**PRESS RELEASE**

**GRANITIFIANDRE: The Board of Directors approves the Half-Year Report at June 30, 2009**

- **consolidated revenues at Euro 95.2 million (-6.5% on 2008) strongly countering both the tile sector (-25%) and the industry in general;**
- **Free Cash Flow of Euro 7.4 million generated in 1H, of which Euro 7 million in the second quarter alone - the second best quarter since listing in 2001, and a significant improvement in the net financial position (Euro -46 million);**
- **a further Euro 3.7 million of free cash flow generated in July;**
- **all profit indicators in good and positive territory but affected by the continuation of the unfavourable global economic environment; Ebitda at Euro 11.4 million (Euro 15.8 million in 2008), Ebit at Euro 4.9 million (Euro 9.4 million in 2008), pre-tax profit at Euro 4 million (Euro 7.5 million in 2008);**
- **strong growth in the second quarter over the first 3 months of the year with consolidated revenues at Euro 49.5 million (+8.2%), Ebitda at Euro 7.3 million and Ebit at Euro 4.1 million with a revenue margin respectively of 14.7% and 8.4%.**

**Order acquired from the world's most important large-scale retail chain: 400 thousand square metres of flooring and walls both for the new stores and for refurbishment in North America for a value of over USD 12 million.**

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 Half-Year Report at June 30, 2009.

The half-year data, although affected by the general economic slowdown, saw a limited reduction in volumes, positive profit margins, a strong improvement in the financial position and a significant increase in revenues and margins in the second quarter from the first quarter of the year.

Consolidated Revenues in the first half of 2009 amounted to Euro 95.2 million, -6.5% on Euro 101.9 million in 1H 2008; these figures are substantially in line with management forecasts and well ahead of the ceramic sector in general, which is estimated to decrease by over 25% in the first half year.

The results achieved outside of Europe were particularly strong with brand revenues growing by 13.7% to over Euro 31.7 million. In the US alone, despite the strong contraction in the market, the promotional activities in recent years of the StonePeak brand focussed on larger clients contributed significantly to consolidated revenue growth of 20.5%.
Profit margins, although reduced, remain positive: Ebitda at Euro 11.4 million, -27.9% on Euro 15.8 million in 1H 2008; Ebit at Euro 4.9 million (-48.2%); Profit before taxes and minority share of Euro 4 million compared to Euro 7.5 million in 1H 2008.

The net profit from continuing operations amounted to Euro 1.9 million (Euro 4.1 million in 1H 2008). Despite the deconsolidation of the Hydrodesign Group impacting for Euro 1.5 million, the Group recorded a net profit of Euro 549 thousand.

While the global economic crisis continued, the Group in the second quarter of 2009, also assisted by seasonal factors, significantly increased revenues and margins on 1Q 2009:

| | Q2 '09 | Q1 '09 | Change |
|---|---|---|---|
| **Net revenues** | **49,492** | **45,727** | **3,765** |
| **EBITDA** | **7,297** | **4,084** | **3,213** |
| **EBIT** | **4,138** | **768** | **3,370** |
| **Net Debt** | **(46,039)** | **(52,999)** | **6,960** |

The unfavourable macroeconomic scenario and the tightening of credit across the board rendered the improvement in the net financial position of even greater significance - from Euro -53.4 million at December 31, 2008 to Euro -46 million at June 30, 2009.

In the first half-year, a Free Cash Flow of Euro 7.4 million was generated, of which Euro 7 million in the period April-June 2009 - the second best quarter since listing in 2001. This data is enhanced further by the fact that it is net of the payment of the 2008 dividend of Euro 1.8 million.

Cash flow generated from ordinary operations was extremely positive: over Euro 18 million in the half year, of which Euro 15 million in the second quarter alone.

## Commercial Agreement in the USA

The American subsidiary StonePeak Ceramics acquired a significant order for the year 2010 from the world's most important large-scale retail chain.

StonePeak will supply the flooring and walls for new stores and for the refurbishing in North America of approx. 400 square metres surface area for a total value of over USD 12 million.

## Outlook

"The focus of the group, as in the first half of the year, will be in the creation of significant cash flows – affirmed Graziano Verdi, Chairman and Chief Executive Officer of GranitiFiandre – and the maintenance of positive operating margins through constant cost control".

"The current scenario requires prudent forecasting – added Verdi – but we expect in the coming months the first effects of the new investments and the consolidation of the strong performance on foreign markets".

The parent company GranitiFiandre S.p.A. in the coming half-year will see an important investment completed (of Euro 12 million) relating to the new production line for innovative large formats of 150 cm x 75 cm which will permit the development of greater industrial margins to the classic high-end collections of GranitiFiandre.

For the German subsidiary Porcelaingres (+5.3% revenues in the half-year), the positive trend is expected to continue, against the general trend in the German and Eastern European markets and supported by strong figures in July (+19.8%).

