2010 for the supply of materials for the construction of the entire Italian Pavilion.

In April GranitiFiandre participated at the "Fuori Salone" held at Milan in conjunction with the Salone del Mobile. This year the Fuori Salone circuit welcomed thousands of visitors and despite the current economic difficulties the attendance at the trade fair and within the Fuori Salone circuit exceeded all expectations, welcoming approx. 300 thousand visitors, with a large number of international guests.

In addition, GranitiFiandre participated at the "La Casa Italiana" project between March 19 and May 3 promoted by the Economic Development Ministry and by ICE, a project which was presented at the Franz Mayer Museum in Mexico City and then at the Centro de las Artes at Monterrey and where Italian design finds its greatest expression.

The American subsidiary StonePeak in February participated at Surfaces Expo 2009 which was held in Las Vegas and at the end of April at the "Coverings" trade fair held at Chicago, Illinois, the most important American trade fair for flooring and wall covering in the ceramic and natural stones sector.

Shanghai Expo 2010

From May 1 to October 31, 2010, the 2010 Shanghai Universal Expo will be held. The event will see the participation of over 20 nations and international organisations and expects to welcome approx. 70 million visitors.

GranitiFiandre will be present within the Italian Pavilion, designed by the architect Giampaolo Imbrighi, and will occupy an area of 3,600 sq.m. by 18 m high. The Italian Marquee will present products and materials which will showcase the innovative capacity, the dynamism and the experience acquired by Italian companies in the area of improving the quality of cities and the quality of Italian products.

GranitiFiandre has accepted this challenge and will present its most innovative, technologically advanced and high level aesthetic products, which represents not only its brand, but also the entire ceramic sector.

The choice of the Organising Body to include the company within the partners of the Italian Pavilion is the demonstration of the prestige and quality of the Made in Italy of GranitiFiandre: the diversified state-of-the-art product range once again permits the company to participate at an important global event, based on a philosophy which is a winning formula and confirms the values which GranitiFiandre has always communicated to the architecture and design world.

Projects

Wind's shops were customised with the GeoDiamond collection, as was the prestigious Swiss watch making chain IWC with the Taxos collection. The image was also updated of the car manufacturer Porsche and a new look created for a well-known supermarket chain in Switzerland. Materials were also supplied for prestigious key accounts and agreements signed for important projects. Among these we report the flooring of the Calvin Klein Underwear shops, the headquarters at Husqvarna of the BMW Group, the headquarters of Gucci at Florence and the Unicredit branch at Piazza Cordusio in Milan.

In Europe, GranitiFiandre supplied the tiles for the IBM headquarters at Stuttgart and materials for the Heidelberg hospital, in addition to the flooring for the Dublin Criminal Court. A total of 20,000 sq.m. of materials were also delivered in the quarter for a shopping mall in Romania, for over Euro 600 thousand, and products for the Intermarche shopping centre at Bellegarde, France for approx. Euro 150 thousand.

In the rest of the world, GranitiFiandre received an order of over Euro 700 thousand for a new Convention Centre at Doha, Qatar, which will utilise over 20,000 sq.m. of Bedonia Stone 120x60. In July materials will be supplied for the flooring of the Calgary airport in Canada for approx. CAD 400 thousand.

In addition, the Granitech division, which operates in the ventilated walls and floating floors sector, is constructing the new hospital at Saint Pierre, Aosta and the modernisation of the Concommercio headquarters at Rome, already previously undertaken by the Granitech division.

Significant events after the end of the quarter

On May 4, 2009 a preliminary contract was signed for the sale of 50% of Hydrodesign to Finart. Hydrodesign S.r.l. in turn controls 85% of the company Kaleidos Design with headquarters at Castellon de la Plana (Spain) and both companies operate in the water-jet cutting of vitrified stoneware porcelain slabs, employing approx. 200 persons (1/5th of the workforce of the Group).

The preliminary contract provides for the acquisition by Finart, holding company of Gammadue, of 50% of the share capital of Hydrodesign by June 4, 2009 for a payment of Euro 4.1 million. The carrying value of the investment in Hydrodesign S.r.l. in the financial statements of GranitiFiandre amounts to Euro 3.6 million.

