



PRESS RELEASE

Panariagroup Industrie Ceramiche SpA: the Board of Directors approved the 2007 Draft Annual Report.

- Consolidated Revenues from sales and services in 2007 amounted to 354.4 million Euros (with an increase of 2.9 million Euros if compared to 2006).
- Gross Operating Profit amounted to 49.6 million Euros (49.9 million Euro as of December 31st 2006).
- Consolidated Net profit amounted to 14.1 million Euros, a decrease if compared with 2006 that was positively influenced by an extraordinary tax benefit of about 2 million Euros

Dividend proposal of Euro 0.15 per share payable from May 22, 2008.

The Board of Directors of Panariagroup Industrie Ceramiche SpA, Group specialized in the production and distribution of porcelain stoneware for floors and walls focused on the top level luxury segment, in a meeting today approved the 2007 Draft Annual Report, prepared in accordance with the International Financial Reporting Standards (IFRS).

The Board of Directors of Panariagroup deliberated to propose to the Shareholders' Meeting, due to be convened on April 24, 2008, the distribution of a dividend equal to 0.15 cents per ordinary share. The payment date of the dividend will be May 22, 2008 with a coupon detachment date of May 19, 2008

In 2007, the Group reported good results in line with the previous year both in terms of revenues and in terms of margins despite of a difficult market scenario.

Group's net revenues in 2007 rose to 354.4 million Euros (against 351.6 million Euros in 2006) This increase is mainly due to the excellent performance on the European markets that in 2007 recorded an increase of 6.4%.

The Group maintained the good level of Operating result reached in 2006 with a Gross operating profit amounted to 49.6 million Euros (49.9 million Euros in 2006) and a Net operating profit amounted to 30.6 million Euros (31.7 million Euros in 2006).

SUMMARY ECONOMIC RESULTS

(in €/000)

	2007	2006	var. €
Revenues from sales and services	354.439	351.559	2.880
Value of Production	372.551	373.943	(1.392)
Gross operating profit	49.549	49.882	(0.333)
Net operating profit	30.585	31.653	(1.068)
Net profit	14.052	18.101 *	(4.049)

* The 2006 net result was positively influenced by an extraordinary tax benefit of about 2 million Euros resulting from the "realignment of values " of the amortizations

"The 2007 – Mr Giuliano Mussini, President of Panariagroup, said – reported positive financial results in line with 2006, confirming the validity of the diversification strategy implemented by our group on the major world markets. The equal division of sales on the main markets has allowed the



Group to reduce the Country Risk and to increase the coverage of high potential markets for high-end and luxury segment.”

"Despite the heavy weakening of the dollar and the persistent crisis in the Us housing market, the Group in 2008 – continued Mr Mussini – confirm the confidence to improve the financial results thanks to the consolidation of our leadership on European markets and to the continuing market development on Emerging countries."

REVENUES

The Net sales reported a growth rate of 0.8% going from 351.6 million Euros as of December 31st 2006 up to 354.4 million Euros as of December 31st 2007 (+ 2.9 million Euros).

The three main reference areas are the Italian market, the European market and the US market:

- **ITALY** – the Italian market, with a total turnover of 106.5 million Euros (representing 29% on the consolidated turnover), essentially confirms the 2006 result, maintaining the important market share of Panariagroup.
- **EUROPE** – the European markets confirmed excellent results on sales with an increase of 6.4% (+ 9.3 million Euros). It has to be noted that, in addition to the results on the traditional markets in Western Europe (Portugal, Netherlands, France, Greece and Uk), a significant increase has been achieved in the main countries of Eastern Europe. The incidence of the European markets on the consolidated turnover is around 43%.
- **USA** – The incidence of the US market on the consolidated turnover is around 23%. In the fourth quarter 2007 the structural crisis of the US Real Estate industry has worsened: according to U.S. Census Bureau research, the real estate sales recorded a significant decrease higher than 20%. In this scenario, the European companies of the Group performed a slight growth of sales in dollars of about 3%, while the U.S. company Florida Tile lost about 16% compared to 2006.

We highlight the growing presence of the Group on the emerging markets (particularly in Eastern European countries and in the Middle and Far East) which represent an increasingly important development opportunities. These countries, traditionally oriented on low-end products, have increased their demand for the “made in Italy” and high-end products. The total turnover in these areas has been Euros 18.5 million, with an increase of about 4.4 million Euros (+31% compared to 2006).

OPERATING RESULTS

The Gross operating profit totalled 49.6 million Euros, represents 13.30% of the Value of Production (13.34% as of December 31st 2006).

The FY 2007 confirms the high profitability of the European Business Units of the Group, which, net of currency exchange effect, generated a gross operating profit of about 18% on the net sales.

The Net operating profit, that equals to 30.6 million Euros, is 8.2% of the Value of Production (8.5% as of December 31st 2006).



NET PROFIT

The Net profit amounts to 14.1 million Euros, 3.8% of the Value of Production.

The tax charge for the FY 2007 is equal to 10.4 million Euros (42.5% tax rate), significantly higher than in the previous year (9.8 million Euros, with a tax rate of 35.1%).

We have to remind that the lower tax rate of 2006 was mainly determined by a non-recurrent benefit (the "realignment of values" of the amortizations, allowed by the Italian "Legge Finanziaria" 2005) that allowed a tax saving of about 2 million Euros.

NET FINANCIAL POSITION

The Net Financial Position reported a negative balance of 80.9 million Euros.

EQUITY

The Group Shareholders' equity amounted to 154 million Euros as of December 31, 2007 compared to 151.6 million Euros as of December 31, 2006

OPERATIONAL OUTLOOK FOR THE GROUP

Despite the persistence of a critical situation on the Us market, the Group in 2008 confirm confidence to maintain the positive results reached, by consolidating the strength positions on European markets and with an increasing penetration in emerging markets with high growth potential.

The Us company Florida Tile, after the restructuring process performed in recent months, is now ready from a structural point of view to collect the initial results looking forward to Us market recovery.

Declaration of the manager responsible for preparing the company's financial reports

The Manager responsible for preparing the company's financial reports, Alberto Lugli, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Attachments: Annual and Consolidated Balance Sheet and Profit & Loss account

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