



PRESS RELEASE

GRANITIFIANDRE: growth in revenues (+4.4% in H1 and +10.2% in Q2), strong increases in all profit margins and continued improvement of the net financial position.

The BoD approves the Half-Year Report at June 30 with consolidated revenues of Euro 99.4 million (+4.4%), EBITDA of Euro 13.8 million (+21.5%), pre-tax profit of Euro 8.1 million (+105%) and net profit of Euro 5.8 million - more than 6 fold the result for FY 2009.

Pre-tax results of the three industrial companies up strongly: GranitiFiandre S.p.A. to Euro 5.2 million (+15%), StonePeak Group to Euro 2.6 million (loss of Euro 1.8 million in 1H 2009) and Porcelaingres GmbH to Euro 1.3 million (+38%).

The net financial position improved by over Euro 3 million from net debt of Euro 41.7 million at December 31, 2009 to Euro 38.6 million at June 30, 2010. The Free cash flow for Q2 2010 alone was over Euro 8.0 million.

Verdi: “The figures are very positive but an intense focus remains on product innovation, strong cash flows and efficiencies”.

Revenues grew in the first six months of 2010, increasing market share both in Italy and abroad with strong increases in all profit margins and further improvement of the financial position, despite the continued uncertainty in the principal international markets.

These are the key figures that emerge from the Half-Year Report 2010 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 and approved today by the Board of Directors of the parent company GranitiFiandre S.p.A..

1H 2010 highlights

Overall sales volumes in the half-year amounted to Euro 99.4 million, an increase of 4.4% on Euro 95.2 million in the first six months of the previous year. Brand material revenues grew by 5.7%. An even greater improvement was recorded in the April-June quarter of 10% on Q2 2009 and 12% in relation to brand sales.

A particularly strong result was recorded in the markets outside Europe with brand sales of Euro 37.4 million, improving 18% on 1H 2009. In this context, the performance of the subsidiary StonePeak in North America was very strong with sales increasing to USD 40.6 million (+28%).

In the first six months of 2010, the GranitiFiandre Group also significantly improved all profit indicators, both in real terms and as a percentage of revenues:

- contributing to the Ebitda of Euro 13.8 million (+21.5%) with a margin of 13.9%, in addition to the parent company GranitiFiandre S.p.A. for Euro 6.1 million, was the American group StonePeak for USD 6.2 million (Euro 4.7 million) and the German subsidiary Porcelaingres for Euro 2.9 million;
- 1H Ebit of Euro 6 million (+21.6%), with a sales margin of 6%;



- the pre-tax profit, benefiting also from an exchange gain of over Euro 2 million, was Euro 8.1 million, more than doubling (+105.2%) on Euro 4 million in 1H 2009 (margin of 8.2%).
- net profit was Euro 5.8 million with a margin of 5.9% compared to Euro 0.5 million in the first half of 2009.

The net profit in 1H 2010 of Euro 5.8 million is more than 6 times greater than the FY 2009 profit of Euro 954 thousand.

The net financial position improved by over Euro 3 million from net debt of Euro 41.7 million at December 31, 2009 to Euro 38.6 million at June 30, 2010. The Free cash flow for Q2 2010 alone was over Euro 8.0 million and of greater significance considering the inclusion of the 2009 dividend payment of Euro 1.3 million and quarterly investments of Euro 1.9 million.

Development and new projects

The results were achieved through the ongoing work throughout the GranitiFiandre Group based on the one hand on a guiding group principle of continuous innovation and development of new cutting edge products and on the other the constant monitoring of costs and production efficiencies.

The launch in recent months of various new products featuring developed technologies and internationally renowned aesthetics are testament to the significant investment in research and development:

- **“Active Clean Air & Antibacterial Ceramic™”**: the new Fiandre production method which combines high quality ceramic tiles with an active environmentally-friendly, antibacterial and “self cleaning” material capable of cleaning a large part of the harmful emissions, as confirmed by the Tile Council of North America (TCNA) and by the Ceramic Centre of Bologna. The new methodology in August received further support from both the TCNA and the Ceramic Centre which stated that 1,000 sq.m. of the “Extra White Active” slabs reduces NOx levels by the same amount as 20 large trees.
- **“Extreme”**: unique materials in the revolutionary 150x75 format both for flooring and walling, meeting the needs of the design world which demands materials which mimic quarry slabs, not just for aesthetic reasons, but also and particularly for the dimensions which minimise leaks, creating unbroken slab surfaces.
- **“Serie 100”**: a collection which enables the production of large format slabs in an ecologically conscious manner, guaranteeing through special recycling techniques the best technical characteristics with 100% sustainability in terms of impact on the environment in the consumption of raw materials.

As further confirmation of the high aesthetic and technological level reached by the GranitiFiandre products, the company was chosen as the Partner of the General Government Commission for the 2010 World Expo currently taking place in Shanghai and supplied the slabs utilised in the building of the Italian Pavilion.

Among the major orders acquired in the half-year were supplies for the second phase of the flooring of the Lisbon airport for over Euro 1 million, an order which will be partially fulfilled in August and completed by the end of the year and the order concerning the flooring of the extension to Budapest airport. In North America Active brand materials have been supplied to the largest global fast food



chain and in Canada, also with the new Active methodology, to the prestigious “Princess Margaret Hospital” Clinic in Toronto.