The operation with Finart allows the optimisation and exploration of synergies in the work carried out in vitrified stoneware already created with Hydrodesign, with management considering it more strategic to concentrate on the core business of the Group and in particular on the important investments made at international level in the USA and in Germany.

Outlook

The expectations of management for the second quarter of the year must take into consideration the current difficult global financial and economic environment; however the efforts of the group will be concentrated on the creation of strong cash flow, an aspect which has always characterised the GranitiFiandre Group, in addition to improving the operating margins related to a recovery in revenues on the first quarter of 2009.

In particular the parent company GranitiFiandre S.p.A. (first quarter -21.9% and first 40 days of the second quarter -12%) in the next quarter will complete the important investment (Euro 12 million) relating to the new production line for large formats of 150 cm x 75 cm which will permit, from the second half of 2009, the development of greater industrial margins to the classic high-end collections of GranitiFiandre.

For the German subsidiary Porcelaingres (+3.7% revenues in the quarter), against the market trend in Germany and in Eastern Europe, the second quarter is expected to report a continued improvement in sales volumes based on growth in revenues in the first 40 days of the second quarter of 9.3% and growth in the portfolio backlog at the beginning of May compared to the same period of 2008.

Finally, in spite of the current US economy, there are also good expectations for the US subsidiary StonePeak, similar to the first quarter of 2009 (+5.4% growth in revenues) the second quarter is expected to report growth in sales volumes, which are confirmed by growth in revenues in the first 40 days of the second quarter of 18.6% and an order backlog at the beginning of May double compared to the same period of 2008.

Castellarano, May 15, 2009

For the Board of Directors
The Chairman

Graziano Verdi

**CONSOLIDATED FINANCIAL STATEMENT
PREPARED IN ACCORDANCE WITH I.A.S./I.F.R.S.**

**BALANCE SHEET
(in Euro thousands)**

	03/31/2009		03/31/2008		12/31/2008	
	IAS/IFRS	%	IAS/IFRS	%	IAS/IFRS	%
Non-current assets						
Goodwill and intangible assets with non finite lives	9,848		9,875		9,691	
Intangible assets with definite useful life	789		759		683	
Property, plant and equipment	132,958		121,321		130,243	
Equity investments	2,295		1,005		2,295	
Financial assets	375		352		361	
Tax receivables	443		362		406	
Deferred tax assets	9,714		8,357		9,401	
Trade receivables	1,542		1,263		1,507	
Total non-current assets	157,965	50.6%	143,293	48.5%	154,587	49.7%
Current assets						
Inventories	84,618		75,279		85,554	
Current trade receivables	53,735		56,976		56,077	
Current tax receivables	2,145		2,506		3,080	
Current deferred tax assets	26		46		118	
Current financial assets	280		881		298	
Other current assets	3,888		3,854		2,886	
Cash on hand and in bank	9,319		12,850		8,376	
Total current assets	154,012	49.4%	152,393	51.5%	156,389	50.3%
Total assets	311,977	100.0%	295,685	100.0%	310,975	100.0%
Group Shareholders Equity						
Share capital	18,431		18,431		18,431	
Share premium reserve	106,431		106,431		106,431	
Legal reserve	3,686		3,686		3,686	
Other reserves	30,038		16,693		20,225	
Profit (loss) for the period	37		1,046		6,147	
Total Group shareholders equity	158,623	50.8%	146,287	49.5%	154,920	
Minority interest capital and reserves	6,969		6,594		6,433	
Minority interest result	(272)		109		385	
Tot. group & minority interest shareholders' equity	165,320	53.0%	152,990	51.7%	161,738	52.0%
Non-current liabilities						
Non current liabilities relating to personnel	7,383		8,007		7,564	
Non current deferred tax liabilities	1,230		1,389		1,242	
Long-term bank payables	211		243		210	
Non-current provisions for risks and charges	1,803		1,463		1,734	
Non-current financial liabilities	2,541		2,971		2,618	
Other non-current payables	1		443		1	
Total non-current liabilities	13,170	4.2%	14,516	4.9%	13,368	4.3%
Current liabilities						
Current financial payables	13,858		13,335		13,759	
Short-term bank payables	45,976		39,422		45,512	
Current provisions for risks and charges	18		53		11	
Current trade payables	61,801		61,573		63,577	
Current tax payables	2,411		2,536		3,277	
Other current liabilities	9,425		11,261		9,733	
Total current liabilities	133,488	42.8%	128,179	43.3%	135,870	43.7%
Total liabilities & equity	311,977	100.0%	295,685	100.0%	310,975	100.0%