There are also positive expectations for the American subsidiary StonePeak Ceramics, confirmed by revenues in July increasing by 3.7% and an order portfolio at the beginning of August double that of 1H 2008.


| Contact: | Graziano Verdi<br>GranitiFiandre spa<br>Tel. 0536/819750 | Ferdinando de Bellis<br>Barabino & Partners<br>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, 2009, issued on 28/08/2009,

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 28, 2009

GRANITIFIANDRE

Financial Statements

## Reclassified Consolidated Income Statement

| Description | year to date | | |
|---|---|---|---|
| | 6/30/09 | 6/30/08 | 12/31/08 |
| Revenues | 95,219 | 101,885 | 203,803 |
| Changes in inventory | (4,810) | 9,081 | 12,290 |
| Increase in internal work capitalised | 526 | 29 | 19 |
| Other revenues and income | 4,765 | 4,095 | 8,316 |
| **Value of production** | **95,699** | **115,090** | **224,427** |
| Purchases | (23,195) | (31,664) | (60,606) |
| Services and operating costs | (39,339) | (45,523) | (92,840) |
| Personnel costs | (21,784) | (22,114) | (42,790) |
| **EBITDA (*) - Gross operating result** | **11,381** | **15,789** | **28,191** |
| Amortisation & depreciation | (6,134) | (6,251) | (13,169) |
| Provisions & write-downs | (341) | (73) | (1,579) |
| Result of discontinued operations | - | - | - |
| **EBIT (*) - Operating result** | **4,906** | **9,464** | **13,443** |
| Net financial incomes (charges) | (937) | (1,931) | (2,132) |
| **Result before taxes** | **3,969** | **7,534** | **11,311** |
| Income taxes | (2,119) | (3,484) | (5,395) |
| **Result from continuing operations** | **1,850** | **4,050** | **5,916** |
| **Result from discontinued operations** | **(1,506)** | **473** | **617** |
| **Result before minorities** | **344** | **4,523** | **6,533** |
| Net profit/(loss) pertaining to minority interests | 206 | (358) | (385) |
| **Group result** | **549** | **4,165** | **6,147** |

## Reclassified consolidated balance sheet

| Description | 6/30/09 | 12/31/08 | 6/30/08 |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible | 8,261 | 10,374 | 10,542 |
| Tangible | 127,734 | 130,243 | 121,028 |
| Financial | 5,924 | 2,685 | 2,752 |
| **Total** | **141,918** | **143,303** | **134,322** |
| **Net working capital** | | | |
| Trade receivables | 49,068 | 57,584 | 64,030 |
| Other receivables | 2,663 | 2,886 | 3,708 |
| Tax credits | 11,208 | 13,005 | 10,925 |
| Inventories | 79,543 | 85,554 | 79,662 |
| Trade payables | (59,586) | (63,577) | (66,642) |
| Tax payables | (3,332) | (4,519) | (4,660) |
| Other payables | (10,638) | (9,733) | (12,490) |
| **Total** | **68,926** | **81,200** | **74,532** |
| **Provisions for risks and employee leaving indemnity** | | | |
| Provisions for employee leaving indemnity | (6,893) | (7,564) | (7,955) |
| Prov. for risks/other long term liabilities | (1,722) | (1,745) | (1,363) |
| **Total** | **(8,614)** | **(9,309)** | **(9,318)** |
| **Capital employed** | **202,230** | **215,194** | **199,536** |
| **Net financial position** | | | |
| Cash and securities | (16,518) | (8,643) | (10,050) |
| Short-term loans payables | 61,519 | 59,272 | 55,793 |
| Medium long-term loans payables | 1,037 | 2,827 | 3,080 |
| **Total** | **46,039** | **53,456** | **48,823** |
| **Shareholders' equity** | | | |
| Share capital | 18,431 | 18,431 | 18,431 |
| Reserves | 133,676 | 130,342 | 121,511 |
| Group result | 549 | 6,147 | 4,165 |
| Minority interest capital and reserves | 3,741 | 6,433 | 6,249 |
| Minority interest result | (206) | 385 | 358 |
| **Total** | **156,191** | **161,738** | **150,713** |
| **Total source of financing** | **202,230** | **215,194** | **199,536** |

## Financial Position

| Description | 6/30/09 | 3/31/09 | 12/31/08 | 6/30/08 |
|---|---|---|---|---|
| Cash and banks | 16,251 | 9,319 | 8,376 | 9,941 |
| Securities and short-term financial receivable | 267 | 268 | 268 | 109 |
| Related parties loans - short term | (13,349) | (13,283) | (13,194) | (12,856) |
| Short-term bank payables & other lenders | (48,170) | (46,551) | (46,078) | (42,937) |
| **Net financial position - short term** | **(45,001)** | **(50,246)** | **(50,629)** | **(45,743)** |
| Medium/long term bank payables | (148) | (211) | (210) | (245) |
| Medium/long term - other lenders | (50) | (1,722) | (1,813) | (1,971) |
| Related parties loans - long term | (840) | (819) | (804) | (864) |
| **Total medium/long term** | **(1,037)** | **(2,753)** | **(2,827)** | **(3,080)** |
| **Net financial position** | **(46,039)** | **(52,999)** | **(53,456)** | **(48,823)** |