The Chairman and Chief Executive Officer Graziano Verdi and the majority shareholder Romano Minozzi today signed an agreement which establishes the commitment of Graziano Verdi to purchase by February 28, 2011 GranitiFiandre shares for a total value of Euro 3.6 million; at current market prices Euro 3.6 million equates to approx. 1,180,000 shares - over 3% of the share capital.

The agreement establishes that Graziano Verdi must hold the shares purchased until at least 31/08/2014.

64.5% of the total value of the operation must be acquired from the market; by the end of the current month the remaining amount will be purchased by Graziano Verdi outside the market, from a company controlled by Romano Minozzi, at today's price.

The agreement details will be published in the coming days in accordance with law.

Outlook

“The first half-year results are very satisfying and ahead of expectations – stated Graziano Verdi, Chairman and Chief Executive Officer of GranitiFiandre – and particularly considering the extremely uncertain global economic environment”.

“The increase in volumes, margins and international market share – added Verdi – is due to the investments in research, development and promotion which we have continuously and consistently carried out over recent years, even in the most difficult times for the sector”.

“The global economic environment requires a prudent outlook – concluded Verdi – but we will continue to focus strongly on continued technological innovation, research into production efficiencies and the creation of increasingly improved cash flows, confident that the trend can be continued also in the second half of the year”.

Contact: GranitiFiandre spa
Tel. 0536/819750

Barabino & Partners
Tel.: 02/72.02.35.35

Attachments: Financial Statements

The undersigned Dario Maggioni, executive responsible for the preparation of the corporate accounting documents of the company GranitiFiandre SpA, in relation to the press release on the half-year report as at June 30, 2010, issued on 27/08/2010,

declares and certifies:

in accordance with article 154 bis, paragraph 2 of the Finance Act, that the financial statements contained in the press release on the half-year report, corresponds to the underlying accounting documents, records and accounting entries.

The Executive in charge of the preparation
of corporate accounting documents

Dario Maggioni

Castellarano (RE), August 27, 2010



GRANITIFIANDRE

Financial Statements

Reclassified Consolidated Income Statement

Description	Year-to-date		
	1H 2010	1H 2009	FY 2009
Revenues	99,441	95,219	183,949
Change in inventories	(805)	(4,810)	(7,133)
Increase in internal work capitalised	-	526	638
Other revenues and income	4,978	4,765	9,399
Value of production	103,614	95,699	186,853
Purchases	(24,452)	(23,195)	(44,314)
Service and operating costs	(42,296)	(39,340)	(78,575)
Personnel costs	(23,034)	(21,784)	(42,491)
EBITDA - Gross operating margin	13,832	11,380	21,474
Amortisation and Depreciation	(7,248)	(6,134)	(12,769)
Provisions and write-downs	(619)	(341)	(1,223)
EBIT - Operating result	5,964	4,905	7,482
Net financial income/(charges)	2,179	(937)	(1,794)
Profit before taxes	8,143	3,968	5,688
Income taxes	(2,093)	(2,119)	(3,286)
Net profit from continuing operations	6,050	1,849	2,403
Net profit/(loss)t from discontinued operations	-	(1,506)	(1,506)
Net profit	6,050	343	897
Net profit/(loss) pertaining to minority interest	(216)	206	57
Group profit	5,834	549	954



Reclassified consolidated balance sheet

Description	30/06/10	31/12/09	30/06/09
Fixed assets			
Intangible assets	8,871	8,361	8,261
Tangible assets	131,113	123,627	127,734
Financial assets	5,324	5,993	5,924
Total	145,309	137,981	141,918
Net working capital			
Trade receivables	52,382	46,041	49,068
Other receivables	2,947	2,355	2,663
Tax receivables	10,161	11,774	11,208
Inventories	81,048	76,973	79,543
Trade payables	(60,846)	(56,820)	(59,586)
Tax payables	(3,033)	(3,030)	(3,332)
Other payables	(9,054)	(9,324)	(10,638)
Total	73,603	67,968	68,926
Provisions for risks and employee leaving indemnity			
Employee leaving indemnity provision	(6,440)	(6,686)	(6,893)
Provisions for risks/other long-term liabilities	(2,158)	(2,223)	(1,722)
Total	(8,597)	(8,909)	(8,614)
Capital employed	210,315	197,041	202,230
Net financial position			
Cash and securities	(22,121)	(15,381)	(16,518)
Short-term financial payables	59,425	55,980	61,519
Medium/long term debt	1,287	1,128	1,037
Total	38,591	41,727	46,039
Shareholders' Equity			
Share capital	18,431	18,431	18,431
Reserves	144,415	132,371	133,676
Group result	5,834	954	549
Minority capital and reserves	2,828	3,615	3,741
Minority interest result	216	(57)	(206)
Total	171,724	155,313	156,191
Total sources of financing	210,315	197,041	202,230



Consolidated net financial position

Description	30/06/10	31/03/10	31/12/09	30/06/09
Cash and cash equivalents	21,871	11,427	15,181	16,251
Securities and short-term financial receivables	250	250	200	267
Related party loans - short term	(13,554)	(13,503)	(13,454)	(13,349)
Short-term bank payables & other lenders	(45,871)	(43,579)	(42,526)	(48,170)
Net short-term financial position	(37,304)	(45,405)	(40,599)	(45,001)
Medium/long term bank payables	(181)	(176)	(156)	(148)
Medium/long term - other lenders	(46)	(52)	(68)	(50)
Related party loans - long term	(1,061)	(999)	(904)	(840)
Medium/long term net financial position	(1,287)	(1,227)	(1,128)	(1,037)
Net financial position	(38,591)	(46,632)	(41,727)	(46,039)