Income Statement
(in Euro thousands)

INCOME STATEMENT	03/31/2009	%	03/31/2008	%	12/31/2008	%
	IAS/IFRS		IAS/IFRS		IAS/IFRS	
Revenues	47,571		52,634		219,393	
Other revenues and income	2,043		1,749		8,471	
Increase in internal work capitalised	191		19		22	
Change in inventory of finished products	(2,242)		4,317		9,377	
Costs for raw materials, ancillary, consumables and goods	(12,126)		(16,553)		(64,034)	
Services	(17,773)		(20,377)		(88,413)	
Rents, leases and similar	(1,361)		(1,256)		(5,169)	
Personnel costs	(11,776)		(12,293)		(48,010)	
Changes in inventories of raw materials, ancillary, consumables and goods	31		396		2,640	
Other operating charges	(927)		(1,099)		(4,179)	
EBITDA	3,632	7,6%	7,536	14,3%	30,097	13,7%
Amortisation & depreciation	(3,315)		(3,260)		(13,912)	
Provisions & write-downs	(216)		(27)		(1,582)	
EBIT	101	0,2%	4,249	8,1%	14,603	6,7%
Financial income	795		279		2,454	
Financial charges	(788)		(1,755)		(4,740)	
Result before taxes and minority interest	109	0,2%	2,773	5,3%	12,317	5,6%
Income taxes	(344)		(1,618)		(5,784)	
Result before minorities	(235)	(0,5%)	1,155	2,2%	6,534	3,0%
Net profit/(loss) pertaining to minority interests	272		(109)		(385)	
Group net profit/(loss)	37	0,1%	1,046	2,0%	6,147	2,8%

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 interim report corresponds to the underlying accounting documents, records and accounting entries.

Castellarano, May 15, 2009

Notes to the consolidated financial statements as at March 31, 2009

Content and form of the consolidated quarterly report

The quarterly report relating to the period January 1 – March 31, 2009 was prepared in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in particular with IAS 34 relating to interim reporting.

The amounts in the report were prepared in Euro rounded to the nearest thousand and are compared with the consolidated financial statements of the previous quarter and year prepared in accordance with uniform criteria.

The financial statements used are comparable with those of the annual consolidated financial statements and consist of the consolidated balance sheet, the consolidated income statement and the statement of change in shareholders' equity and the consolidated net financial position. The income statement data relates to the quarter under examination; comparative data for the same period in the previous year is provided, as is the data from the previous year. The balance sheet data and the data for the net financial position are provided with reference to the closing date of the quarter and are compared to the end of the previous quarter and the end of the previous year.

Consolidation scope

GranitiFiandre SpA is the holding company of a Group operating in the production and distribution of vitrified stoneware materials for prestigious architectural solutions, with a wide-ranging offer that also includes pre and post sales complementary services.

GranitiFiandre SpA is directly controlled by the company Finanziaria Ceramica Castellarano SpA, with its registered office at Modena, Via Canalino 16 and with a share capital of Euro 1,200,230.72 fully paid-in.

The consolidation scope at March 31, 2009 includes the parent company GranitiFiandre SpA and the companies in which GranitiFiandre SpA holds, directly or through subsidiary companies, control or in any case exercises a dominant influence. A list of the companies in the consolidation is shown below.

Control is considered as the power to determine, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. In the evaluation of control, consideration is taken of the existence and the effect of potential voting rights that are effectively exercisable or convertible. Subsidiaries are consolidated from the date in which control occurs until the moment in which this control terminates.

The companies included in the consolidation at March 31, 2009 are the following:

Company	Head Office	Currency	Share Capital	%held (directly and indirectly)	Notes	Total holding
Granitifiandre S.p.A.	Castellarano (IT)	EUR	18,431,339	Capogruppo		
Porcelaingres GmbH	Vetschau (D)	EUR	48,200,000	99.99%	10)	99.99%
StonePeak Ceramics Inc	Delaware (USA)	USD	122,921,568	98.36%	8) 9)	98.36%
Architectural Stone LLC	Miami (USA)	USD	4,302	63.50%	7)	37.46%
Architectural Imports LLC	Miami (USA)	USD	8,617,550	60.00%	3) 4)	59.02%
Architectural Imports Inc.	Miami (USA)	USD	335,728	100.00%	5)	59.02%
Mediterranea LLC	Miami (USA)	USD	645,507	100.00%	6)	59.02%
Ceramiche Riunite Srl	Bologna (IT)	EUR	98,800	50.00%	1)	50.00%
Techgeo SL	Castellon de la Plana (ES)	EUR	250,000	50.001%		50.001%
Geologica Parma Srl	Parma (IT)	EUR	98,000	51.00%		51.00%
Hydrodesign Srl	Castellarano (IT)	EUR	80,000	51.00%		51.00%
Technoposa Srl	Castellarano (IT)	EUR	99,500	51.00%		51.00%
Savoia Canada INC	Toronto (CA)	CAD	100,000	90.01%	12)	90.01%
Kaleidos SL	Castellon de la Plana (ES)	EUR	100,000	85.00%	2)	43.35%
Floornature.com S.p.A.	Fiorano Modenese (IT)	EUR	2,500,000	90.00%		90.00%
Geologica Milano Srl	Milano (IT)	EUR	126,900	90.00%	11)	90.00%
Technopose & Bedel Sarl	Parigi (FR)	EUR	200,000	93.98%		93.98%

(1) Ceramiche Riunite Srl is subject to dominant influence by the Parent Company;

(2) Kaleidos SL is held 85% by Hydrodesign srl;

(3) The value of the share capital derives from the value of 100% of the investment in Architectural Import Inc. conferred by the shareholders;

(4) Architectural Import LLC is held 60% by StonePeak Ceramics Inc;

(5) Architectural Import Inc is held 100% by Architectural Import LLC;

(6) Mediterranea LLC is held 100% by Architectural Import Inc;

(7) Architectural Stone LLC is held 63.50% by Architectural Import Inc;

(8) Value includes increase in share capital of USD 3 million made in Transceramica Ltd, incorporated in 2006 into StonePeak Ceramics Inc ;

(9) Value includes increases in share capital of USD 3 million, USD 15 million, USD 11.8 million and USD 80 million made respectively in 2002, 2003, 2004 and 2007.

(10) Value includes increases in share capital of Euro 13 million and Euro 5.2 million made respectively in 2003 and 2007;

(11) Value includes increase in share capital of Euro 30 thousand made in 2007;

(12) The company is consolidated 100% on the assumption that the investment was acquired with the "put and call" option contract which includes the commitment to acquire the entire investment by the end of the year 2009.

The consolidation scope of the GranitiFiandre Group at March 31, 2009 changed compared to December 31, 2008 due to the sale in the first quarter of the 66% holding in GranitiFiandre Praha;

the operation provides for the continuation, through a franchising contract, of the activities at the Geologica brand shop and an improvement in the current commercial agreements.

Basis of Consolidation

For the financial statements of the companies consolidated the method utilised was the full integration method that consists of taking all of the items in the assets, liabilities and income statement into account in their entirety, showing the quota relating to minority shareholders in specific accounts in the consolidated net equity and income statement.

The criteria adopted for the consolidation were as follows:

- The assets and liabilities, as well as the income and charges of the financial statements consolidated under the full integration method are included in the financial statements of the Group, without consideration of the holding in the subsidiary. In addition, the book value of the investments were eliminated against the quota of net equity in the holding, attributing to the minority shareholders, in separate accounts, their share of shareholders' equity and the net result for the period where the subsidiary was consolidated under the integral method.
- The positive differences resulting from the elimination of the investments against the book net equity at the date of the first consolidation is allocated to the higher values attributed to the assets and liabilities, and the residual part to goodwill. In accordance with the transitory provisions of IFRS 3, the Group has modified the accounting criteria for goodwill from the transition date.
Therefore, from January 1, 2004, the Group no longer amortises goodwill and has implemented the procedures to apply impairment tests.
- The payables/receivables, costs/revenues between consolidated companies and the gains/losses resulting from inter-company operations are eliminated, as are the effects of mergers and the sale of business units between companies in the consolidation scope.
- The quota of net equity and of the result for the period pertaining to minority shareholders are recorded respectively in a separate account in Shareholders' Equity "Minority Interest capital and reserves" and in the Income Statement in the account "profit/(loss) pertaining to minority interests".

Accounting principles and valuation criteria

The accounting principles and policies adopted to draw up the consolidated quarterly financial statements at March 31, 2009 have not changed compared to those utilised in the preparation of the consolidated financial statements at December 31, 2008, to which reference should be made.

Comments on the principal changes
Fixed assets

Tangible fixed assets at March 31, 2008 amounted to Euro 132,958 thousand compared to Euro 130,243 thousand at December 31, 2008. The increases in fixed assets (tangible and intangible) in the first quarter of 2009 amounted to Euro 3.2 million; the accounting effect of these rises were increased by the foreign exchange effect of Euro 3.3 million on the fixed assets. These exchange rate effects related entirely to the production site of the US subsidiary StonePeak. There was also consolidated depreciation of over Euro 3.3 million.

Working Capital

The working capital did not absorb liquidity in the quarter. The net working capital decreased due to the change in inventories and trade receivables of Euro 3.2 million and increased due to changes in trade payables and other payables of Euro 3.2 million.

Shareholders' Equity

The reconciliation of the result and shareholders' equity of GranitiFiandre SpA with the consolidated result and shareholders' equity of the GranitiFiandre Group at March 31, 2009 is as follows:

Description	03/31/2009		
	Share capital and reserves	Net profit/loss	Shareholders' equity
Granitifiandre Spa P.N. (IAS/IFRS)	170,202	771	170,974
Difference between net equities of the participations consolidated and carrying values in the financial statements of the parent company	(2,463)	(789)	(3,252)
Elimination of the inter-group profits not yet realised net of fiscal	(811)	54	(757)
Exchange rate effect	(8,343)	-	(8,343)
Total net equity and result of the group	158,586	37	158,623
Minority interest share of net equity and result	6,969	(272)	6,697
Total shareholders' equity	165,555	(235)	165,320

The movement in the consolidated shareholders' equity is shown in the table below:

Description	Share Capital	Share Premium Reserve	Legal reserve	Other Reserve of the Parent Company	Translation Reserve	Profit on Consolidation	Net Result	Total
December 31, 2007	18,431	106,430	3,686	31,396	(15,953)	(7,304)	13,846	150,533
Allocation of profit:								
Allocation result - reserve				3,197		(5,529)	2,332	
Allocation profit – dividends							(5,529)	(5,529)
Translation effect					3,935			3,935
Effect of changes in the consolidation scope						4		4
Other movements						(170)		(170)
Consolidation profit carried forward						10,649	(10,649)	
Net profit (loss) for the period							6,147	6,147
December 31, 2008	18,431	106,430	3,686	34,594	(12,018)	(2,350)	6,147	154,920
Allocation of profit:								
Allocation result – reserve				7,061			(7,061)	
Translation effect					3,675			3,675
Option effects						(7)		(7)
Other movements						(3)		(3)
Consolidation profit carried forward						(913)	913	
Net profit (loss) for the period							37	37
March 31, 2009	18,431	106,430	3,686	41,655	(8,343)	(3,274)	37	158,623

The shareholders' equity does not include the distribution of the profits for the year 2008 of the Parent Company GranitiFiandre SpA, deliberated by the shareholders' meeting on April 15, 2009. The appropriation of the net profit for the year of Euro 7,061,095.44 as approved by the shareholders' meeting is as follows:

- Euro 1,843,133.90 as dividend; a dividend of Euro 0.05 per share;
- Euro 5,217,961.54 to the extraordinary reserve.